

FOREST POLICY AND ADMINISTRATION  
IN BRITISH COLUMBIA, 1912-1928

by

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## ABSTRACT

The first decade of the twentieth century witnessed an "assault" by American capital on British Columbia timber, bringing this resource suddenly into prominence as the main engine of provincial economic activity, government revenue and private profit. Towards the end of the decade, the Conservative government of Richard McBride moved tentatively to regulate the private use of Crown forests. Then, in 1912, a comprehensive Forest Act was passed instituting conservationist principles, methods and goals that were to be administered by the newly created Forest Branch of the Department of Lands for maximum long-term benefit to the Crown.

The records of Forest Branch administration and policy have served as the main source for this thesis. In addition, other published and unpublished government documents, newspapers, trade journals and records of the various forest industry associations have been consulted.

By looking at five distinct areas of forest policy and administration from 1912 to 1928, under both Conservative and Liberal governments, this thesis demonstrates that, ultimately, private industrial development of the forests was not compatible with a strong interventionist government, except in the area of marketing. Despite the leverage provided to the provincial state through direct ownership of most of the province's timberland, the government regularly deferred to the immediate needs of the business class. Lumbermen intervened in the administrative process and shaped policies that suited their private economic priorities. These priorities eventually became generalized as the policies of the Lands Department. In forestry matters

during the period 1912 to 1928, the provincial state, in spite of a substantial amount of conflict between industry members and departmental officials, served largely as an instrument of the forest capitalist class, rather than as an institution responsible to the people of the province.

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## Chapter 1

### INTRODUCTION

In his essay, "The Writing of British Columbia History," Allan Smith notes that the "most important conceptual innovation" during the historiographical period of the 1930's and 1940's in British Columbia was "that derived from the work of the staple theorists."<sup>1</sup> A new emphasis on the nature of economic development conjoined, if it did not supercede, a previous historical preoccupation with material and moral progress under the leadership of various heroic individuals.<sup>2</sup> Yet historians writing after 1960, while they have addressed themselves to important contemporary concerns of race, class and social conflict<sup>3</sup> have not carried on, in any systematic fashion, an analysis of the province's resource-based development. This thesis will attempt to make a contribution to that very large task.

If resource policy and development have not been of central importance to most contemporary historians of British Columbia, there are, nevertheless, three writers whose work can serve as a point of departure for an examination of the relationship between the provincial state and the capitalists involved in exploitation of the province's forests. A question central to that relationship is the degree to which Crown ownership of timberland gave the government leverage in extracting rent and regulating the practices of forest companies. In Land, Man and the Law: The Disposal of Crown Lands in British Columbia, 1871-1913, Robert E. Cail rather uncritically appraises the forest tenure policy formulated in 1905 under which yearly licences to cut timber were sold, while ownership of timberland remained vested in the Crown. Cail, without investigating how the system actually worked out in practice, exaggerates the theoretical significance of Crown ownership and

leaves one with the false impression that after 1913 it provided the basis for government intervention in, and control over the industry in the interests of the people of the province.<sup>4</sup>

Crown ownership of timberland need not necessarily lead to positive state intervention. Much depends upon the degree to which the state can maintain a position of autonomy in relation to the needs and demands of the business class. Should that class succeed in making of the state a mere instrument of its special interests, then Crown ownership could just as easily be used to subvert as to protect the people's interest in the resource. In those areas of policy considered below there was a striking inability if not unwillingness on the part of government to take full advantage of the potential leverage provided by its position as a landlord. Timbermen succeeded in penetrating the administrative process and in shaping policies to their private investment and development priorities. These private priorities eventually became generalized as the political priorities of the governments in power, despite the existence of an independent forestry bureaucracy established in 1912 to regulate and control the forest industry.

What, then, was the origin, function and purpose of that bureaucracy? It developed within the historical context of the conservation era in North America. As part of that Progressive tradition which helped reshape the United States of the early 1900's, the conservation movement was instrumental, as S. P. Hays has written, "in the transformation of a decentralized, non-technical, loosely organized society, where waste and inefficiency was rampant, into a highly organized, technical and centrally planned and directed social organization which could meet a complex world with efficiency and purpose."<sup>5</sup> The conservation movement was not "a reaction against large-scale corporate business, but, in fact, shared its views in a mutual revulsion against unrestrained competition and undirected economic development."<sup>6</sup>

In British Columbia, the forest bureaucracy was created by the Conservative government of Richard McBride under the guidance of two local "Progressives," Lands Minister W. R. Ross, and industrial magnate A. C. Flumerfelt. Its basic purpose was to protect the long-term interests of the Crown in the timber resource through promotion of large-scale, efficient and regulated corporate development. As Ross reported to the legislature in 1912, British Columbia faced a similar situation with regard to conserving the forests as the United States had faced a few years before. The government thus realized that a thoroughly efficient forest service "was a first essential of conservation." Like the United States, it hoped to create one that would be "a model for the continent."<sup>7</sup> An epoch was drawing to a close, Ross declared,

the epoch of reckless devastation of the natural resources with which we, the people of this fair young Province, have been endowed by Providence... That rugged, rudimentary phase of pioneer activity is doomed to end. The writing is on the wall; the writing--to put the simple fact--is in this Forest Bill. Armed with that weapon...the Government of British Columbia will undertake the work of forest conservation.<sup>8</sup>

Nevertheless, what the government had in view was "a sane and businesslike policy of conservation, free from sentimental extravagance, and taking into account the many practical difficulties, impediments and risks the lumberman must encounter in his strenuous occupation." It would be a policy designed to suit "the general sunshine of prosperous development" anticipated with the imminent opening of the Panama Canal which would cause "new currents of the world's commerce to flow to and from the coast."<sup>9</sup>

Robert H. Marris has made use of the idea of conservation in his "Pretty Sleek and Fat: The Genesis of Forest Policy in British Columbia, 1903 to 1914." But Marris' thesis is based on the assumption that Conservative forest policy was designed merely to provide a revenue windfall with which to finance public works and supply the party patronage network.

Thus Marris tends to neglect the emphasis that the McBride government gave, particularly after 1907, to the promotion of industrial development. Conservation rhetoric was used by the lumbermen, he writes, as a "lever to pry from the government...further concessions" in the form of such things as the extension of timber licence tenure.<sup>10</sup> But, says Marris, when a "real" conservation issue, such as slash disposal, was considered, "it was seldom talked of in terms of conservation, but rather in terms of cost."<sup>11</sup>

The point is, however, that tenure stability and long-term fixed charges were seen by the government as real conservation measures, in Hays' sense of the term, insofar as they would promote efficient, large-scale industrial development. By focusing on the revenue-raising aspects of Conservative forest policy, from the sale of cutting rights, Marris obscures this point, and thus provides no basis for an understanding of the creation of the Forest Branch in 1912, nor for its subsequent active role in the administration of the forests under the Tories. Moreover, without understanding the origins and intended function of the forestry bureaucracy, it is difficult to understand the tensions within the state structure that developed, almost immediately, over forest policy issues, and profoundly altered the function of the Forest Branch during and after World War One.

Marris' account of Conservative forest policy adheres closely to Martin Robin's depiction of McBride's "Carnival of Graft" in the book, The Rush for Spoils: The Company Province, 1871-1933. According to Robin's scenario, Tory forest policy, directed largely towards the rapid accumulation of revenue, was intended to fuel "Bowser's grimy machine and McBride's sky-blue vision of a great northern empire."<sup>12</sup> No doubt the pre-war McBride era was characterized most noticeably by a speculative frenzy, and the timber industry was no exception. But after 1907, the Conservatives did make a concerted effort to promote and rationalize industrial development of the forests. To see

the 1907 moratorium on the staking of timber limits, and the 1910 amendment making timber licences perpetual, as designed merely to facilitate speculation is a distortion.<sup>13</sup> This narrow view arises, in part, from Robin's heavy reliance on a critique of McBride's land, railway and resource policies written by muckraking technocrat, Moses Cotsworth, for the Liberal oriented Ministerial Union of the Lower Mainland of British Columbia.<sup>14</sup> The Liberals, who utilized Cotsworth's publications to good advantage during the 1916 election campaign become, for Robin, the reforming party of "middle class progressives."<sup>15</sup> Even as late as the 1924 election they are able, according to Robin, to benefit politically from the "ingrained business ideology of both the Conservative and Provincial Parties."<sup>16</sup>

It is true that the Liberals came to power pledged to such things as civil service reform, an end to patronage, implementation of prohibition, women's suffrage and honest management of natural resources. Investigations and inquiries were immediately launched, social and labour legislation enacted, and attempts made to deal with the problem of returning soldiers.<sup>17</sup> But Robin's caricature of the two provincial regimes--the one, graft-ridden boomsters, the other, "virtuous progressive reformers"--obscures an important element of continuity and does not help one understand the Liberal administration of the 1920's, nor its forest policy. To be sure, Robin's Liberals do turn out to be almost as opportunistic and corrupt as his Tories when the initial blush of reform zeal wears off, but only in a petty, rather bumbling way, not on the grand scale of the McBride-Bowser regime. Robin's overly-schematic thesis ignores the extent to which the Liberals also partook of an "ingrained business ideology."

British Columbia, in the 1920's, was still in the formative stages of its economic and social development. During its period in office, the Conservative government's capital expenditures had been proportionally higher than

in most of the provinces in eastern Canada. Resource revenues, carefully husbanded during the first five years, had been used to finance public works spending and railway promotion on a fairly large scale. But these expenditures were continued even after the collapse of the economic boom in 1913 brought a reduction of resource revenue.<sup>18</sup> When the war ended, the Liberal government found itself necessarily committed to rapid economic growth through private exploitation of resources as a means of establishing a firmer economic base for an over-extended administrative and transportation infrastructure. Any government not committed to such a policy could not have stayed in power for long. Yet, at the same time, the Liberals also inherited the nucleus of a fairly advanced forestry bureaucracy which, after the war, they enriched and expanded with capital expenditures and new recruits.

Unfortunately, private exploitation of the forests under conditions of competitive markets, economic fluctuations and geographic disadvantages did not always harmonize with scientific management principles. Conflict arose between forestry officials and lumbermen, with the politicians caught somewhere in between. The bureaucratic apparatus created by the Tory government to serve as an instrument of efficient private corporate development had to be recaptured by the lumbermen, usually with the help of the politicians, in order to serve as a vehicle to facilitate an inefficient, short-sighted and rapacious exploitation of the forests.

During the economic disruption associated with the war and post-war periods, especially, lumbermen were not prepared to accept fairly advanced and sophisticated government intervention in, and regulation of their industry, even in the name of efficiency and large-scale, long-term industrial development. The pragmatic Lands Minister, T.D. Pattullo, who spoke quite often in defence of the industry, was fond of noting that, in forestry matters, "we can move just as fast and no faster than economic conditions will permit."<sup>19</sup>

Under Pattullo's guidance, joint business-government advisory committees were formed to regulate export of unmanufactured logs, to administer forest protection finances, and to supervise log scaling procedures. Bureaucratic linkages in the area of market extension, initiated during the war under the Tories, were continued through a joint business-government marketing committee. And for the two years, 1923 and 1924, the royalty committee of the Timber Industries Council, along with a committee of Lands Department officials, constituted a virtual executive board to determine royalty policy.

In the cases investigated below it will be shown that these bureaucratic structures served to permit the lumbermen to protect their immediate business interests whenever these came into conflict with the long-term policy priorities of the Forest Branch. In areas of administration where such structures did not exist, such as in timber allocation, the business attitude pervading other aspects of policy tended to dictate the direction of departmental decisions. The provincial state under a Liberal administration, at least insofar as forest policy was concerned, had become, once again, by the mid-1920's, a mere instrument of the lumbermen.

Crown proprietorship, alone, was clearly an insubstantial safeguard of the people's equity and long-term interest in the forest resources. In the final analysis, the trend toward administrative integration of the business class and the state apparatus was essentially undemocratic. As H. V. Nelles concluded in his study of the politics of development in Ontario, "responsibility for vast industrial enterprises narrowed the vision of government and deadened its sense of responsibility to other social groups." In speaking of the demise of responsible resource management in Ontario, Nelles might well have been summarizing the course of events in British Columbia during the period of this study when he concluded that, "Businessmen had succeeded in generalizing their ideology, or in identifying their interests completely

with the public interest largely through their political influence."<sup>20</sup>

I have chosen to look at British Columbia forest policy and administration from 1912 to 1928 in five different areas: tenure and royalties, forest protection, market extension, log exports and timber allocation. Within each of these five chapters I will attempt to demonstrate that, despite the growth in size, expertise and technical sophistication of a forestry bureaucracy working within the framework of relatively advanced legislation, the forest capitalist class, with the aid of provincial politicians and ultimately civil servants, was able to assert its short-term private economic priorities over those longer-term resource management goals of the foresters. In the frontier debtor province of British Columbia, where rapid economic development through resource exploitation was a widespread social dogma, and the continuous attraction of outside capital the way to political valhalla, there was ultimately little scope for advanced forestry or for a "people's share" in the highly competitive and unstable forest industry. What is more, with a vast and seemingly inexhaustible timber supply, there seemed to be plenty of opportunity in the future for more scientific forest management and a greater Crown share of timber revenue once the industry had established itself on a firm economic foundation.

Before proceeding with an analysis of policy, however, a brief discussion of the structure of that industry would seem to be warranted in order to establish the economic foundation out of which the relationship between forest capitalists and the state developed. There were two main sides to the industry--producing and non-producing. The non-producing side, composed of timber investors, large timberholding companies and various firms involved in timber brokerage, is the most statistically obscure. Of course, the producing side of the industry held vast areas of timberland both for immediate operation and for speculative profit. But it is clear from the descriptive evidence that



timber was held in large quantities by non-operators strictly as a speculative investment. Many of these forfeited their licenced holdings during the troubled period from 1913 to 1921. But a strong timberholding element struggled through the war, organizing, in the 1920's, into a vocal provincial lobby within the Timberholders' Association of British Columbia, and having a profound influence on the formulation of government royalty policy.

The producing side of the industry was composed of six major sectors: lumber, shingles, pulp and paper, boxes, minor products and logging. These six sectors were divided into two main geographical areas--the coast, and the mountain (or interior) regions. A line drawn from Hope, in the south, to Stewart, in the north; would represent an approximate boundary between these two areas. The interior region was twice the size of the coast zone, but the latter was the more productive, by far (see Table 1). The rain forests of the coast and Vancouver Island were much denser and produced better quality timber than did those of the interior. Douglas fir, red cedar, Sitka spruce and western hemlock were the most useful and marketable species in the province. The interior fir was poorer quality. Engelmann spruce, comprising 40 percent of the mountain stand, was good for both lumber and pulp but was not as high a quality as the coastal fir, spruce and hemlock.<sup>21</sup>

The main shingle timber, red cedar, was almost exclusively a coast phenomenon, as was the shingle industry. In 1923, 98 of 107 shingle mills operating in the province were located in the Vancouver Forest District. The other nine were in the interior.<sup>22</sup> Approximately 36 of these mills were identifiable as exclusively shingle mills. Thirty-nine were integrated operations with shingle and lumber production combined. The remainder were not positively identifiable.<sup>23</sup>

The pulp and paper industry, also, was located on the mainland coast and Vancouver Island, to make use of ample supplies of spruce, hemlock and

TABLE 1

Total Amount of Timber Scaled in British Columbia  
(in board feet)

Year	Interior	Coast	Total
1912	325,371,873	1,075,000,000	1,400,371,873
1913	361,868,550	1,075,173,389	1,437,041,939
1914	277,909,800	689,080,000	966,989,800
1915	187,469,000	830,169,000	1,017,638,000
1916	268,212,000	1,012,051,000	1,280,263,000
1917	311,529,000	1,335,746,000	1,647,275,000
1918	330,478,976	1,430,705,430	1,761,184,406
1919	347,708,667	1,410,621,328	1,758,329,995
1920	450,304,364	1,596,164,595	2,046,468,959
1921	382,762,680	1,407,254,685	1,790,017,365
1922	343,873,639	1,555,284,634	1,899,158,273
1923	421,862,885	2,099,872,396	2,521,735,281
1924	482,990,787	2,066,709,394	2,549,700,181
1925	450,696,920	2,160,569,607	2,611,266,527
1926	475,329,748	2,442,789,454	2,918,119,202
1927	442,271,776	2,411,430,686	2,853,702,462
1928	482,964,420	2,723,941,046	3,206,905,466

Source: "Appendix to Forest Branch Annual Report (1940), Consolidated Statistical Tables 1912-1940," B.C., Sessional Papers, 20th Parl., 1st Sess., 1941, p. F63, Table #5 (hereafter cited as "Consolidated Statistical Tables").

cedar, as well as existing water power sources. In 1921, there were seven mills in existence, of which two were on the Island and five on the mainland coast. However, at one time or another during the period from 1912 to 1928, all but one mill had financial problems which forced either closure or suspension of operations.<sup>24</sup> Despite the efforts of the provincial government, the industry remained underdeveloped during the 1920's in relation both to the lumber and shingle sectors, and to the pulp and paper industry in eastern Canada.<sup>25</sup>

The different topographies of the two regions also conditioned the structure of the industry. Coastal topography was often more difficult for logging, but access to water facilitated operations even in areas remote from major population centres. Thus, the two main sectors of the industry on the coast, logging and milling, tended to remain unintegrated, with some outstanding exceptions.<sup>26</sup> In the mountain region, the majority of the companies were integrated logging-milling operations. Lack of natural water transportation and the dispersed nature of the timber stands meant mills were usually established close to timber supplies and logging was done as part of the total company operation.

The most important sector of the manufacturing side of the industry throughout the period was lumber production. Before and during the war, close to two-thirds of the total value of forest industry production was in the form of lumber. By the 1920's, this proportion had declined to approximately one-half (see Table 2). Throughout the period 1914 to 1928, the number of sawmills in operation fluctuated quite considerably in response to demand. The tendency was, however, for the larger mills to remain in operation, while the smaller ones were more likely to suspend production or fold completely (see Table 3).

TABLE 2

Estimated Value of Production of Milling and Manufacturing  
Sector of the Forest Industry in \$1000

(including loading and freight within the province)

Year	Lumber	Pulp and Paper	Shingles	Boxes	Minor		Total
					Products Ties, Posts, Poles, etc.	Wood-using Industries, Lathes and Miscellaneous	
1913	26,800	3,000	550		1,650	1,650	33,650
1914	19,250	2,730	650		2,400	3,650	28,680
1915	15,500	3,200	3,500	750	2,500	3,700	29,150
1916	21,075	3,520	4,500	1,833	2,800	1,800	35,528
1917	28,225	6,835	6,900	1,612	2,441	2,288	48,300
1918	26,220	10,517	5,805	1,845	2,861	6,764	54,163
1919	31,000	12,554	12,802	2,142	8,880	1,916	70,285
1920	46,952	21,612	12,081	2,650	5,289	3,428	92,629
1921	33,533	13,500	7,032	2,000	4,973	2,284	64,970
1922	26,400	12,590	9,750	1,726	3,672	2,400	59,477
1923	47,600	15,018	9,869	2,072	5,415	2,500	86,674
1924	41,800	13,938	10,000	2,272	5,742	2,650	80,702
1925	41,350	14,466	10,000	2,200	6,190	3,717	81,941
1926	42,516	16,315	10,500	3,000	5,626	3,600	84,802
1927	40,487	18,505	6,800	1,707	6,875	4,100	83,087
1928	48,346	16,755	10,000	2,501	8,190	4,300	93,787

Source: "Consolidated Statistical Tables," p. F 60, Table #2.

## Saw and Shingle Mills

Year	Operating						Closed				
	Sawmills			Shingle-mills			Sawmills			Shingle-mills	
	No.	Daily Capacity (M.B.M.) <sup>a</sup>	No.	Daily Capacity (M. Singles) <sup>b</sup>	No.	Daily Capacity (M.B.M.) <sup>a</sup>	No.	Daily Capacity (M.B.M.) <sup>a</sup>	No.	Daily Capacity (M. Shingles) <sup>b</sup>	
1914	334		81								
1915	304		91								
1916	297		93								
1917	212	8,294	70	10,255	82	2,579	15			820	
1918	219	8,637	75	11,420	29	1,567	5			675	
1919	221	8,765	71	11,370	41	1,378	2			200	
1920	341	10,729	109	13,426	37	909	2			30	
1921	289	8,912	79	10,885	78	2,029	6			788	
1922	292	9,683	108	15,554	90	2,054	8			680	
1923	352	11,273	107	16,144	72	1,493	16			745	
1924	359	11,986	78	15,636	103	2,618	20			1,780	
1925	363	11,475	82	15,322	109	2,121	9			625	
1926	391	12,962	87	15,614	102	1,675	6			460	
1927	375	12,176	65	12,042	110	2,549	22			2,740	
1928	314	11,919	56	8,280	120	2,459	15			2,710	

a) one thousand feet board measure

b) one thousand shingles

Source: "Consolidated Statistical Tables," p. F 74,  
Table No. 15.

During the pre-war period, from 1909 to 1913, economic expansion on the prairies resulted in a tremendous boom in the lumber and shingle industries. With economic collapse in 1913 and then world war, the lumber industry was in disarray. Without substantial offshore markets to help take up excess supply, the industry went into a severe slump. War demand prompted a revival in 1916, but the province's geographical disadvantage meant it benefited less than the eastern provinces. A short-lived post-war boom was followed by depression. Only with the re-opening of the Panama Canal in 1921 and the return of a modicum of economic stability did the lumber industry revive. Eastern United States and eastern Canadian demand was supplemented by Japanese and European exports and a revival of the prairie market during the middle of the decade.<sup>27</sup> By 1926, the number of operating lumber mills had peaked at 391.

The logging sector of the coast industry is difficult to characterize. In 1914, according to Forest Branch figures, there were 269 logging operations in the coastal region, including Prince Rupert, Vancouver Island and Vancouver forest districts. By 1923, this number had grown fairly steadily to over 1700. Over the next four years it evened off at between 1,400 and 1,500.<sup>28</sup> However, in 1925, the leading coast forest industry association estimated that in the Vancouver District 66 operations produced 88 percent of the total cut, while 890 others looked after the rest.<sup>29</sup> These figures indicate the clear dominance of heavily capitalized firms in the logging industry along with the survival of hundreds of small independent operators. This concentration of capital, by the mid-1920's, was part of a general trend toward corporate mergers and concentration taking place across Canada after World War One.<sup>30</sup> But it was facilitated by government tenure policies, as will be shown below. Furthermore, difficult logging conditions in the coastal region, coupled with a growing demand for British Columbia lumber, tended to bring steam-powered

donkey engines, high load skidder systems and logging railroads into the province's forests in full force much sooner than was the case in eastern Canada.<sup>31</sup> Year-round logging, except during periods of severe snow or fire, further justified heavy capital investment.

The source of that investment in logging, milling and timberholding is of some interest as well, since along with concentration came foreign capital. By 1930, 68 American-controlled companies held 55.8 percent of the value of shares issued in timber, logging, saw and shingle mill companies in the province. British Columbia residents, of whom several may well have been American citizens, held 29.77 percent of such shares in 209 companies. Eight other Canadian-owned companies held 6.39 percent of total shares.<sup>32</sup> Again, these figures indicate a process of capital concentration, largely foreign, but one which still left room for smaller, local companies to compete with bigger American-owned firms. It was part of a larger Canadian trend which saw the total stock of foreign investment in the economy grow from \$3.8 billion in 1914 to \$5.7 billion in 1925. This increase was due largely to American investment which rose 265 percent during the period, while British investment declined in absolute terms. By 1925, the United States replaced Great Britain as Canada's chief creditor.<sup>33</sup>

Much of this American investment in British Columbia had been actively sought by the provincial government as early as 1905. The desire to sustain and increase the level of investment, in fact, conditioned many of the policy decisions made over the subsequent two decades. The discussion of policy and administration that follows should thus be viewed within the context of what historian Arthur Lower has referred to as the "North American Assault on the Canadian Forest." Time and availability of evidence has prevented a thorough investigation of corporate linkages, sources of capital investment

and social and national origin of individual lumbermen. Nevertheless, it should be understood that conflicts over royalty, forest protection, log export and timber allocation policy were conflicts between the provincial state and an industry dominated largely by extra-provincial, and mostly American, capital.



## Chapter 2

### THE EQUITABLE POSITION: PRE-1912 CROWN TENURE

By the beginning of the twentieth century, British Columbia remained as one of the last virgin timber frontiers in North America. The gold rush experience of the 1860's had its parallel in the timber rush of the 1900's. The government was again caught unprepared. Vast forests comprising much of the province's hinterland were as mysterious to the small entourage of officials clustered at the southern tip of Vancouver Island as the depths of the ocean surrounding them. While migrant timber investors knew little more about the exact nature of the province's forests, they often had the advantage of woods experience elsewhere. Familiarity with the North American timber and forest products business was a powerful tool in bargaining with governments. Incoming entrepreneurs sought to take advantage, while they could, of administrative weakness and ignorance by establishing long-term tenure conditions favourable to profitable enterprise. Government officials, beginning to develop their own priorities, scrambled to establish an administrative framework which would enable them to extract maximum economic benefit from the newly attractive resource while, at the same time, encouraging industrial development.

A tenure policy temporarily satisfactory to the industry, and a forestry bureaucracy to administer it, emerged simultaneously between 1909 and 1912. Timber licence holders were granted permanent tenure, but charges were left adjustable from year to year at the discretion of the new Forest Branch of the Department of Lands. It was thus possible for the government to capture part of the increment from the expected rapid appreciation of

stumpage values. But the absence of any explicit definition of either the government's or timberholder's equity in licenced timber left the industry uneasy. Under the 1912 Forest Act an "unfriendly" government could step in at any time and confiscate the licence holder's accumulated investment. Yet, without precise knowledge of what the future value of British Columbia timber would be, it was difficult to establish a long-term scale of charges that would guarantee both a reasonable profit for the industry, as well as a fair return to the government. The attempt to find that equitable position during a period of wildly fluctuating economic conditions was the major tenure policy issue of the twelve years following the formation of the Forest Branch. Ultimately, despite the existence of a relatively sophisticated forestry bureaucracy, both Conservative and Liberal governments failed to implement policies to protect the long-term interests of the public in the value of standing timber on Crown land alienated previous to 1912. Instead, attraction of outside capital and rapid private exploitation of the forests emerged as the chief priorities of both government and industry.

Aside from the direct alienation of timberland by Crown grant, which had been phased out by 1896,<sup>1</sup> there were two major forms of saw timber tenure in British Columbia before 1912. Under both of these, only timber was alienated, the land remaining the property of the Crown. Until 1903, the timber lease was the normal method of holding Crown timber. For a nominal annual ground rental, lessees held cutting rights over tracts of timber of varying sizes for 21 years. The actual timber was paid for only when cut, at the royalty rate of 50¢ per thousand board feet. But as British Columbia stumpage became more valuable with the westward movement of the North American forest frontier, the government grew increasingly unhappy with the locking up of Crown assets at fixed rates for two decades at a time.<sup>2</sup> For American and eastern Canadian timber speculators, the costly requirement

to construct a mill of a certain capacity (though not necessarily to operate it) was an unattractive aspect of most timber leases.

The other form of Crown tenure, the one-year timber licence, contained no mill requirement, but neither did it provide security of tenure, fixed rental or transferability from holder to holder. Only one licence of approximately one square mile could be held at one time. Between 1901 and 1905, using the timber licence as a basis, the governments of James Dunsmuir and Richard McBride devised a form of tenure to provide incentive for timber investment, and security for operators, without entirely forfeiting the Crown's right to a share in appreciating stumpage values.<sup>3</sup>

To facilitate financing of operations, in 1905, McBride's Conservative government made existing licences exchangeable for more secure 16-year licences, renewable annually with fixed rental and royalty for the entire period. For future allocations, the timber lease was replaced with a new 21-year licence, renewable yearly. While lumbermen had persistently requested perpetual tenure with charges fixed for 21-year periods, both governments refused to bind themselves to such restrictive conditions. However, McBride, not oblivious to an opportunity for obtaining much needed revenue, did remove all limitations on the number of licences per person. More significantly, the Conservatives made this form of tenure transferable, transforming the licence into a commodity for speculative investment and exchange.<sup>4</sup>

Thus, by 1905, the special timber licence had emerged as the most important form of Crown timber tenure in British Columbia, though it was still by no means ideal as far as American timber investors were concerned. Nevertheless, a conjuncture of economic factors neutralized their reservations, resulting in an unexpected bonanza for the provincial treasury.<sup>5</sup> Rapid prairie settlement, a new transcontinental railway venture and anticipated construction of the Panama Canal, accompanied by strong local population

growth, a construction boom and natural resource promotion, created tremendous expectations of increasing timber values.<sup>6</sup> Moreover, a depletion of timber in the eastern and southern parts of the continent, and the placing of 75 million acres of western United States forest land under federal reserve in early 1907, made British Columbia timber much more attractive to American lumbermen.<sup>7</sup>

Given these factors, it is difficult to understand why rentals were set so low (22¢ per acre per year on the coast), particularly when timber licences were quickly resold by stakers at prices ranging from \$6 to \$10 per acre.<sup>8</sup> The market price of licences was, of course, partly conditioned by this low yearly rental charge and would have been lower had rental been higher. There was, however, a set of pre-existing circumstances which conditioned Conservative tenure policy in 1905. A large portion of unalienated Crown timber was remote from markets, inaccessible for operation and thus not terribly attractive for immediate sale and use.<sup>9</sup> Even the more accessible stands were of poorer quality and harder to log than the already alienated timber in British Columbia, Washington and Oregon.<sup>10</sup> Furthermore, the operating industry, as well as the stumpage market, was already amply supplied from the Esquimalt and Nanaimo Railway grant lands, the Dominion railway belt and early Crown-granted timberland. None of this timber contributed royalty or rental revenue to the treasury, and for this reason was often a more attractive investment than Crown timber licences.<sup>11</sup> To capture any significant immediate timber revenue the government was almost forced into a policy of licencing millions of acres of timberland, mostly for future use, at rental charges low enough to be attractive for that purpose.

In less than two years, until a timber reserve was imposed in December, 1907, the combination of economic factors and reasonably favourable tenure conditions contributed to a rapid alienation of 12,000 square miles of forest.<sup>12</sup>

Much of this timber passed quickly through the hands of local speculators into the possession of American investors and lumbermen.<sup>13</sup> Investors from such places as Minnesota, Wisconsin, Kansas, Iowa, New York, Washington and California made local timber stakers rich overnight with the hope of even greater profits for themselves in the near future.<sup>14</sup> The trade journals during this period were full of announcements of large-scale transactions. Within the first three-and-a-half years after the timber reserve was imposed, over 13,000 licence transfers were registered.<sup>15</sup> In June, 1907, the Lumberman and Contractor reported that

Wealthy lumbermen from the United States, men who own large manufacturing enterprises in the eastern and middle western States, and even those operating in the Pacific Coast States of the Union, have been literally pouring their money into British Columbia.<sup>16</sup>

Whereas total capital investment in the province's timber industry had not exceeded \$2 million in 1900, by 1910 American investment alone in mills and timber reached \$65 million.<sup>17</sup> By 1909 it was estimated that 75 percent of all British Columbia's timber resources was under American ownership.<sup>18</sup>

Much of this timber was controlled by timberholding companies for speculative purposes, or by large American manufacturers for use when stocks in the United States were depleted. Stumpage values, it seemed, were almost certain to rise, and if government wanted to capture any future increment, it would have to establish an equity position at the outset before intensive investment and a concentration of holdings under existing tenure conditions made an increase in charges more difficult to implement.

Timber royalties had not been raised from 50¢ per thousand board feet since they were instituted in 1888. But when an increase to 75¢ was announced in April, 1907, the industry objected strenuously.<sup>19</sup> Under heavy attack, Chief Commissioner of Lands and Works, F. J. Fulton, postponed legislation until the 1908 session so as not to prejudice existing contracts of operating

lumbermen.<sup>20</sup> But the international financial crisis of late 1907 intervened making royalty increases the following year out of the question. By the time financial and trading markets had improved, the licence holders, whose numbers had rapidly swelled in the interim, were embarked on an aggressive and organized campaign for stable tenure conditions, including fixed charges.

Temporary tenure arrangements that were deemed acceptable to 2,000 licenceholders in 1905 were considered inadequate by 1908 for the orderly harvesting and marketing of 15,000 square miles of timber. American lumbermen complained that inaccessibility of their stands and difficult topography meant timber could not be operated profitably for many years and, even then, would require a large capital investment that could only be justified by permanent tenure and fixed charges. Failure to provide these conditions would "again precipitate the Province into the financial stagnation of half a decade ago."<sup>21</sup>

McBride, no less than the industry, was anxious to avoid such a situation. Following his electoral success of 1907, and after four years of conservative financial management, the Premier was prepared to embark on an ambitious phase of railway and industrial development.<sup>22</sup> A healthy and thriving forest industry would be an integral part of this scheme not only as a producer of private wealth and economic expansion, but as a source of increased government revenue.

In early 1909, McBride received representations on tenure charges from the newly-formed British Columbia Lumber, Logging and Forestry Association, an organization of timberholders, brokers and lumber manufacturers.<sup>23</sup> The fact that the association president was A. D. McRae, a partner in the re-organization of the Fraser River Saw Mills Company with railway promoters William Mackenzie and Donald Mann with whom McBride was negotiating an

extension of the Canadian Northern line into British Columbia, certainly did not hurt the lumbermen's cause.<sup>24</sup>

Toward the end of the 1909 legislative session, the Premier promised to grant perpetual tenure to licence holders upon terms and conditions to be decided upon after a provincial Royal Commission investigation into all aspects of forestry and the forest industry.<sup>25</sup> McBride and W. R. Ross clearly wanted to create the necessary conditions for large-scale industrial development but, as part of their "progressive" world view, this was to be done within the context of efficient and scientific management of the forest resource. The lumbermen must have felt confident of the outcome, however, when a director of their association, A. C. Flumerfelt, mining magnate, lumberman and financier, was appointed one of the three Royal Commissioners.<sup>26</sup> But after several months of hearings, investigations and deliberations during which scores of lumbermen, timber promoters and bankers stressed the need for fixed charges to facilitate financing and encourage investment,<sup>27</sup> the Commissioners endorsed perpetual tenure only on the condition that "the present right of the Government to regulate and adjust rentals, fees, royalties, or other charges... shall in no way be restricted or limited."<sup>28</sup> This principle, apparently assuring to the government a share in appreciating stumpage value, was enshrined in the 1912 "Act Respecting Forests and Crown Timber Lands...," along with the establishment of the Forest Branch of the Department of Lands to administer the province's timber resource.

Nevertheless, in introducing the Act to the legislature, Minister of Lands, W. R. Ross, went out of his way to quash current press reports that royalties were about to be raised.<sup>29</sup> And there were those who felt certain that perpetual tenure, once granted, could not but lead to further concentration of timberholding in the hands of powerful American interests with enough financial and political influence to ensure the ultimate fixing of rentals and

royalties at artificially low levels.<sup>30</sup>

These critics were perhaps surprised, then, when a year after the Forest Act was passed, Ross announced to the legislature an increase in timber royalties to \$1.00. Since the 1907 proposal to raise royalties, Ross claimed, the granting of perpetual tenure and the reduction of fire hazard by the establishment of a forest protection system had "decidedly increased the value of timber licences."<sup>31</sup> Moreover, Forest Branch officials had informed Ross that, due simply to depreciation of the dollar, a 50¢ royalty in 1900 should have been 71¢ in 1916. In reality, the government was asking for only a 29¢ increase, or less than two cents per year over 16 years. During the same period, stumpage values had actually increased just over \$1.00 in 1916 currency, or an average of six cents a year. The new royalty rate would thus yield the province a one-third share of the increment, substantially less than the 50 percent to which Forest Branch officials felt the government was entitled.<sup>32</sup>

Underlying these calculations, however, lay some hard economic facts. The McBride government was beginning to feel the financial effect of its ambitious development policies of the previous three years. Starting in fiscal year 1911-12, and continuing through the balance of the Tory regime, the government ran an increasingly burdensome deficit. The 1911-12 balance was in the red by only \$600,000. But by 1912-13, with the expenditures on public works up over two times from 1909-10, the government deficit hit \$3.5 million despite the highest ever total revenue figures. Income from the forest industry already comprised \$2.5 million of this \$12.5 million total, or 20¢ of every dollar. But almost \$2 million of this came from licence rentals. This figure had clearly reached its peak. As licenced limits were either cut over or found, upon surveying, to be worthless, the number of annual renewals would decline. For the future, royalties would have to play a much more



important role in financing government operations.<sup>33</sup>

The government, of course, was immediately besieged with protests. For over a decade, lumbermen had been demanding long-term stability, including charges fixed for decades ahead. Having won perpetual tenure, the industry expected a similar settlement regarding royalties. Instead, Ross proposed what, at face value, was a 100 percent increase with no assurance that a similar increase might not follow soon after. Those holding large amounts of timber for speculative purposes feared not only a negative impact on future appreciation of values, but also a serious undermining of investor confidence in British Columbia.<sup>34</sup> And lumber operators, already suffering through the 1913 economic collapse, worried about declining profits and problems of financing on the basis of such an "unstable" tenure.<sup>35</sup>

Faced with considerable opposition, Ross finally withdrew the royalty bill, but remained firm in his belief that rising stumpage values made a \$1 royalty an "incontrovertible" fact in order to safeguard the people's equity. On the other hand, it was necessary to provide the right conditions to "encourage the vigorous development of the lumbering industry." With these two principles in mind, Ross felt that "further consideration of subsequent royalty adjustment and the attendant problems of stable tenure" was desirable "in the public interest" in order to frame a more satisfactory bill for presentation to the next session of the legislature.<sup>36</sup>

At meetings held in the fall of 1913 between Ross, Chief Forester H. R. MacMillan and various representatives of the industry, however, the lumbermen insisted on a fixed schedule of royalty increases over 30 years, which almost certainly would have deprived the Crown of even a one-third share in stumpage.<sup>37</sup> With values expected to rise dramatically over the next three decades, the government could not be bound to a system of royalties based on nothing more than the timbermen's speculative greed.

If the Forest Branch was to provide the licence holder with long-term security while, at the same time, proving its worth as an organization of trained experts charged with the responsibility of protecting the people's equity, it would have to devise a more scientific basis for royalty assessment than what the industry was proposing.

In fact, at the time of these meetings, working with special Forest Branch consultant, Overton Price, from the National Conservation Association of the United States, MacMillan, forester S. W. Barclay, and Chief of Records, M. A. Grainger, were developing a system linking royalty increases directly to the rise in stumpage values. They started from the assumption that in paying royalty the licence holder was not being taxed but was actually purchasing timber from the government.<sup>38</sup> In contrast to mineral deposits, which gave little security as to ultimate value and, therefore, required greater inducements for speculative investment, the value of timber could be estimated and subjected to commercial calculation. And unlike the settler who gave land its value, the lumberman actually removed the value by his operations. Timber, differing from these other resources, was to be sold on a commercial basis. That the forest resource yielded more government revenue than others did not justify the claim that the lumber industry was "over-taxed."<sup>39</sup> Upon this underlying premise the foresters set about to devise a schedule that would fill Ross's criteria of both protecting the public's interest in the unearned increment and encouraging development of the lumber industry.

As the forestry bureaucracy had not advanced far enough to make accurate appraisals and projections of stumpage value, it was decided to use wholesale lumber prices as a basis for setting royalties. Overton Price recommended that coastal operators be allowed an average net selling price of \$17.50 per thousand before any royalty increase beyond the rate established for the first 5-year period be imposed.<sup>40</sup> After deducting 50 percent of any

increment over that figure for inflated operating expenses, as well as an amount for accumulated carrying charges (ground rental and forest protection tax) the remaining net increase in stumpage value could fairly be divided equally between government and industry as royalty and profit.<sup>41</sup>

While this plan served as the nucleus of the Forest Branch policy, one significant alteration was made. In the final draft of the Act there was no allowance made for accumulated carrying charges.<sup>42</sup> This alteration was based on calculations carried out by either Grainger or Barclay, according to which the present value of royalties declined the longer the cut was delayed. Thus, to compensate for this decrease, the government's share was actually to grow over the length of the schedule from 25 percent (one-half of the increment after deducting 50 percent for inflated production costs) in the first 5-year period, to 40 percent in the last.<sup>43</sup>

Five-year periods were established rather than the ten asked for by the industry to guard against any tremendous price rises between adjustments.<sup>44</sup> And despite considerable pressure from several powerful American timber brokers and bankers to establish a fixed schedule of royalties in perpetuity,<sup>45</sup> the foresters decided that eight 5-year periods would be sufficient for such an untried system.<sup>46</sup>

In spite of the diligence of Forest Branch officials to safeguard provincial interests, however, the final terms of the Royalty Act were regarded extremely favourably by the coast and mountain lumbermen who ratified them in early 1914.<sup>47</sup> With lumber wholesaling at \$12 a thousand, most in the business felt it would take the better part of 40 years for the price to climb above the \$18 base finally set as the point beyond which royalties would begin to increase.<sup>48</sup> One forestry official of the day, C. S. Cowan, recalled later that there had been a great deal of controversy over the base price. MacMillan had held out for \$15, but finally settled on the \$18 figure. Cowan

remembered "the wave of delight that swept the industry when it went through... ." <sup>49</sup>

Thus, while on paper the new bill appeared to guarantee the public's share in the rising value of timber, it actually went much further toward assuring the fixed and stable charges the industry had been actively demanding since 1908. This was especially so since licence rentals were frozen for 40 years at \$140 per year on the coast, and at a reduced rate of \$100 (down from \$115) in the interior. This latter decrease did much to offset the revenue gained by raising coast royalties on number 1 and number 2 grade timber to 85¢ per thousand. Lower grade logs and all southern interior timber remained at the 50¢ rate. <sup>50</sup> The "incontrovertible" royalty of \$1 that Ross had promised on coastal timber had been reduced, according to MacMillan, because the current depression made an "immediate heavy increase" unreasonable. <sup>51</sup>

The government, Ross explained while introducing the bill to the legislature in February, 1914, had treated the immediate increase in revenue as less important than the three great principles underlying provincial timber policy: "the welfare of the people, the welfare of the lumbermen, and the welfare of the forests." <sup>52</sup> But there is no doubt that the welfare of the lumberman was uppermost in Ross's mind. Accounting for inflation, royalty on top grade coast lumber barely surpassed the 50¢ charged in 1900, and by 1920, would certainly fall short of it. And based on the most optimistic assessments of future lumber prices, there would likely be no increase for up to thirty years after that.

Despite Ross's progressivist rhetoric about a timber partnership, and the scientific trappings provided by the best forestry talent available, the 1914 "Act Respecting the Royalty on Timber" did no more to ensure the Crown's equity in its timber resource than had the original imposition of

royalties in 1888. In the final analysis, the Conservative government capitulated almost entirely to the imperatives of private capitalist investment. Its failure to stake an equity position in 1907, before the great influx of American capital, made subsequent alterations in tenure conditions much more difficult. Now, with the collapse of the pre-war boom, it was all the more necessary to provide assurances to troubled lumbermen. The royalty bill of 1914 was only the natural sequel to the granting of perpetual tenure five years earlier. Just as the atmosphere of scientific enquiry surrounding the Royal Commission of 1909 made the latter concession more acceptable, so now did lengthy Forest Branch deliberations conducted by men trained in advanced forestry techniques add an air of respectability to the fixing of rentals and royalties. It was clear that, under Conservative rule at least, investors and industrialists had a valuable ally in the Lands Department bureaucracy, and particularly in the Minister, W. R. Ross. As far as he was concerned, the royalty legislation was "not an ideal policy, because ideal policies do not work; ...it faces facts and deals with actual conditions."<sup>53</sup> Unfortunately for Ross, the facts and conditions were about to change abruptly under the impact of unprecedented wartime inflation.

By June, 1919, the 1914 dollar was worth 42.6¢. The average price of lumber over the four-and-a-half-year period ending June, 1919, had been inflated to \$19.50 or \$1.50 over the base level provided in the 1914 Act.<sup>54</sup> On 1 January, 1920, royalties were thus increased by 37¢ per thousand,<sup>55</sup> or from 43 to 74 percent depending on grade and region, while stumpage values (without counting for depreciation of the dollar) had increased just 12 percent during the war.<sup>56</sup> When continued inflation pushed the cost of producing lumber to \$33 per thousand by the end of 1920, lumbermen and timberholders quickly realized that a new basis of calculating royalties would have to be devised before the next royalty revision at the end of 1924. In a joint

memorandum to the Liberal Minister of Lands, T. D. Pattullo, the various industry associations, now under the leadership of the newly-formed Timber Industries Council of British Columbia (TIC), an umbrella association of coast forest industry associations, called for the abandonment of a scheme which both depreciated the investment value of licenced timber and handicapped loggers and manufacturers.<sup>57</sup>

British Columbia, the TIC executive argued, being a debtor province, relied on the attraction of outside capital to develop its natural resources. By setting a fixed scale of charges for a term of 30 years, the government would actually attain a greater revenue from the resulting increase in investment and productivity than it could hope to get under the provisions of the present unworkable Act.<sup>58</sup>

The TIC had been formed in 1921 largely through the efforts of ex-Chief Forester, M. A. Grainger, who became its first managing-director.<sup>59</sup> One of the council's first matters of business had been to organize the Timberholders' Association of British Columbia to represent the interests of those with long-term timber investments in the province.<sup>60</sup> The strong presence of the Timberholders' Association in all subsequent negotiations and the TIC's emphasis on the effects of excessive royalties on investor confidence indicate that the Timber Industries Council, at least on the royalty issue, spoke predominantly for the timberholding element.

As a forester, Grainger had had a long-standing concern for the stability of investment in British Columbia timber. Toward the end of 1922, he left the TIC to become managing director of Timber Lands Investment Company, representing the provincial interests of several large British timber investors.<sup>61</sup> His replacement on the TIC was William McNeill who had served as assistant to the Chief Commissioner of Lands and Works in the early 1900's before becoming associated with various water power and railway

promotions of pioneer lumberman John Hendry.<sup>62</sup> In August, 1922, McNeill became chairman of the new royalty committee of the TIC, charged with the duty of presenting the case of timberholders and operators for a royalty revision in light of the failure of the 1914 Act to accommodate the current economic conditions.<sup>63</sup> But just how badly was the industry suffering?

In its circular letter to members in June, 1922, the Timberholders' Association had advised that, owing to British Columbia's inactive stumpage market which had then reached "bedrock," owners who had held timber "through the long disturbed period" of the war and post-war depression would do well to hold on until 1924 before selling.<sup>64</sup> Government timber sale prices are the only accurate index available for stumpage value and may not reflect private market trends exactly. Nevertheless, they tend to bear out the association's concern. Douglas fir which sold at \$1.32 per thousand in 1914 was worth only \$1.65 in 1921 and slipped to \$1.43 in 1922.<sup>65</sup> In terms of 1914 dollars, however, the 1922 price was closer to 60¢ per thousand.

On the operating side, during the war total cut had risen steadily under the impact of a general economic and military mobilization. Yet, while value of production also increased 90 percent between 1914 and 1918, in real dollars it was actually declining. In the years following war's end the producing side went into a severe slump. This further exacerbated the situation of the timberholder since stumpage values reflected to some extent the performance and stability of the camps and mills. After a short-lived boom in 1919-20, which seriously skewed the average wholesale price of lumber for royalty purposes, there was a sharp drop in total cut as well as in value of production in 1921. The following year, the total cut increased somewhat while value of production fell further below the record high figures of 1919-20<sup>66</sup> (see Table 4).

TABLE 4

Total Scale, Value of Production, and Capital Invested  
in Land, Buildings and Equipment for Mills

Year	Total Scale in billion board feet	Value of Production in \$millions	Capital Invested in mills in \$millions
1912	1.40	----	----
1913	1.43	\$ 33.6	----
1914	.97	28.7	----
1915	1.01	29.1	----
1916	1.28	35.5	----
1917	1.65	48.3	\$ 17.8
1918	1.76	54.2	16.2
1919	1.76	70.3	17.9
1920	2.05	92.6	26.2
1921	1.79	65.0	26.2
1922	1.89	59.5	23.2
1923	2.52	86.7	25.7
1924	2.55	80.7	39.5
1925	2.61	81.9	53.4
1926	2.92	84.8	39.9
1927	2.85	83.1	37.8
1928	3.20	93.8	38.3

Sources: "Consolidated Statistical Tables," p. F 67, Table No. 8, and p. F 60, Table No. 2; and Economic Council of British Columbia, Research Department. Statistics of Industry in British Columbia, 1871-1934, (Victoria: re-produced from typewritten copy, 1935), Table FY 2.



Despite these unsettling fluctuations in value, after the war average prices remained substantially higher, at face value, than during the previous 5-year royalty period. With returns in for 1922, the average wholesale lumber price for the first three years of the 5-year period beginning in 1920 was just below \$29. Barring some dramatic collapse of prices the new royalty rates for 1925 would range between \$3.50 and \$3.85.<sup>67</sup> Neither the industry nor the Liberal government could tolerate such an outcome. But their views on how to avoid it seemed far apart.

The Liberals had been helped to power in 1916 by a wave of moral indignation directed against the wholesale "robbing and plundering" of the province under Conservative rule by land grabbers, claim jumpers and timber speculators.<sup>68</sup> The Tory government, according to T. D. Pattullo, had itself been the "arch-speculator," blithely encouraging overcapitalization of the province's natural resources. This policy, the Lands Minister noted, had resulted in thinly scattered settlement requiring the creation of an over-extended governmental superstructure based on a very shaky foundation. His party had either to dismantle the superstructure or strengthen its foundations.<sup>69</sup> In reality, there was no such choice since investor confidence and party support required the maintenance of government expenditure on roads, railroads and other public works which the previous government had begun. The solution to this problem for Pattullo was to encourage settlement, investment and industrial development.<sup>70</sup> But like it or not, investment in British Columbia timber was still based as much, if not more, on the expectation of profit from appreciating stumpage values, as on anticipated profits from producing lumber.

Nevertheless, Pattullo was by no means willing to bind the government to a predetermined "tax" on timber for 30 years. Deputy Minister G. R. Naden proposed instead a royalty tied directly to stumpage value (rather than

average wholesale price) after it had been jointly decided upon what basis such value could be calculated, and what proportion should go to the government. Managing director of the TIC, McNeill, promptly denounced this proposal as "advanced" and "utopian" legislation inimical to the attraction of outside capital and unfit for a young province with a "mere handful of people." It was the product of a bureaucracy "whose chief function in all political life is to establish itself more and more in power, and for that purpose require (sic) larger and still larger amounts of money."<sup>71</sup> McNeill advised the TIC directors that "the industry had everything to gain by publicity" in order to bring the government "to a reasonable frame of mind... ." It was the job of the TIC to dispel the popular misconception that the lumber industry was in a prosperous condition and instruct the public that along with the newer population entering the province there would have to be new capital to employ it.<sup>72</sup> In the meantime, however, in view of government intransigence, the TIC accepted a royalty based on stumpage value provided that the vexed questions of how to determine it, and what portion belonged to the government, could be settled to the satisfaction of the timberholders. For the next two years, Department of Lands officials and TIC representatives spent much of their time wrestling with this problem.

From the point of view of the industry, licenced timber was private property for which timberholders had often paid a substantial price in private transactions over and above annual rental fees. With such large investments sunk into their holdings, licencees found it unacceptable, at the time of cutting, to have to purchase from the government, in the form of royalty, timber which they already regarded as their own.

From the forester's point of view, possession of a timber licence gave the holder only a right to cut what was still Crown timber. Annual licence fees were a form of ground rent. If a holder wanted to cut timber from that

rented ground he would have to pay the owner of it, the government, a market price. That the timberholder might already have paid speculative prices for his licences was no concern of the forester.

In subsequent negotiations, the TIC seemed reluctantly to accept the government's conception. But the lingering notion that royalties were really only another form of taxation, rather than a commercial transaction, added to the fact that many timberholders had large accumulated investments in their licences, stood in the way of an agreement.

Timber agent and Timberholders' Association council member, C. S. Battle, was the most outspoken proponent of the TIC position. He advocated establishing an arbitrary average stumpage value of \$2.00 as a base rate. The government's portion of any increment over that was to be only 25 per cent. (By starting with the artificially high level of \$2.00 the TIC would ensure a smaller subsequent increase in royalties than future speculation in stumpage value would warrant.) Furthermore, according to Battle, future stumpage values were to be based on combined private and government timber sales over the preceding quinquennium. And, finally, the TIC wanted recognition of the private purchase price of timber licences as a legitimate cost factor in the determination of a royalty formula.<sup>73</sup>

The Lands Department, on the other hand, maintained that in the past royalty had varied between one-half and one-third of stumpage value. Rather than a percentage of the increase over \$2.00, officials proposed a one-third government share of total stumpage value to be revised downward in 25 or 30 years if the burden of accumulated carrying charges proved excessive.<sup>74</sup> In a reversal of the Department's 1914 position, such charges (rent and forest protection tax) were now to be recognized as a legitimate cost. But the price at which licences were purchased privately was in no way to infringe on the government's equity.<sup>75</sup> Furthermore, in determining

stumpage values the Department, now better staffed and equipped than in 1914, wanted to use, along with previous private and government timber sale prices, the appraised value of timber actually to be worked during the subsequent royalty period. Thus, the government's royalty share would bear a closer resemblance to the real appreciating value of its equity. Such appraisals would require the assessment of operating costs of actual camps and mills by Forest Branch officials,<sup>76</sup> and were viewed by the industry as a profound intrusion into its private affairs.

This new innovation, along with the government's refusal to recognize private purchase costs, provoked a vituperative response from Timberholders' Association president, M. S. Logan, who informed Lands officials that he had become rather "fed up" with government intervention in the timber business and predicted that there was "more trouble in store" for the industry if "so-called 'experts' and 'theorists,' were allowed to interfere with theories against practical suggestions."<sup>77</sup>

In reality the TIC had little reason to be so upset. Departmental officials, to calm industry objections, agreed to a Board of Appeal, including industry members, to hear grievances related to stumpage appraisals.<sup>78</sup> Furthermore, the immediate royalty increases proposed for 1925, though higher than what the industry recommended, amounted only to between 2 percent and 13 percent,<sup>79</sup> and were considerably better than those to be implemented under the 1914 Act.

But upon receiving the Department's final proposal, C. S. Battle expressed indignation at the government's intention to take for itself one-third of the appraised value of a timberholder's property without recognizing the original price of privately purchased licences. Such a policy would certainly not appeal to investors as much as timberland in California, Oregon and Washington where they could secure "the water rights, mineral rights, the

air above, and to a depth below that will bring them face to face with a region described in Dante's Inferno." Writing to McNeill, Battle confided he was "friendly to this Government, and especially to the Minister of Lands," but he was afraid Pattullo had become too attentive to the officials in the Forest Branch "who want to make a showing on paper and for the party present, not looking beyond for the greater development and good to be derived from just, equitable and liberal laws." Though the government had, according to Battle, the power to push the bill through without modification, it would do so not necessarily at a loss to the influence of the party, but absolutely to the detriment of the public good.<sup>80</sup>

Battle had quite overestimated the strength of the Liberal government, already embroiled in a fractious debate in the assembly over its unmanufactured log export policy. Because the largest percentage of exports went to Puget Sound mills, this issue provided a great opportunity for the opposition to strike at the Liberals who so enjoyed criticizing the 1906-07 Conservative "give-away" of British Columbia timber to American "speculators and monopolists." With little else of consequence occurring in the legislature, the opposition attack was getting an undue amount of publicity in the press.<sup>81</sup> By trying to push the royalty bill through at the same time, the government would indeed have been putting party influence at risk, but because of the leniency rather than, as Battle presumed, the harshness of its provisions. No matter how preposterous were the royalty increases scheduled for 1925, it was a bad moment to introduce complex legislation, the immediate effect of which could easily be portrayed as one more large concession to American timbermen at the expense of British Columbia.

Near the end of December, 1923, with a bare majority of two,<sup>82</sup> with hostility toward the proposed royalty alteration building in Liberal ranks, and with an already aroused opposition threatening to disclose a projected

loss to the Crown of \$7 million under the bill as drafted, Pattullo informed McNeill that the Royalty Act would not be brought down that session since it could not be put through the house.<sup>83</sup> This was an unfortunate turn of events for the government since it had at least grudging acquiescence for a bill which defined the government's future equity in licenced timber in terms that eventually would have been quite favourable to the Crown. And in the interim the government could rely on a steadily growing cut to swell royalty returns. The result of a new series of negotiations might not be nearly so advantageous. But with an election due the following year anyway, the Liberal government wanted to go to the people from a position of strength, not after a humiliating defeat in the assembly. Pattullo would want to speak, as he had in past campaigns, about the great progress of the lumber industry under the Liberals and, in particular, the growth of off-shore sales aided by the Department's promotional assistance.<sup>84</sup> If the industry were doing so well, it would be difficult to explain why royalties were being raised only a paltry 14¢ over the next five years.

For its part, the industry had mixed feelings about the delay. Timber-holders would be upset at having to face another year of insecurity. But, during that time the public could be "educated" both on the importance of the forest industry, and on its alleged<sup>85</sup> economic difficulties. With greater public support the industry might fare better during the subsequent set of negotiations.

In February, 1922, the TIC had acquired majority control of the Pacific Coast Lumberman, the province's leading lumber trade journal.<sup>86</sup> As it was to serve as the official voice of the province's forest industry, it was renamed the British Columbia Lumberman in January, 1924.<sup>87</sup> In the spring of that year, the TIC began a comprehensive propaganda campaign with substantial financial support from the various industry associations.<sup>88</sup> Since

the proposed bill had never been made public, McNeill regarded the royalty question as completely open to a better settlement "than the one upon which we were forced to agree last year."<sup>89</sup> Between March and May, the British Columbia Lumberman ran a series of articles by McNeill entitled "The Timber Royalties Question," the purpose of which was to inform the industrial and business community in general of the forest industry's position. In brief, McNeill claimed the 1914 Act was ruinous since it failed to recognize adequately inflated costs of production. Despite the popular conception, timberholders were not making any money on investments, many having abandoned their licences. And the mills had made virtually no return on investment in 1921 or 1922. Meanwhile, the industry contributed one-third of provincial revenue, one-half of all invested capital and one-half of all wages. The least it could expect was a fixed royalty for the same duration as licence rentals were fixed-- until 31 December, 1954.<sup>90</sup>

The real propaganda attack did not begin, however, until after the June election left the Liberals with just 23 of 48 seats, saved only by a split in opposition votes between the Conservatives and the new Provincial Party.<sup>91</sup> Even after defeated Premier John Oliver found a seat in a by-election, the shaky Liberal government, now more than ever reliant upon independent and labour support,<sup>92</sup> appeared as unlikely as before to be able to push through a royalty revision. The only bright spot for the TIC was the election to the Liberal benches of three prominent lumbermen whom the British Columbia Lumberman hoped would be able to influence a legislature previously "either very badly informed or woefully indifferent regarding an industry the welfare of which, as the main paymaster of the province, should be their (sic) sincere concern."<sup>93</sup>

To assist these new lumbermen MLA's in their efforts, between June and November, the TIC stepped up its publicity campaign with an eight-page

booklet of "Facts and Figures" on the forest products industries, and a series of six articles in the daily and weekly press entitled, "Sidelights on a Great Industry." The message was clear: every citizen in the province in one way or another was part of a great timber partnership, the continuation of which was now threatened by unfair taxation and withdrawal of investment.<sup>94</sup> Advertising support also came from various boards of trade as well as individual wholesalers, shipbuilders and other businessmen associated with the forest industry.<sup>95</sup>

The campaign climaxed on 3 September, 1924, with an open public meeting held by the government at the Legislative Buildings. Pattullo, anxious to bring the industry's case favourably before the public, had urged McNeill beforehand to open the discussion with a clear explanation of the effect the current Royalty Act would have on the industry after January, 1925.<sup>96</sup> The Minister, himself, prefaced the meeting with some remarks on the importance of the industry to the province and the responsibility of the government to pay "careful consideration to the urgent representations" made by it over the past three or four years.<sup>97</sup> The purpose of the forum was clearly not to allow the government to explain the long-term policy provisions in its 1923 proposal. These were never mentioned. Rather, it was to give the industry an opportunity to convince the people that the 1914 Royalty Act was unworkable.

The TIC presented a full slate of speakers representing all aspects of the forest industry and related wholesale and supply businesses. But no one from the general public spoke either in support of, or against the industry's demands. The only excitement was provided by Premier Oliver, who wanted it shown plainly, by a statement of costs, that timberholders were not simply seeking relief from operating expenses which only reflected the high speculative price paid for timber. The people, the Premier explained, had received no share of that speculative value as timber changed hands and were not now



about to compensate the speculator for unwise investments.<sup>98</sup>

Oliver had good reason to be concerned that over-zealous speculation was largely responsible for the industry's difficulties. But he need not have worried about convincing the public of the necessity to revise the 1914 Act immediately. The TIC, with help from his government, was doing an able job of that. The real problem the industry and the government now faced was to work out differences over the nature of the new royalty policy which was to replace the old one.

The issue was immediately complicated when ex-District Forester L. R. Andrews, now Secretary of the British Columbia Loggers' Association,<sup>99</sup> revealed to the TIC that according to the Department's definition used in its 1923 draft bill, gross stumpage value was to be the sum of the assessed market value of standing timber, plus whatever purchase price for that timber was due the government as royalty.<sup>100</sup> If the average sale price of licenced standing timber was determined to be \$3.00, royalty would not be one-third of that, or \$1.00, as the lumbermen had assumed, but rather \$1.50, or one-third of a gross stumpage value of \$4.50 (\$3.00 plus \$1.50).<sup>101</sup>

This formula only spelled out arithmetically the government's concept of royalty as a commercial transaction over and above the current market value of timber. Put this way, however, this principle was thoroughly objectionable to the industry. To TIC director, F. R. Pendleton, it was now apparent that the government officials were set on keeping "in their own hands the interpretation of any Bill that was passed, as to the methods by which stumpage value was to be determined."<sup>102</sup> Despite the government's clear intention to relieve the industry of the immediate burdens of the 1914 Act, it appeared such gains would only come at the expense of a profound government intervention into the business of holding timber for future profit. Reacting to this new revelation, and feeling the momentum mounting behind it

with the success of its publicity efforts, the TIC returned to its absolute opposition to any government appraisal of timber values regardless of appeal procedure, and remained firm in its stand for a 25 percent government equity of net stumpage value (without the inclusion of royalty).<sup>103</sup>

In an attempt to conciliate the industry, Chief Forester P. Z. Caverhill finally agreed to recognize the private purchase price of licenced timber up to 50¢ per thousand feet as a legitimate cost to be written off stumpage value.<sup>104</sup> Moreover, he revised downward the recommended immediate increase for 1925 so that it averaged only one percent over the previous period.<sup>105</sup>

But the industry found even such minimal increases too onerous<sup>106</sup> and remained adamantly opposed to the general long-range policies of the Chief Forester. As November drew to a close, the TIC dug in, convinced that the government could never get through the Assembly any legislation requiring the establishment of elaborate bureaucratic machinery for the valuation of timberholdings.<sup>107</sup> With December and the end of the current royalty period upon them, it was necessary for both sides to arrive at some proposal to present to the legislature. As any agreement upon the terms of a permanent royalty policy appeared impossible without further extensive negotiations, a decision was made to settle for a schedule of arbitrarily fixed royalties over two 5-year periods.

On the south coast, for example, rates were set at \$1.35, \$1.25 and 75¢ for grades one, two and three lumber, to be increased to \$1.65, \$1.65 and 95¢ in 1930.<sup>108</sup> The average coast royalty based on grade distribution of the cut would be \$1.14 on 1 January, 1925, up only four cents per thousand from the previous period.<sup>109</sup> The industry thus won its much desired release from the burdensome Royalty Act of 1914, and immediate increases that were in fact negligible. While the timberholder did not gain the permanent stability he demanded, the amended rates did provide assurance to

foreign capital of the Liberal government's willingness to comply with the needs of investors in the province's resources.

For the government, the new legislation guaranteed a slight, but steady growth in royalty revenue, but mainly because the total volume of the timber cut was increasing each year (see Table 5). A one-third equity for the Crown appeared to be established, at least for 10 years. But the principle of an equal partnership in the value of standing timber was not enshrined in the Act, nor the machinery to assure its maintenance.

Passage of the bill through the legislature went remarkably smoothly despite an even less stable majority for the Liberals than in the previous year. This was especially notable, considering that the bill called for an immediate increase that was even smaller than the one contained in the aborted 1923 proposal, and implemented nothing to assure an equitable public share in future stumpage increments. McNeill, perhaps patting his own back, attributed the overwhelming support given the bill from the major parties directly to the public awareness generated by the TIC's \$10,000 publicity campaign.<sup>110</sup> The active participation in the debate of Liberal lumbermen MLA's Chris McRae and Sidney Leary may also have influenced the result.<sup>111</sup> In the final analysis, with the new adjustment under the 1914 schedule about to go into effect in January, there was no time left to play politics with an industry upon which constituencies from all parties were dependent for much of their prosperity. Even Major Dick Burde, the independent member for Alberni, and a perennial advocate of the working man's cause, supported the bill out of a desire to keep the cost of lumber production down so that employees in the forest industry would have a better chance of winning a decent wage.<sup>112</sup>

The main opposition to the bill came from the Provincial Party and its embattled leader, A. D. McRae. With his party close to disintegration<sup>113</sup> and the relative value of his own Crown-granted timberholdings at stake,<sup>114</sup> McRae

TABLE 5  
Forest Revenue (Fiscal Years)  
(in dollars)

Year	Rentals- Leases	Rentals- Licences	Royalty	Log Ex- port Tax	Trespass	Scaling	Timber Sales	Grazing	Miscellaneous	Total	Total Provincial Revenue
1912-13	84,576	1,939,457	517,672		10,007	25,211			2,087	2,569,003	12,510,215
1913-14	115,066	1,975,924	441,979		6,451	27,434	29,055		10,568	2,610,103	10,479,258
1914-15	80,370	1,376,425	367,000		2,460	31,950	56,284		1,631	1,920,111	7,974,496
1915-16	124,811	1,111,442	358,687		1,674	32,223	79,634		400	1,709,657	6,291,693
1916-17	79,002	1,192,771	500,236	64,676	1,491	44,638	87,181		2,317	1,972,586	6,906,783
1917-18	79,367	1,063,512	684,025	46,203	5,064	66,780	136,234		2,569	2,080,181	8,882,846
1918-19	77,401	1,531,970	726,628	8,306	11,841	71,097	170,577		6,160	2,597,153	10,931,279
1919-20	82,097	1,271,485	744,327	42,180	13,407	76,032	236,839	10,410	6,027	2,481,238	13,861,602
1920-21	78,704	1,929,551	934,952	32,715	10,200		290,248	15,945	20,369	3,315,891	15,219,264
1921-22	101,293	1,349,166	864,501	137,003	13,246		365,799	10,807	6,222	2,844,991	18,882,391
1922-23	80,743	1,481,939	1,064,998	184,084	15,517		402,053	8,847	11,124	3,247,034	19,618,903
1923-24	91,281	1,296,685	1,218,527	303,198	14,199		503,854	14,733	11,010	3,454,805	19,637,710
1924-25	113,113	1,228,452	1,316,794	223,161	16,209		572,883	13,223	12,637	3,494,462	19,381,511
1925-26	91,837	1,130,814	1,466,349	224,762	10,668		641,088	14,039	7,801	3,592,899	21,775,869
1926-27	101,920	1,083,382	1,455,667	280,738	10,031		613,720	14,771	6,534	3,567,400	20,528,080
1927-28	83,435	1,040,562	1,479,243	354,757	8,655		603,363	14,712	6,726	2,592,829	21,136,348
1928-29	77,829	1,016,367	1,549,182	254,928			646,989	12,561	7,310	3,573,821	21,181,488

Sources:  
"Consolidated Statistical Tables," p. F83,  
Table No. 22; and British Columbia in the  
Canadian Confederation, a Submission pre-  
sented to the Royal Commission on Dominion-  
Provincial Relations by the Government of  
British Columbia (Victoria: Charles F. Banfield,  
1930), pp. 245-47, Table 24.

TABLE 5A

Government Forest Revenue as a Percentage of Value of Production

Year	Value of Production in \$millions	Forest Revenue in \$millions	Revenue as Percentage of Value of Production
1913	\$ 33.6	\$ 2.8	8.3%
1914	28.7	2.2	7.7
1915	29.1	1.7	6.0
1916	35.5	1.8	5.1
1917	48.3	2.2	4.6
1918	54.2	2.5	4.6
1919	70.3	2.5	3.6
1920	92.6	3.2	3.5
1921	65.0	2.7	4.1
1922	59.5	3.2	5.4
1923	86.7	3.5	4.0
1924	80.7	3.5	4.3
1925	81.9	3.5	4.3
1926	84.8	3.6	4.2
1927	83.1	3.6	4.3
1928	93.8	3.5	3.7

SOURCES: "Consolidated Statistical Tables," p. F60,  
Table No. 2, and p. F81, Table No. 20.

attacked Oliver's supposed settlement of the province's resources. Reversing his 1909 stand on stable tenure for licence holders,<sup>115</sup> McRae now claimed, in an open letter to Oliver, that the licensee held no equity in Crown timber whatsoever beyond the legal right to remove the timber under conditions provided by Statute: "If some enthusiastic timber investor paid a bonus to the licensee for his licence, that was his affair."<sup>116</sup> This sentiment was actually remarkably close to that expressed by the Premier at the public meeting of 3 September 1924. But since then, the industry and the government had put aside such unpleasant considerations for another day in seeking an expedient and temporary solution to the royalty question.

It was true, Pattullo told the Laurier Club, in answer to McRae, that according to Section 34 of the Forest Act, the licence holder had no further vested interest than the right simply to cut his licenced timber. If that were really the case, then the only way the licensee could hope to make a profit would be through the process of manufacture. But, according to the Minister, there was not one licensee who had "staked or acquired his licence upon any such understanding." Neither was this the idea of those who had formulated previous legislation. The transferability of licences granted in 1905, not to mention the prices at which transfers were made, the profit-sharing formula in the 1914 Royalty Act, and the policy of a timber partnership laid out by his predecessor, W. R. Ross, in introducing that bill, all pointed to the continuing recognition of a licensee's vested interest in his holdings beyond the mere right to cut. If it were desirable to prevent "so-called speculation on timber licences," Pattullo argued, "this object can never be attained through the imposition of high royalty" which would only impair the producing industry. But as far as the Minister was concerned, there was "no more reason why the so-called speculator in timber should be mulcted of his profits any more than the speculator in coal, minerals, real estate or any other natural resource." As with all other resources, he held, "unless there is left a measure of profit to the individual I cannot see how we can expect

much development in the Province."<sup>117</sup>

In April, 1923, Naden and Caverhill had adamantly refused to recognize the private purchase price of licenced timber as part of the holder's equity. In October, 1924, Caverhill modified this somewhat, incorporating a portion of the cost of privately purchased timber into his profit-sharing formula. Now, in answer to McRae and defending the meagre increase in royalty rates to be exacted over the next ten years, Pattullo repudiated any right on the government's part to a share in speculative profits through the mechanism of timber royalty. In order to understand the depths to which Liberal forest policy had sunk, it is helpful to look briefly at the broader political context.

The Liberal administration that had emerged from the 1924 election was in disarray. The sense of vigour and direction of the wartime reform coalition that had originally brought it to power had long since vanished. Victoria had been lost to the Conservatives. Vancouver's Liberals were divided amongst themselves and without cabinet representation. Charges of corruption in regard to the Pacific Great Eastern Railway (PGE) and liquor legislation had further undermined the government's confidence.<sup>118</sup> Debt piled upon debt as the PGE continued to drain the treasury. The government was reduced to a policy of financing its sinking fund from new borrowings.<sup>119</sup> There had been some recent triumphs, such as the winning of reduced freight rates.<sup>120</sup> But Oliver's third administration lacked both the power and the will to provide the province with any far-sighted leadership. This condition was evident in its reluctance to institute what appeared to be a perfectly equitable and effective timber royalty policy over the opposition of the industry.

In their first years in government, the Liberals had been committed to progressive reform of forest policy in the interests both of business efficiency and scientific management of the resource. This policy was built upon

the work done by Fulton, Flumerfelt, Ross, Grainger and MacMillan between 1909 and 1914. But once the government permitted the lumbermen a voice in policy formation, the forestry bureaucracy soon lost the initiative. When Pattullo failed to force through royalty legislation in 1923, the momentum quickly swung to the TIC. With political power slowly slipping from their grasp after the 1924 election, the Liberals did not have the courage to pass legislation which might later be blamed, even if unjustly, for disrupting the development of the forest industry. The Forest Branch had been able to share the blame for the failure of the 1914 Act with the industry which had so warmly endorsed it. But this time, without the support of the TIC, the blame would have been all for the Liberals to shoulder should the industry fall on hard times. All the technical expertise that the Forest Branch could bring to bear on the problem of apportioning the future unearned increment in stumpage values was for nought when a weak government, even one that had been philosophically committed to reform, came to confront the political realities of standing up to the most powerful industrial group in the province. In a most revealing summation of this new pragmatism, Pattullo told the Laurier Club:

There is only one day more important than tomorrow for you and me and that is today... in our anxiety for tomorrow we must not overlook the fact that we have to protect today. We must keep this industry going; the industry is faced with world competition. We can move just as fast and no faster than economic conditions will permit.<sup>121</sup>

Between 1905 and 1928, most of the alienated timber in British Columbia was held under licenced tenure. In part, a licence system was adopted to promote the development of manufacturing. In part, it was viewed as a conservation measure. And, thirdly, it was a method of gaining revenue by, in effect, mortgaging a large portion of the provincial timber resource. The issuance of an unexpectedly large number of licences quickly led to demands for greater stability of tenure. With 15,000 limits staked, a 21-year licence



with variable charges was considered to be neither an attractive long-term investment nor a secure form of collateral for financing operations. The Royal Commission established to consider the problem in 1909 recommended perpetual tenure on the condition that the government continue to reserve the right to alter charges in order to protect the public's interest in the value of standing timber. The timberholder was thus left with an investment in a marketable commodity, the value of which was, to a large extent, dependent on the policy of whatever government was in power. Since their annual ground rental payments were one of the largest sources of provincial revenue, the timberholders felt they were entitled to greater security than that. As a result of a series of negotiations during 1913-14, a policy was devised which, behind a facade of scientific forestry and a so-called profit-sharing partnership, appeared to assure the kind of perpetual stability that the timberholders and operators demanded. When the Conservative government's timber Royalty Act was undermined by war-induced inflation, the responsibility fell to the new Liberal government to find a different solution.

The Liberals failed ultimately because they were unable to resolve the complex question of the ownership of the resources. The timberholder who had invested his capital and carried most of the risks felt he had as much right to a profit as if he owned the timber outright, and resented the interference of government "theorists" and "bureaucrats." The Forest Branch, on the other hand, regarded royalty as simply a delayed payment for Crown timber. By postponing the collection of these stumpage fees until the timber was cut, the foresters believed the government, too, carried a risk in terms of fire protection costs, foregone interest and the possibility that the timber might not be cut for generations to come. At the same time, the timberholder had that money to invest in other business ventures. Both the government and industry agreed they were involved in some kind of timber partnership.

But the nature of that partnership was under dispute.

According to the TIC's propaganda, the public side of the partnership could really only benefit in direct proportion to the health and prosperity of the industry through jobs, expenditure of wages and a general growth in economic activity. But this happy arrangement was threatened by the Forest Branch's concept of a timber partnership which provided for a direct, and what the industry felt was an excessive share in the value of standing timber. The version of partnership put forward for public consumption by the TIC emphasized the notion of a general participation in the wealth generated by the unimpeded growth of the producing side of the industry. It, of course, ignored the fact that the public also had a right to share in the profits of the timber speculator as well.

At bottom, the problem of defining this so-called partnership was inherent in the system of licenced tenure itself. The timber licence system may have been an ideal form of tenure to encourage and facilitate industrial development once sufficient security was built into it. But as far as the timberholder was concerned, it was a poor way to allocate timber for speculative investment. A private investor could not easily accept that one-half of any profit deriving from the appreciating value of his timber belonged to the people of the province. In 1914, timberholders agreed to this principle in theory only because of the apparent impossibility of its coming into effect during the forty-year period of the royalty schedule. In 1923-24, such a division of profit appeared much more certain and imminent as a result of the policy developed by the Forest Branch.

By 1924, the Forest Branch of the Lands Department, despite the interruption of the war, had developed a fair degree of technical expertise. It was true that this expertise had been applied only minimally to the many complex problems and tasks confronting the new bureaucracy. But a start at

forest reconnaissance, experimentation and inspection had been made. A full network of rangers, foresters and administrators was in place. And the operation of a timber sale system, underway since 1913, had given the foresters a "window" on the industry. As a result, they had ample information as to the value of various species and grades of timber in different regions of the province, as well as a knowledge of average operating costs, lumber prices and profits. By 1923-24, Caverhill was set to apply this knowledge and expertise to the administration of licenced timber in order to protect the public's interest in what was by far the most significant form of provincial timber tenure. Despite the industry's recalcitrance, at one time or another over the period of the two years, he had managed to win important agreement on several basic points of his royalty policy. But the Liberal government was unable and unwilling to take full advantage of the bureaucratic expertise at its disposal. Its own political weakness and the economic and political strength of the forest industry prevented the government from doing anything that might jeopardize, or even be made to seem to jeopardize, the competitiveness and prosperity of that industry. In the end, it was forced to accept the TIC's definition of a timber partnership in place of its own. But the formation of royalty policy was not the only example of the government's inability to exercise its administrative prerogative over the province's most abundant and valuable natural resource.

## Chapter 3

### FOREST PROTECTION: A GOVERNMENT RESPONSIBILITY

In determining responsibility for forest protection, the government faced problems similar to those encountered in royalty negotiations rising out of the public nature of provincial forest tenure arrangements. In the early years the transitory and unstable conditions of licenced tenure gave little incentive to the holder to protect his timber. One of the strongest arguments put forward by witnesses at the Royal Commission hearings in 1909 was that perpetual tenure and moderate carrying charges were a prerequisite for proper fire protection measures on the part of lumbermen.<sup>1</sup> This point was recognized by the Commissioners, who reported that the active role they recommended temporarily for government in forest protection and regulation of logging was predicated on the assumption that rising stumpage values would eventually allow the industry to care for these matters. "This was an obvious business reason," they wrote, "for granting perpetuity to licences."<sup>2</sup>

But, as indicated in the previous chapter, even perpetuity did not give licence holders the stability and sense of ownership many desired. Furthermore, expectations of rising stumpage values were not realized during the 1920's. Despite government compliance with industry demands for greater efficiency and honesty in the forest service, the lumbermen gradually negotiated their way out of more and more of the share of protection expenses that they had initially accepted. A responsibility that the Commissioners had considered only temporarily that of government had increased rather than diminished. Long range policy goals of conservation and

perpetuation of the provincial forest base were never a serious concern of British Columbia lumbermen. And lack of appropriate funding meant that they remained largely a theoretical undertaking on the part of government. Neither an infant industry nor a struggling provincial administration, in the midst of a sylvan abundance, were about to become obsessed with timber depletion at the expense of immediate economic success.

Having said that, one must still account for the conservationist impulse that lay behind the initial formation of a forest administration in 1912. According to H. V. Nelles, the intensity of the conservation movement in the United States relative to that in Canada resulted from a struggle over ownership of the forests: the people versus the trusts. In Canada, where governments had never allowed corporations "to appropriate vast kingdoms of the public domain," the movement was concerned more with the "prosaic problems" of administering Crown controlled forests. The Canadian movement "never developed the crusading spirit of its American counterpart."<sup>3</sup>

But one should perhaps not be misled by the external manifestations of a movement which, in essence, was something quite different from a popular crusade. As S. P. Hays has concluded, the United States conservation movement was not so much a populist revolt against monopolist ravaging of America's resources as it was a movement towards industrial and technological efficiency led by capitalists and obliging politicians.<sup>4</sup> According to this interpretation, the struggle was not over ownership of forests, but over forms of utilization--sophisticated industrial exploitation or chaotic small-scale decimation.

This notion of conservation as a phenomenon linked to promotion of industrial development is important for an understanding of its emergence in British Columbia. The issue of ownership did have a bearing on the

different character of the movements in the province and the United States, but more in terms of determining the source of initiative for measures towards efficient, large-scale exploitation than in terms of the relative zeal of those involved. Private ownership of forest land gave American lumbermen a greater incentive to push towards implementation of effective forest protection and perpetuation.<sup>5</sup> And in the western United States, where government control of the forests was more pronounced, the forest protection movement was given much of its momentum by federal officials such as President Theodore Roosevelt, conservationist Gifford Pinchot, and forester E. T. Allen, in combination with influential lumbermen such as Weyerhaeuser and the Humbirds, working through private fire protection associations. State officials, without a large vested interest in standing timber, had to be prodded into action.<sup>6</sup>

In Canada, where the federal government played only an indirect role in forest management, the forest conservation movement was balkanized into provincial jurisdictions. In British Columbia, even with perpetual tenure, the private vested interest in Crown timber was relatively insignificant, at least at the outset. Initiative rested more with the provincial government which held a large interest in licenced timber as well as in the vast areas of uninhabited land under reserve. Richard McBride and W. R. Ross were faced with the necessity of creating an efficient forestry service equal to the administrative demands posed by the large-scale industrial development they were determined to foster.

John Lafon, an American recruited to the British Columbia Forest Branch from the United States Forest Service, in a speech to the Pacific Logging Congress at Seattle in October, 1913, explained the rationale behind forest protection policy in British Columbia. He noted that in the north-western states much of the most valuable timber was held outright by private holders who

cooperated with each other through highly developed fire protection associations. In addition, the United States government had a sophisticated fire protection system of its own in the national forest reserves. In studying these successful methods, he continued, it became apparent "that in striving for the same results we must adopt different methods," because of the complicated tenure arrangements in British Columbia. As it was impossible to disassociate the private and government interest in fire protection, a system of government-industry cooperation was developed.<sup>7</sup>

It was clearly not realistic to expect American lumbermen to invest the same capital in private associations in British Columbia that they had in the United States. Nor was it conceivable that industrial development could proceed very far without some form of forest protection service. Perpetual tenure went some way toward insuring industry cooperation. But without giving up the public's interest in the provincial timber resource, the only way to provide effective protection was through government initiative.

Prior to the formation of the Forest Branch, forest protection was almost exclusively legislative. Starting with the Bush Fire Act of 1874, the intent of early legislation was to restrict the location, method and time of year for lighting fires. Penalties were provided, but not until 1907 was authority actually given for the appointment of a forest protection staff.<sup>8</sup> Disastrous fire seasons in 1908 and 1910, combined with a recommendation for increased funds in the Interim Report of the Royal Commission on Forestry, prompted increased expenditures and a doubling of patrol staff. By 1911 there were 110 district Fire Wardens, 10 Divisional Wardens and three Supervisors employed at a total cost of \$149,525.<sup>9</sup>

The Final Report of the Royal Commission made a series of sweeping recommendations pertaining to the protection and preservation of the forests. Logging methods were to be strictly regulated to end devastation and waste, reduce fire risk and promote regeneration. Mandatory disposal of all debris was to be incumbent upon all operators on Crown and non-Crown land. An extensive fire patrol system was to be established, financed in part by a fund based on assessments per acre of timber held, and matched by government dollar for dollar. After a complete survey had established the proportion in each forest district of non-alienated timberland still held by the Crown, the cost-sharing formula was to be adjusted accordingly. Most importantly, from a conservation point of view, a forest sinking fund was to be established, based on the total amount of 1910 royalty collections, plus a diminishing proportion of any increase from year to year afterwards. Royalties were to be regarded as forest capital for conservation purposes, not as current revenue. This was to be a tentative measure until sufficient investigation had revealed whether or not natural regeneration would replace forest stock without extensive artificial reforestation. If natural reforestation were found to be efficacious, "replacement of capital could be placed as low as the minimum expenditure necessary for effectual forest protection."<sup>10</sup> Although these recommendations provided a basis of intent for forest administration in future years, their immediate implementation was inhibited by economic considerations impinging on both government and industry.

The Forest Act of 1912 did not reflect all the Royal Commission's recommendations. It did provide for regulation of logging methods, but only on future timber sales. Power to require disposal of debris was vested in the Minister of Lands but disposal was not made a condition of logging.<sup>11</sup> A Forest Protection Fund was established based on a levy of one cent per acre on all timberholders, to be matched by government.<sup>12</sup> The important



principle of a forest sinking fund was not, however, enshrined in the Act. The current wisdom of the day was that natural regeneration would suffice to replace depleted forest stock, given adequate fire protection.<sup>13</sup> Provision was made in the Act, nevertheless, for the establishment of permanent forest reserves for the perpetuation of timber growth and protection of the water supply.<sup>14</sup>

What is remarkable about the Forest Act is not what it excluded from among the Commissioners' recommendations but that, with an actual cut estimated to be only one-fifth of annual increment, it did in fact go as far as it did to create a foundation upon which future amendments could be laid. This is perhaps understandable, however, if the creation of a forestry bureaucracy is put in the context of a continental conservation movement dedicated to the promotion of large-scale corporate enterprise through the application of scientific management. As Royal Commissioner Flumerfelt noted in explaining the rationale behind the establishment of a sophisticated forestry service in British Columbia:

(That is what conservation means at bottom--the application of ordinary business principles to natural resources)... Hence our recommendation to the Government that 'large appropriations must be made and a well-manned specialized forest service brought into being, thoroughly equipped.'<sup>15</sup>

A. C. Flumerfelt, himself, was the personification of a business-progressive and thus his instrumental role in the early stages of forest policy formation is significant. As president of Hastings Shingle Manufacturing Company (allegedly the largest plant of its kind in the world), member of the British Columbia Lumber, Logging and Forestry Association, and then Royal Commissioner, he played an important part in the implementation of perpetual tenure for timber licences. Previously, he had served as business manager of Granby Consolidated Mining and Smelting Company, another modern industrial conglomerate, and had organized the International Coal

and Coke Company in Alberta. He later moved into fish packing and emerged as an important figure in British Columbia's trust, insurance and securities business. He served briefly as Minister of Finance in 1915. But he also maintained his interest in progressive causes, becoming a promoter of provincial education. And more notably, he personally sponsored and organized a series of essay contests whose purpose was to induce the people of British Columbia to become acquainted with the natural resources of the province. Several prize winning essays were published in a pamphlet entitled Potential Riches of British Columbia, distributed by the British American Trust Company with which Flumerfelt was associated.<sup>16</sup>

One of those with whom Flumerfelt early became involved in the cause of efficient and scientific natural resource development was M. A. Grainger, who was responsible for much of the initial progress in laying the foundations of a forestry administration in British Columbia. A Cambridge graduate, Grainger was an acknowledged mathematical wizard and a competent man of letters. As well, he was a bit of an adventurer whose exploits and misfortunes in British Columbia logging camps were recorded in a novel, Woodsmen of the West.<sup>17</sup> Hired in 1909 as secretary to the Royal Commission on Forestry, Grainger went on to become the moving force behind forest administration in the province for over a decade, eventually serving as Chief Forester for four years after the departure of H. R. MacMillan. As Commission secretary, Grainger, according to the later testimony of MacMillan,

worked day and night over two or three years preparing the report of the Royal Commission, putting ideas and words into the mouths of the Commissioners, persuading the government to employ Overton Price to bring the best American thought and experience, searching all relevant legislation and administration policies of the day, from all of which he drafted the 'Forest Act' with Overton Price's help.<sup>18</sup>

Overton Price had served as assistant to the renowned conservationist, Gifford Pinchot, at the United States Forest Service, and then served as

vice-president to Pinchot in the National Conservation Association.<sup>19</sup> He had two years of forestry training in Germany and Switzerland and had been the "principal architect" of the organizational structure of the United States Forest Service.<sup>20</sup> In February, 1912, Minister of Lands, W. R. Ross, attended a meeting of the National Irrigation Congress in the United States and discussed with Pinchot the establishment of a Forestry Bureau in British Columbia.<sup>21</sup> Writing to Ross, upon accepting the position of government consultant with Pinchot's support, Price enthused that:

Through a combination of circumstances familiar to you, I believe this work offers an unequalled chance for important public service. So far as I am aware, no country has ever had the opportunity now before British Columbia to build up a forest service that will be a model in efficiency and a model in its contribution to the public welfare.<sup>22</sup>

In the spring of 1912, Price came north and began the organization of the Forest Branch of the Department of Lands, modelled after the United States service.

In the past, forest administration in British Columbia, such as it was, had been divided amongst three separate bureaucracies: the Timber Inspection Branch, the Scaling Branch and the Forest Protection Branch. Now all three were to be centralized within the district structure under the authority of the district foresters. This system was considered to be more efficient in two ways. It developed men with more rounded abilities and provided opportunities for advancement which, hopefully, would attract and keep officers of exceptional ability. It also simplified overall administrative relations with the industry and the public.<sup>23</sup>

Each district forester was responsible to a headquarters staff recruited by Price. John Lafon, Chief of Management, had trained at Vanderbilt's Biltmore School under German forester, Carl Schenk, before joining the United States Forest Service. R. E. Benedict, Chief of Operations, had

taught at Yale School of Forestry and served as supervisor of the Olympic National Forest before Price brought him to British Columbia. H. R. MacMillan, obtained by Price for the position of Chief Forester, was a recent Yale forestry graduate who had worked with the Dominion Forest Branch as Assistant Inspector of Forest Reserves and Assistant Director of Forestry. M. A. Grainger, though without scientific training as a forester, was retained as Chief of Records.<sup>24</sup> Price, himself, was kept on the payroll as Consulting Forester.<sup>25</sup>

At the head of the structure was Minister of Lands, W. R. Ross, MLA for Fernie. Ross outlined the underlying theme of the new forest administration at a conference of the Canadian Forestry Association held in Victoria in September, 1912, in honour of the formation of the Forest Branch. The new service was to provide practical everyday administration and ensure the "quickest, safest" production of the next crop without interfering with the fullest use of the forest. British Columbia, Ross continued, had to avoid the fate of other states and communities through cooperation between government, lumbermen and the public to perpetuate the forest.

The great railroad corporations, departmental stores and manufacturing plants of this continent have shown what careful organization can achieve and it is my ambition to have the Government's timber business run on the same lines of clear cut business efficiency.<sup>26</sup>

In this way, Ross told the Western Forestry and Conservation Association held in Vancouver a year later, settlement in permanent communities would become the main object of forestry, leaving behind "the old uncivilized idea that a lumbering population is a vagrant one that destroys a timbered region by fire and lumbering and then moves on elsewhere."<sup>27</sup>

For two years after the formation of the Forest Branch, a full-scale attempt was made to lay the groundwork for Ross's "progressive" vision. Chief Forester MacMillan quickly set about recruiting qualified foresters from

a small pool of available talent being turned out by the Universities of Toronto and New Brunswick, as well as from the Dominion Forest Service and the Canadian Pacific Railway. Notable among these was the future Chief Forester, P. Z. Caverhill, from New Brunswick.<sup>28</sup> MacMillan also began to set up a comprehensive structure of forest reconnaissance, surveying, inspection and protection. The programme was financed by a legislative vote of \$160,404 for general administration, and a \$105,259 contribution to the Forest Protection Fund, equal to the amount collected from timberholders.<sup>29</sup>

By 1914, 558 temporary and permanent forest protection officers were on the ground, although the average area per man was still at a ridiculously high level of 500,000 acres. The Forest Protection Fund contained \$359,000 to patrol for and fight fires, as well as to establish a forestry infrastructure of trails, telegraph lines and lookout stations. Studies on insect damage and effects of slash burning on Douglas fir regeneration were undertaken in conjunction with the Dominion government. In addition, an agreement was worked out with the Dominion Board of Railway Commissioners establishing extensive forest protection regulations for railroads under Dominion charter, to be enforced by provincial foresters with partial funding by the railways. Similar regulations were adopted for railroads being built under provincial charter.<sup>30</sup>

During its first two years of operation, the Forest Branch began a thorough examination of all applications to purchase and pre-empt Crown land, and undertook reconnaissance of forests contiguous to new railroad development and tributary to important water systems. An extensive slash burning programme was started to clean up old debris on road and railroad construction sites. And under Forest Branch supervision, 15,000 acres of logging slash was burned in 1913 and paid for by the operators.<sup>31</sup> At the end of 1914, the first provincial forest reserve, the 100 square mile Elk River Reserve, was established for permanent growth of timber.<sup>32</sup>

This initial burst of forestry activity was brought to a sudden halt in 1913 by economic collapse. The outbreak of war which followed insured that it would not be resumed quickly. Under pressure from the industry, MacMillan was forced to accept that money could no longer be spent on forestry activities which served no immediate purpose.<sup>33</sup> Previously, the allotment of funds for forest protection had been based as closely as possible on degree of fire risk, irrespective of ownership. In 1914, in almost all forest districts, patrol was to be confined to licenced and alienated timber only.<sup>34</sup>

But, unfortunately, 1914 was a particularly bad fire year. The Forest Protection Fund ran up a deficit of \$82,000 covered by a loan from consolidated revenue funds. Timberholders' contributions were in arrears by \$45,000. Expenditures on improvements dropped from \$104,000 in 1913-14, to just over \$8,000 in 1915-16. Reconnaissance, land classification and logging inspection were all curtailed. As war continued, the ranks of the Forest Branch were severely depleted.<sup>35</sup> The efforts of the remaining personnel turned to the more immediate concerns of market extension work in order to revive an industry so vital to the provincial economy. Any real progress in forestry matters was clearly dependent on that revival.

Economic hardship also brought sharp attacks from industry members over alleged patronage and inefficiency in the forestry bureaucracy. In December, 1913, T. F. Paterson, president of Paterson Timber Company, delivered a stinging attack against the Forest Branch, and MacMillan in particular, at the Western Forestry and Conservation Association's conference. "Theorists" and "faddists," he claimed, were wasting money establishing a forestry infrastructure far beyond the needs or capacity of the industry. He suspected that much was being spent on "political charity" under the guise of forest protection, and suggested a joint committee be constituted to manage the Forest Protection Fund.<sup>36</sup> In February of that same year,

the Mountain Lumber Manufacturers' Association drafted a similar recommendation that government take appointments out of the domain of politics by giving more power to the Chief Forester, and by appointing two practical lumbermen to the Forest Branch in an advisory capacity.<sup>37</sup>

These concerns persisted, prompting the British Columbia Loggers' Association, in November, 1915, to confer with the Vancouver District Forester and his rangers on the problem of greater efficiency in spending Forest Protection Fund money on the coast.<sup>38</sup> The lumbermen, having entered into a cost-sharing system of forest protection with the government, expected the government to administer the fund in a businesslike manner: maximum efficiency at minimum cost. Clearly the normal patronage system which might have been tolerable in public works jobs and contracts was not acceptable when the protection of private investment in timber and logging plants was at stake. And it appears that industry charges of political patronage were not without foundation.

W. R. Ross, outlining the policy of his Department on the appointment of summer wardens to the secretary of the Aggasiz Board of Trade, explained that after giving employment to men of good standing previously in the service, the policy was to employ local men. "The recommendations are made usually through the sitting Member representing the district," Ross advised him.<sup>39</sup> There is substantial evidence that, indeed, this was the regular hiring process. For example, Archie McDonald, M.L.A., sponsored a Vancouver man for a reconnaissance survey in the Peace River District.<sup>40</sup> Similar recommendations for ranger positions in the Nelson District and in the north came from members Hunter and J. A. Fraser.<sup>41</sup> And Ross himself was looking after the interests of a local party man, A. M. Beattie, for position of fire warden in his district of Fernie.<sup>42</sup> Clearly, "efficiency" in the Forest Branch had to co-exist with a provincial political system based,

to a large extent, on personal favour and allegiance. While headquarters was staffed with some of the best "technocrats" of the day, the grass roots of the Forest Service were still well mired in ordinary, everyday politics. This issue of political hiring in the Forest Branch was to be addressed more seriously in the wake of the Tory defeat of 1916 and the coming to office of a Liberal "reformist" administration pledged to, among other things, the elimination of the patronage system and the honest management of the province's natural resources.<sup>43</sup>

Wasting little time after the Liberal victory in November, 1916, the various provincial associations of lumbermen, shinglemen and loggers from both the coast and interior, formed a joint committee which met with the new Minister of Lands, T. D. Pattullo, in January 1917. In elaborating its position, the joint committee wrote Pattullo, reminding him that inefficient forest protection was a threat, both to the province and the capital investment of timberholders and operators. After three or four years of discussion, and now encouraged by the announced policy of the new government to end political patronage, the contributors to the fund had decided to come forward in view of the "serious waste both of money and timber, due to the political control of minor appointments." The time had come for a "clean sweep" of the old methods. They recommended a permanent council of four representatives, one from each association, which, along with the Minister, would supervise temporary appointments to the forest service as well as approve allocation of fire protection funds.<sup>44</sup>

The Minister, after consideration, rejected the idea of creating a board with statutory authority as requested, but consented to the establishment of two advisory boards, one for the coast and one for the interior, composed of three departmental representatives and two lumbermen on each. He also agreed to having wardens and rangers chosen by merit through a system



examinations.<sup>45</sup> On 7 March, it was announced that 65 assistant rangers selected through an examination system approved by the joint committees, were to be hired to replace 163 part-time forest guards employed the year before. They would be retained for six months at \$100 per month, with assurances of re-employment and advancement by merit. During the height of the fire season, each assistant would be provided with a number of emergency patrolmen.<sup>46</sup> Heartily endorsing the scheme, the Western Lumberman hailed the new administration of H. C. Brewster as a "business government."<sup>47</sup> And the Victoria Times boasted that this would be the first time in Canada that "an outside service has been taken out of politics and placed on a basis of business efficiency."<sup>48</sup>

A series of assistant ranger exams was held in 1917, but the following year, due to the war, the system broke down through a lack of examiners.<sup>49</sup> Many of the vacancies went to returned soldiers.<sup>50</sup> However, the merit system was retained and, in 1919, extended to the appointment of rangers examined by a board of forestry officials under the auspices of the Civil Service Commission.<sup>51</sup> While it was difficult not to lapse into automatic promotion of assistants to full rangers, the scrupulousness of the Forest Branch was evidenced in this matter by the attitude of Vancouver District Forester, P. Z. Caverhill, who wrote to the Acting Chief Forester in 1920 that

The Ranger examination is one of the biggest things we have put over since the Forest Branch was created...examinations should be conducted so that no question can arise as to the fairness of the methods adopted and nothing that will look like choosing men independent of the examinations must be entertained for a single instant.<sup>52</sup>

The diligence of the new regime did not, however, extend to the seasonal patrolmen and look-outs who were still, according to veteran forester, C. D. Orchard, "very much on the patronage lists" and had to be cleared by electoral districts with the local member of the legislature concerned.<sup>53</sup>

Nevertheless, the patronage network was broken. Political appointment in the lower echelons of the part-time field service, previously in the hands of the wardens, was now centralized in Victoria. But, more to the point, the administration of forest protection, long tainted by political considerations, would now be brought under the closer control of the industry. While this new regime would prove little more efficient in terms of protecting the forests from fire, it would become a more efficient means of protecting the lumberman's profit margin.

Once the merit system was in place, the attention of the advisory committees turned more to the management of expenditures through the Forest Protection Fund. The two committees were soon merged, and usually met in the spring and fall to plan and review the season's work. Eventually, a coast sub-committee was formed, which met every month during the fire season.<sup>54</sup> The first four lumbermen on the Committee, like those who followed them throughout the decade from 1917 to 1927, represented four of the largest, most modern and well-capitalized operations in their areas of the province. The coast manufacturers' representative was E. J. Palmer, vice-president of Victoria Lumber and Manufacturing Company, Chemainus, one of the largest cargo mills, owned by a powerful American lumbering family from the mid-west, the Humbirds.<sup>55</sup> The loggers' representative was M. D. Rector, of the International Timber Company, Campbell River, another modern operation with nine steam donkeys, 22 miles of railroad and a capacity of 225 thousand feet per day.<sup>56</sup> The interior representatives were C. D. McNab, of the Baker Lumber Company, Waldo, a combined logging-mill operation of 150 employees producing 85,000 feet per day, and Neil Murray, of Arrow Lakes Lumber Company, Kamloops and Arrowhead, one of the largest operations in the interior, capitalized at \$1 million.<sup>57</sup>

Most Committee members were also associated in an executive capacity with one or more of the various forest industry associations through which they represented hundreds of other operators of varying capacity and capitalization. The Forest Protection Committee, then, contained the most advanced and well-financed operators and some of the largest timberholders in the province for whom fire was a constant threat to both their timberholdings and their heavy investment in plant and equipment. A voice in fire protection administration ensured not only that their share of the fund was not being squandered through patronage but, more importantly, that their timber and property was being properly protected.

Thus, in January, 1919, the Committee unanimously recommended that accumulated slash from previous years was to be disposed of by the Forest Branch at the expense of the Forest Protection Fund. The disposal of any new slash created after that date by a contributor to the fund was to be paid for half by the operator and half by the fund.<sup>58</sup> In the past, the cost had been borne completely by the operator. While disposal was still largely voluntary, this measure certainly increased the likelihood of its being carried out. Indeed, during the first fiscal year following the enactment of this provision, forest protection expenditure devoted to improvements increased from \$28,397 to \$85,548, reflecting increased use of the fund for slash disposal.<sup>59</sup>

However, 1919 was a bad fire year and 1920 a disastrous one. Fire fighting costs soared in the latter year to \$257,126 from \$44,083 in 1918.<sup>60</sup> The Committee somewhat reluctantly agreed each year to assessment increases from one and one-half cents to two cents, and then two and one-half cents<sup>61</sup> (see Table 6). But at the time of the first increase, logger representative, M. D. Rector, recommended that since funds were inadequate to protect the timber of the whole province, a sub-committee should be established to decide the most equitable way to apportion the money. The

TABLE 6

## Forest Protection Fund - Income and Expenditure

Fiscal Year	Tax (Cents per Acre)	Special Levies (cents per Acre)	Income		Expenditure			Total	Balance
			Protection Tax Collected	Government	Administration, etc.	Fires			
1912-13	1		105,259	105,259	177,797	26,373	204,170	6,348	
1913-14	1½		165,018	165,018	311,212	9,600	320,812	15,572	
1914-15	1½		122,341	388,341	260,137	126,218	386,355	17,558	
			100,000 <sup>a</sup>						
			43,659						
1915-16	1½		114,785	114,784	164,695	19,449	184,144	62,984	
1916-17	1½		120,392	120,392	148,000	7,124	155,124		
			104,648	104,658	110,802	91,470	202,272	4,987	
1918-19	1½		134,803	134,793	190,139	50,293	240,432	12,021	
1919-20	1½		117,889	235,778	217,732	165,688	383,420	41,185	
1920-21	2		189,817	379,633	340,977	292,890	633,867	-106,457	
1921-22	2½		192,601	300,000	358,722	98,476	457,198	-360,690	
			24,777 <sup>c</sup>				49,503 <sup>d</sup>		
			300,000 <sup>e</sup>						
1922-23	2½		203,560	300,000	343,716	479,800	823,516	-283,616	
		3½	163,958 <sup>f</sup>	100,000			191,302 <sup>d</sup>		
1923-24	2½		196,757	300,000	346,698	72,706	419,404	169,041	
			92,184 <sup>f</sup>	300,000 <sup>f</sup>			59,195 <sup>d</sup>		
			42,315 <sup>c</sup>						
1924-25	2½		187,520	300,000	363,051	249,382	617,433	52,243	
			11,349 <sup>f</sup>	1,766 <sup>c</sup>					
1925-26	2½		176,266	300,000	435,081	616,940	1,052,021	-127,412	
		2½	95,851 <sup>f</sup>	300,000 <sup>f</sup>					
			250 <sup>c</sup>						
1926-27	2½		169,424	300,000	383,294	504,234	887,528	-181,305	
		2½	89,057 <sup>f</sup>	275,154					
1927-28	2½		170,317	300,000	414,664	58,087	472,751	-47,783	
			135,956 <sup>f</sup>						
1928-29	2½		165,931	300,000	455,665	73,939	529,604	-102,585	
			8,871 <sup>f</sup>						

## Notes:

- a) Loan, \$100,000; overcontributed, \$43,659.  
b) Repaying loan and overcontribution of 1914.  
c) Score of collections of arrears under previous scheme of collections and contributions.  
d) Repayment on loan.  
e) Loan.  
f) Special levy.

Source: "Consolidated Statistical Tables," p. F 89, Table No. 28.

Committee also decided that it should assume none of the costs of combatting the yellow pine bark beetle infestation in the mountain districts.<sup>62</sup>

These latter two moves on the part of the lumbermen, and their reluctance in increasing the assessment on their holdings, indicate that although the Forest Protection Committee included important representatives of the "forest industry," these men still saw forest protection very much on an individual basis. The timberholder was assessed so much per acre, and expected that in return his timber would be protected. The government, with a wider responsibility to protect non-forested land, as well as unalienated Crown timber, was encumbered in its larger conservationist goals by this narrow view of the lumbermen.

The problem was exacerbated by a number of factors. Despite the somewhat conjectural survey of British Columbia's timber resource done by the Commission of Conservation in 1915-17, there was still no accurate appraisal of the quantities of merchantable timber in the various districts of the province that required protection. In addition, the revenue base of the Forest Protection Fund was gradually being eroded. By 1919, over 6,000 of the 13,600 provincial timber licences were in abeyance under a Wartime Relief Act. This reduction in the number of contributors in part had necessitated the increased assessment on the remaining licencees and Crown grant holders. The fact that in 1917 and 1918 over twice as much money was spent fighting fires started on non-Forest Protection Fund land as on Forest Protection Fund land, even if, at times, to protect the timber of contributors was becoming a sore point<sup>63</sup> (see Table 7). After the ruinous fire season of 1920, a special meeting was called with the Minister of Lands to review forest protection requirements.

It was generally felt by the meeting that the force was at best skeletal, only one-half as numerous as it should have been. There was, as a result,

TABLE 7  
Fire Fighting Costs

Year	Total Fires	Originated on Vacant Crown Lands and Lands Paying Forest Protection Tax		Originated on Lands Not Paying Forest Protection Tax		Extinguished Without Cost		Total Fire Fighting Costs	Avg. Cost per Fire	Avg. Cost per Fire
		No.	Percent	No.	Percent	No.	Percent			
1912	347					122	35.2	\$ 29,828	86	\$ 133
1913	578					420	72.7	8,929	15	57
1914	1,832	599	32.7	1,233	67.3	1,193	65.1	143,461	78	224
1915	1,031	341	33.1	690	66.9	714	69.3	19,449	19	61
1916	864	209	24.2	655	75.8	693	80.2	5,585	6	33
1917	986	257	26.1	729	73.9	625	63.4	88,243	89	244
1918	910	332	36.5	578	63.5	510	56.0	44,803	49	112
1919	1,141	422	36.9	719	63.1	518	45.4	158,707	139	255
1920	1,251	384	30.7	867	69.3	611	48.8	257,126	205	398
1921	1,330	415	31.2	915	68.8	891	67.0	98,476	74	224
1922	2,591	766	29.5	1,826	70.5	1,665	64.3	479,801	185	518
1923	1,530	541	35.4	989	64.6	1,086	71.0	72,706	47	164
1924	2,174	780	35.9	1,394	64.1	1,315	60.5	249,382	115	290
1925	2,521	1,268	50.3	1,253	49.7	1,473	58.4	616,940	245	589
1926	2,147	900	41.9	1,247	58.1	1,308	60.9	504,234	235	601
1927	1,284	694	54.0	590	46.0	633	49.3	81,663	65	125
1928	1,642	878	53.5	764	46.5	794	48.4	73,939	45	87

Source: "Consolidated Statistical Tables,"  
P. F 93, Table No. 32.

some lumbermen thought, no real integration of effort with the local public despite the rangers' best efforts. Logger representative, A. E. Munn, felt that the blame lay with the government, which was receiving more from the forests and spending less on them than any other jurisdiction in the world. The consensus of the lumbermen was that a minimum fund of \$600,000 was needed for effective protection, and that Crown timber acreage should be calculated for assessment in proportion to the areas involved.<sup>64</sup>

The government countered that the 33 1/3 percent increase in forest protection tax over two years had not compensated for the decrease in contributing acreage due to lapsed licences. The fund was smaller in 1920 than in 1914, while the area to be patrolled was increasing with the opening of new regions to settlement and logging activity. In reply to the lumbermen's argument that the largest portion of the fund was being used to protect young growth, watersheds and other non-taxed lands, Forest Branch officials claimed that, although in acreage the proportion of taxed timberland protected comprised only seven percent of the total area, it held over 80 percent of the total merchantable timber patrolled. In addition, fund contributors received compensation for fire damaged property and equipment on which they paid no extra protection tax.<sup>65</sup>

This argument did not impress the lumbermen. At the December, 1920, meeting they submitted a carefully devised proposal designed to alter the balance of forest protection contributions. They claimed that in 1911, when the "dollar-for-dollar" principle was established, nothing was known about the extent of unalienated Crown timber. Since that time, the limited increase in knowledge gained through the Commission of Conservation survey indicated government reserves were far greater than previously assumed. Moreover, at least two-and-one-half million acres, at one time held under licence, had reverted to the Crown. This increase in government timber "automatically

reduced the Government's contribution towards the protection of it... ." Thus, to protect the public's interest through rentals and royalties in alienated timber, to protect vacant Crown land, privately owned timber land not contributing but being patrolled, farm property, mines, construction works, watersheds and, especially, young growth, it was recommended that the government's contribution should be increased to \$300,000 of a proposed \$500,000 fund. The lumbermen's own increased assessment of two-and-one-half cents would cover the other \$200,000. In particular, the lumbermen stressed the government's responsibility to protect immature timber which they felt was by far its "most important reforestation measure under present day conditions." The cost of such "'repairs and maintenance' of British Columbia's forests" was a "necessary deduction from the large annual revenue which the provincial forests are now yielding."<sup>66</sup>

It was clear from this proposal that the lumbermen put a narrow interpretation on their role within the forest protection system. While they fought the day-to-day battles of free enterprise, the government sat back on its reserves and collected the fruits of their "labour." From 1914 to 1921, between two-thirds and three-quarters of the fires fought each year with Forest Protection Fund money originated on lands not paying into the fund. An undisclosed percentage of the remainder originated on vacant Crown land<sup>67</sup> (see Table 7). It was, therefore, only just in the lumbermen's eyes that the government be charged with the larger duty of protecting the public and ensuring the perpetuity of the timber resource. Of course, the industry was as dependent on a perpetual source of raw material as was the government. But, as individual entrepreneurs fighting to make a living, lumbermen felt they could hardly be expected to deal with such lofty obligations. The position of the Crown in British Columbia tenure arrangements tended to buttress their contention. In the middle of a post-war depression, this was



a compelling argument and the government accepted it, along with the industry's new 3:2 cost-sharing formula.<sup>68</sup>

This "bottom-line" attitude of the industry, while tolerated by the government, was nevertheless not wholly acceptable to the Forest Branch. M. A. Grainger, who had taken over as Chief Forester following MacMillan's resignation in 1917, expressed the general dismay of those in the forestry profession with the behaviour of the logging community. Your wasteful and dangerous logging practices, he told the Pacific Logging Congress in October, 1920, shock even "us on the Coast, where we are pretty well hardened to every form of waste there is." Eight or ten years before there had been considerable public support for fire prevention. The war retarded progress but now, he asserted, was the time for a fresh undertaking:

We are cutting blindly into these western forests. The business of all concerned is simply to turn so many logs into so many dollars. Why not take a little interest in what is happening to the forest upon which all this industry depends? Why not give your support to a little study of how nature can be given the best chance to reproduce the timber now being taken away? After ten years of forest service work I can say that none but a forestry official can fully realize the lack of interest the West takes in its own future.<sup>69</sup>

Unfortunately for Grainger, the west was headed into another economic depression at the end of 1920. After struggling through the war years, the forest industry in British Columbia enjoyed a spurt in 1919-20 as pent-up world demand was suddenly unleashed in post-war reconstruction. In 1920, the value of production in the forest industry soared to over \$91 million from a war-time average of approximately \$40 million per year. War-fuelled inflation, over-production and post-war unemployment soon put a damper on this momentary boom economy and for the next two years production plummeted to under \$65 million.<sup>70</sup> If this were not bad enough, the 1922 fire season was the worst to date. Fire-fighting costs reached a high of \$479,800

necessitating a special levy of three-and-one-half cents per acre on the timberholders, much of which was not collected.<sup>71</sup>

As well as hobbling the lumber industry, the war knocked the bottom out of the market for standing timber. Though stumpage values increased slowly, due largely to inflation, there was not much buying for investment.<sup>72</sup> This slump flushed out many speculators whose licences fell into abeyance. However, a large proportion of forest protection money was still being collected from non-operating timberholders. The proposed special levy was not well received by Forest Protection Committee member, A. F. Sutherland, representing the Timberholders' Association. He made the usual claim that news of the increase had squelched a proposed deal with an American company which could not take the chance of being legislated out of a profit. The special levy was a breach of faith with the licence holder, amounting to confiscation of an investment already undermined by the war, Sutherland maintained.<sup>73</sup>

The upshot of this confluence of economic depression, heavy fire expenditures and a desire on the part of the industry to shift more financial responsibility onto the government, was a breakdown of the cooperative structure created during the war. As a result of the lumbermen's unfavourable reaction to the special levy, the Committee proposed, in October 1922, a barrage of legislation effectively reducing the cooperative aspect of the joint protection system by increasing the fire protection responsibilities of the individual operator and the regulatory functions of the government.

Logging operators were made responsible for the costs and work of controlling and extinguishing all fires starting on their limits without any assistance from the Forest Protection Fund, which previously had borne the cost. However, where a fire started elsewhere and spread onto the limits of a contributor, all costs, up from 50 percent, would be refunded provided that all fire protection regulations had been followed. The entire

cost of all slash burning on alienated timber holdings was now to be borne by the operator instead of the previous 50 percent. The Lieutenant-Governor in Council was empowered to make regulations requiring all operators to maintain at their own expense fire-fighting equipment and fire prevention officers. Such regulations were implemented in March, 1924. As well, the Lieutenant-Governor in Council could create danger zones in periods of extra hazard in which logging operations would be forbidden and conscription of a fire-fighting force carried out. In addition, the Department undertook to create design specifications for all spark arresters used on logging equipment. These were enforced in March, 1923.<sup>74</sup>

While this spate of legislation increased the theoretical responsibility of the individual operator for the protection of his own limits, its effect was to erode the overall efficiency of the fire protection service. The ability of an operator to patrol his limits and fight fires effectively was dependent on his willingness and ability to invest in the requisite manpower and equipment. Effective fire protection ultimately required universality of coverage. As the system became atomized rather than integrated and strengthened, effective protection came to depend more on the individual initiative of the operator. A weak link in the chain could prove disastrous for many. The legislation provided for this eventuality by increasing Forest Protection Fund coverage for complying operators in case of fire spreading from outside their limits. But this "increased" coverage was really an admission of a general breakdown in the system.

This was not a satisfactory situation for Chief Forester Caverhill who circularized the coast lumbermen in March 1924 concerning the future of an industry which produced one-quarter of Canada's total lumber output. In the coast district, which depended absolutely for its future prosperity on the continued production of lumber, the annual increment through natural

regeneration still exceeded the annual cut. But, he explained, "The one element which will upset this prosperity and progress is fire." The industry, he figured, had lost 18¢ per thousand feet in 1923 on fire costs and damage whereas 10¢ to 25¢ per thousand spent on proper and cooperative fire protection, would virtually eliminate fire risk. "Given the same degree of energy and intelligent direction applied to the fire problem, that is usually shown in the production of logs," he predicted, "the future of the Industry would be assured in this district."<sup>75</sup> Unfortunately, what was an "Industry" in terms of the present production of logs and lumber, would not recognize an "Industry" interest in protecting its future raw material base.

But following the prolonged royalty negotiations, during which the TIC lobbied strongly in terms of an "industry interest," the Forest Branch was better able to bargain over forest protection administration in terms of an "industry contribution." The 3:2 ratio had been established in 1920 at the request of the timberholders, mainly to correspond to a decreasing number of individual holders and an increased estimate of the extent of government reserves. By 1925, the area contributing to the fund had declined another million acres. The timberholders' contribution was consistently below their \$200,000 quota, dropping to \$176,000 in 1925-26. At the same time, a series of bad fires years had pushed annual protection costs over \$600,000. The Forest Branch now demanded that the 3:2 ratio be maintained by an increased assessment on the industry. It would no longer accept a decline in the number of licences as an acceptable excuse for a diminishing industry contribution. So that the views of the members representing the "Industry" might be crystallized and placed before the government, it was suggested that a subcommittee be appointed to confer with Chief Forester Caverhill regarding the apportionment of the deficit between the two sides.<sup>76</sup>

The result of this meeting was a decided disagreement and the drafting of two reports, one from the two industry representatives comprising the subcommittee, and a minority report submitted by Caverhill. The subcommittee report drafted by L. R. Andrews, secretary of the British Columbia Loggers' Association and ex-District Forester for Vancouver, and I. R. Poole, secretary of the Mountain Lumber Manufacturers' Association, maintained that statistics from the Commission of Conservation survey of the province's timber resources indicated a division of costs on the more heavily timbered areas of two-thirds to one-third. But taking the ratio of the privately held timber land to the total unalienated Crown timberland of all classes, a more equitable ratio would be 10:1. The biggest proportion of Crown land, some 62 million acres they figured, was non-merchantable reproduction. The protection of this class of land,

for a future crop of timber is a Governmental function. The responsibility for the care of these lands should not be placed on private holders of timber who have no equity in its present or future value.

On the other hand, they argued, the government had an equity interest in privately held timber of at least one-third the value. Moreover, Andrews and Poole complained that, after the adjustment of the cost-sharing ratio to 3:2, further amendments undermined this advantage by putting the burden of protection on individual operators.<sup>77</sup> They conveniently forgot that the industry members on the Committee had been the ones to initiate these amendments.

The lumbermen clearly wanted it both ways. First, they abrogated the responsibility for maintaining a universal system of forest protection. They then used the theoretical increased personal expenses consequent upon that position--expenses which they had initially accepted in place of higher taxes--as an argument for even greater government contributions to the Forest Protection Fund.

Andrews and Poole were, however, able to quote the Royal Commission of 1910 to telling effect. Noting that the \$3.5 million of forest revenue per year was being spent on such things as the provincial university, roads, buildings and railroads, they recalled the Commission's recommendation that all timber royalty income should be viewed as forest capital, not current revenue. On that basis, they reasoned that since 90 percent of reforestation in British Columbia consisted of proper protection of new growth, a sufficient proportion of government revenues from the liquidation of the capital asset should be spent to protect and restore that asset. The industry report thus recommended an increase in the Forest Protection Fund to \$650,000, based on a ratio of  $4\frac{1}{2}:2$ ; that is, \$450,000 from the government and \$200,000 from the timberholders. The \$400,000 deficit was to be charged, according to a complicated formula, \$323,000 to the government, and \$77,000 to the timberholders. Since the interest of the province as a whole in forest protection was bound to increase more rapidly than that of private holders, they recommended a periodic review of the situation.<sup>78</sup>

In reply, Caverhill, in his minority report, successfully showed that forest protection costs were apportioned more on the basis of timber value and fire occurrence than acreage. He eliminated from the lumbermen's calculations the northern sections which received very little coverage. Accepting a one-third equity in privately held timber on Crown land and, at most a 10 percent equity in Crown-granted timber, and adding to this 56 billion feet of unalienated timber in the patrolled area, he estimated a government-industry ratio on a combined acreage and timber value basis of 3:2. On this account, Caverhill could see no reason why the government should assume any greater responsibilities. It is notable, however, that Caverhill's case did not depend on any explicit assertion of industry responsibility for protection of immature Crown timber but, rather on a technical argument that it was

incorrect to base apportionment of costs on acreage alone. Furthermore, the Chief Forester could not refute the industry argument on the use of forest capital. But, given the state of the provincial treasury, there was no way that the government would implement the Royal Commission recommendations. As a compromise, Caverhill undertook to establish a special forest reserve fund, out of royalty and stumpage revenues, for the protection and the perpetuation of official Crown forest land, of which there was, by that time, 4.5 million acres.<sup>79</sup> In December, 1925, there was created a "Forest Reserve Account" equal to three percent of annual gross receipts from timber royalty and stumpage to meet the cost "of the development and protection of forest reserves, and the planting of denuded areas and maintaining the growth of continuous crops of timber..."<sup>80</sup>

Thus, while the Forest Branch refused to accept, officially, any greater share of Forest Protection Fund expenses, Caverhill did, in effect, accept the lumbermen's argument that it was exclusively a government function to ensure a future crop of timber for the industry. By accepting this principle, Caverhill opened the door for further concessions over the succeeding four years.

The official fund stayed at \$500,000, based on a 3:2 ratio but, while the government's regular annual contribution remained constant at \$300,000, the industry's never rose above \$170,000. As the real ratio declined to 5:3, this gradually became officially recognized as the basis for assessing the special levies to make up the continuing shortfall. Thus, in effect, by January, 1927, the 3:2 ratio had been abandoned as the government came to accept a diminishing contribution from the industry, despite Caverhill's complaint to Pattullo, supported with statistics from five western American states, that "It is a recognized fact that all Forest Protection agencies have

to protect areas outside their holdings."<sup>81</sup> Unfortunately for Caverhill, this was not an accepted principle of forest protection administration amongst private holders of timber operating on Crown land in British Columbia. As John Lafon had observed fourteen years before, British Columbia would have to adopt different methods to obtain the same effective protection as existed under different tenure arrangements to the south. With the timberholders and lumbermen unwilling to assume a responsible industry attitude to the perpetuation of the forest resource, it was left to the government, afraid to jeopardize either the competitiveness of the industry or the attractiveness of investment in British Columbia, to do so.

The province's lumbermen, from the start, had required government involvement in timber protection as a prerequisite for investment. But when the Conservative government's protection service was found to be overambitious and mired in patronage, the lumbermen demanded a role for themselves in administration. Once granted that role, the lumbermen used it, in effect, to undermine the cooperative nature of the protection system. They maintained their position of administrative control, but abrogated a fair share of the fiscal responsibility for insuring the perpetuation of the resource upon which they were dependent.

Government involvement in forest protection had stemmed from the nature of Crown tenure and the desire of the government to establish the appropriate conditions for investment in, and development of British Columbia's timber resource. In theory, rising western stumpage values, increasing lumber prices and larger profits would inevitably have enabled the industry to undertake a larger share of the cost of providing for the protection and perpetuation of its raw material supply. This scenario was upset by war-induced inflation, rising costs and overexpansion of industrial capacity in the midst of fluctuating and unstable markets. Again, in theory, as the



vested interest of the industry grew over the years in terms of accumulated carrying charges, capital investment in plant and equipment, and the intangible effect of membership in a developing British Columbia society, the Liberal government should have been able to shift more of the costs and responsibilities for timber protection and conservation onto the industry. But the government's bargaining leverage was undermined, not only by existing tenure arrangements and by the economics of the industry, but also by its own political priorities. The more the industry was used to help pay for and implement social reform measures,<sup>82</sup> the more it felt justified in refusing to assume increased forestry costs. Furthermore, a government going more into debt each year as a result of its railway, taxation and social welfare policies<sup>83</sup> could not afford to jeopardize timber revenues by piling extra costs and responsibilities onto timberholders. On the other hand, with an annual sum of \$3.5 million, or approximately 20 percent of all provincial revenue from 1917 to 1928, coming through the forest industry,<sup>84</sup> it was difficult for the government to tighten its purse-strings when it came to protecting and conserving the source of that largess. And, finally, rapid expansion of overseas lumber trade and log exports in the mid-twenties meant the province was beginning to face depletion of the most accessible forests. As fires continued to rage, it became less politically possible for the ultimate owner and largest single beneficiary of Crown timber to ignore the problem of perpetuating the forests and the industry dependent on them: an industry, moreover, with which the government, at the same time, was involved in a business partnership to extend forest product markets.

## Chapter 4

### BUSINESS PARTNERS: FOREST PRODUCTS MARKET EXTENSION

During the first decade of the twentieth century, investment in British Columbia timber and mills was based on optimistic assumptions of continuing growth, increasing lumber prices and rising stumpage values. But with the end of the prairie boom in late 1912 and 1913, and a contraction of foreign investment, British Columbia's forest industry suddenly found itself in trouble. The onset of war further disrupted normal trade and investment patterns, precipitating a crisis which the industry alone was not prepared, nor organized enough to meet. Because of the importance of the lumber industry to the provincial economy, and by the very nature of forest tenure arrangements, the provincial government found itself inextricably involved in the problem of over-capacity, failing markets and declining prices. Throughout the war, the Conservative administration, its agents, as well as federal officials, led the lumbermen of British Columbia towards the development of a marketing infrastructure capable of bringing economic stability to the forest industry. After the war, the Liberal government tried to disengage itself from such close involvement in marketing, which it considered an industry responsibility, and concentrate more on general publicity and promotion. But fluctuating demand and the importance of lumber sales to the provincial economy and, thus, to political longevity, undermined any drastic change in policy until the end of the period under study.

As markets expanded in the mid-1920's, and lumber sales hit record levels without proportionate increases in industry profits, the problem of

western stumpage values came to be perceived as one of excess competition rather than insufficient demand. The Forest Branch turned its attention to the more technical concerns of forestry, while the industry set about organizing both production and sales on an international basis.

In the Douglas fir belt of the Pacific Coast, on both sides of the border, enough timber had passed into private hands by 1915 to supply available markets for generations. But holders, because of high carrying costs and falling values, were bound to cut as rapidly as possible to save their investment. As Chief Forester H. R. MacMillan observed:

it now lies in the hands of an unorganized, inexpert mob of timber owners on the Pacific slope, by stampeding to cut their holdings, to cause more loss to the state and the public, by maintaining an over production of lumber, than can reasonably be expected from any series of bad fire seasons.

In particular, the Chief Forester was concerned about financially weak holders whose excess stumpage constituted "a club held over Pacific Coast forest policy," making it impossible for governments to enforce clean logging or provide for future crops. Thus, the Pacific forester had to broaden his work and "blaze a new trail." Since controlling the cut was not considered a viable solution, the job of the forester became the promotion of greater sales of lumber.<sup>1</sup>

This was particularly so in British Columbia. Not only was lumbering the chief economic generator of the province, but under a system of Crown tenure, the government was, in fact, a "partner" in the exploitation of the forest resource. Having by 1915 conceded to timberholders fixed rentals and a restricted scale of royalties for forty years into the future, the government was drawn ever more seriously into the problem of expanding markets and sales in order to maintain timber revenue levels.<sup>2</sup> As Conservative Minister of Lands, W. R. Ross, succinctly put it:

Practically speaking the government of this province is in the lumber business and it must push that business for the triple purpose of increasing local industry, securing revenue and obtaining full use of the forest.<sup>3</sup>

Before World War One, apart from the occasional futile attempt to have the Dominion government impose protective tariffs against the dumping of low grade American lumber into their chief market on the prairies, the lumbermen found little need to organize themselves for the promotion of lumber sales. Whether the easy prairie market distracted coast millmen from pursuing off-shore markets, or whether it was a timely alternative to foreign markets from which they were being pushed anyway by more aggressive, better equipped and organized American businessmen, the fact remains that by 1913 British Columbia's share of Pacific Coast water-borne lumber trade had declined markedly.<sup>4</sup> Only with the collapse of the prairie market was this perceived as a significant problem. It then became apparent that while British Columbia's share of cargo sales had diminished, American mills had been establishing important marketing links with Pacific markets, such as Australia, China, South America, Japan, as well as with the United Kingdom and Europe. San Francisco shipping and brokerage firms, with a network of foreign commercial agents, had achieved a virtual monopoly over the Pacific Coast lumber trade. For their part, American mills had organized production sufficiently to meet the large volume demanded by new steam freighters. More modern loading facilities at American ports and larger domestic markets for imports also worked against the province's cargo mills.<sup>5</sup>

British Columbia's notoriously individualistic lumbermen now looked to the government for assistance in organizing to capture new markets. Agitation for government involvement was first directed at the Dominion Department of Trade and Commerce. The Lumber Committee of the Vancouver Board of Trade, in the spring of 1914, began calling for a special lumber trade commissioner to investigate markets in South America, Australia and

Africa.<sup>6</sup> Premier McBride organized the lobbying of the Minister of Trade and Commerce, George Foster, by several British Columbia members of Parliament, but with little success. Foster seemed satisfied with the existing staff of permanent trade commissioners.<sup>7</sup> Further pressure on Foster to negotiate a preferential trade agreement with Australia finally resulted in the appointment, upon the recommendation of the lumbermen, of H. R. MacMillan as special lumber trade commissioner to that country.<sup>8</sup> His mandate was eventually expanded to include Great Britain, Holland, France, South Africa, South America, India, New Zealand, China and Japan. While MacMillan was a federal appointee, he was still the Chief Forester of British Columbia and de facto trade representative of the British Columbia industry. He wasted no time in trying to establish a rudimentary marketing infrastructure for British Columbia lumbermen, using the combined efforts of the Forest Branch, the provincial Agent-General in London, the Commercial Intelligence Service of the Dominion government, and the British Admiralty. The imminent opening of the Panama Canal raised hopes for the ultimate success of MacMillan's mission.

Upon arriving at his first stop, Great Britain, MacMillan soon discovered, if he had not already known, that British Columbia mills were working at a great disadvantage in not having their own export agency represented by business agents in London. Under the ordinary procedures of commerce, British merchants or government purchasers contacted London brokers who cabled Pacific Coast agents for quotations. All the agents but one were located in the United States and it was certain, according to MacMillan, that the Americans were not passing business on to British Columbia. In fact, the Chief Forester claimed

there is no doubt that American interests work directly against this Province just in the same way that they quote higher freights to Australia from British Columbia points. They exert

all their influence against any preference for British Columbia material.<sup>9</sup>

Moreover, as MacMillan informed local millmen, most American exporting companies either owned or chartered their own vessels. British Columbia shippers, on the other hand, had a reputation in Great Britain of refusing to charter a ship until a cargo was sold, or of even expecting the importer to provide his own shipping. The only solution was for British Columbia lumbermen to form an independent exporting company with strong agents in Great Britain; and to keep up with American competition by holding ships under ownership or charter. Once British Columbia selling agents were in place, it would be necessary to install a lumber commissioner to educate buyers as to the qualities of British Columbia timber. "The only reason why enquiries go to the United States instead of Canada," MacMillan figured, "is that the United States has the machinery and Canada has has (sic) not."<sup>10</sup> But to create the machinery was no easy matter.

Early in 1915, the Victoria Board of Trade had sent a petition to the provincial cabinet with detailed recommendations for a government-industry market extension programme. Its members, including several Vancouver Island lumbermen, envisioned a fund being established with equal contributions of \$25,000 from the coast lumbermen through the British Columbia Lumber and Shingle Manufacturers' Association (Manufacturers' Association), the provincial government, and the Dominion government through the Department of Trade and Commerce. The fund would be administered by a "joint commission" of representatives from the various boards of trade, the Manufacturers' Association and the Forest Branch. It was to be used for lumber exhibits, an education campaign for architects and builders, and the creation of a commercial intelligence network. This network would cooperate with an export selling agency formed by interested mill owners to whom the

commission would communicate all information received from its representatives abroad.<sup>11</sup>

The Victoria proposal was given rather rough treatment when it was referred for consideration to the more powerful Lumber Committee of the Vancouver Board of Trade. This committee was in favour of both levels of government contributing \$25,000 each toward a market extension programme, but stated emphatically that the coast Manufacturers' Association could not raise an equivalent amount nor even part of it. More significantly, the committee, which included R.H.H. Alexander, secretary-treasurer of the Manufacturers' Association, felt that an export selling agency for the province's lumber was impracticable.<sup>12</sup>

A general feeling amongst the lumbermen that the industry was already contributing enough to government coffers through rentals and a newly revised royalty schedule, was exacerbated by depressed economic conditions. Many mills and camps were shut down or operating at reduced capacity. Lumbermen and timberholders, keenly struggling to survive by cutting their prices, were not temperamentally inclined to undertake cooperative marketing strategies, particularly with the government. As well, war had put ocean tonnage at a premium. It was difficult enough to overcome the initial American advantage. Now, in a wartime emergency, orders had to be filled quickly and cheaply, imperial sentiment notwithstanding. To break the American stranglehold over shipping and brokerage appeared more difficult than ever. Under such circumstances, the industry tended to view this task as largely a government function. The provincial government, for its part, proceeded to implement, as far as it could, the recommendations included in the Victoria Board of Trade petition, hopeful eventually to be able to draw the lumbermen into a makeshift marketing infrastructure capable of competing successfully in international markets.

For fiscal year 1915-16, trade extension expenditures of the Forest Branch were increased from \$5,000 to \$30,000.<sup>13</sup> The office of the Chief Forester became the clearing house through which orders were received and quotations made. The acting Chief Forester, M. A. Grainger, dealt directly with the provincial Agent-General in London, who was assisted by a Lumber Commissioner appointed by the Forest Branch. Grainger also worked in co-operation with the Dominion trade commissioners stationed in Australia, New Zealand, South Africa, South America, Japan and China. Naturally, such government officials had to be scrupulous not to appear to be representing individual lumber companies. But, while the Agent-General or trade commissioner usually communicated only with the Chief Forester's office, the Chief Forester, aside from distributing a "Markets Bulletin,"<sup>14</sup> in fact ended up dealing with particular mills best suited to handle certain orders. While many of these transactions never came to fruition for lack of tonnage, they did establish a prototype for the commercial machinery necessary to penetrate foreign markets after the war.

Of course, much of the wartime business from Great Britain was in the form of government war orders, such as ammunition boxes.<sup>15</sup> But the provincial government was also involved in the promotion of strictly private business. For example, while still in Great Britain, MacMillan had importer Peto Bennett send a sample of Swedish butter boxes, used widely in Manchester, to M. A. Grainger. The acting Chief Forester contacted the Cameron Lumber Company which, after seeing it, provided a competitive sample with price quotation through Grainger to Peto Bennett. This importer was instructed to place any orders through Agent-General Turner.<sup>16</sup> The Minister of Lands, W. R. Ross, then wrote Turner urging him to follow up the matter with a call to the firm,<sup>17</sup> while Grainger circularized the box manufacturers describing Peto Bennett's box business in Britain, South Africa, India and



Australia, as outlined in MacMillan's special Trade and Commerce report. He urged the mills to quote direct to Peto Bennett, and to forward samples through the Forest Branch to the Agent-General.<sup>18</sup> MacMillan advised the provincial government to inspect shipments and to play the intermediary role of an American exporting company until a similar British Columbia company was established.<sup>19</sup> However, high freight rates made any immediate business unlikely. MacMillan's main purpose was to show that the business existed and to provide some direct incentive for the development of a British Columbia shipping service.<sup>20</sup>

The Forest Branch was more successful in dealing directly with the War Office. MacMillan, with visiting Premier McBride's help, managed, during his sojourn in Britain, to secure orders totalling approximately 30 million feet, shipped on vessels supplied by the Admiralty.<sup>21</sup> The Manufacturers' Association, despite its earlier reluctance to cooperate, upon prompting from W. R. Ross, agreed to form an Export Sales Committee, including representatives from nine mills, to deal with enquiries directed through the Forest Branch. The Association also undertook to guarantee fulfillment of orders.<sup>22</sup> This arrangement was not completely satisfactory to Grainger, who circularized the mills urging them to establish a proper export company with agents in Great Britain and ships under charter.<sup>23</sup> His proposition was again discussed by the Manufacturers' Association, whose members agreed that something should be done in this direction. Secretary R.H.H. Alexander then wrote to Ross suggesting that since the Department of Lands was so interested in the matter, Grainger should devote some of his time to it.<sup>24</sup> Ross replied, saying he viewed the disorganized state of the export mills with some anxiety and felt that

The Government has been, and is, doing its level best to remedy the serious situation of the lumbering industry, but I have felt handicapped from the beginning by a certain lack of cooperation that has been shown.

Although he agreed it was not easy to organize an industry, Ross felt too much time had been wasted without significant progress. Nevertheless, he volunteered Grainger's services for as much time as necessary.<sup>25</sup> In return, in order to give the Department "some assurance of our manufacturers being prepared to back you up in your efforts to secure a larger market for our lumber in the Old Country," the export mills agreed to furnish minimum amounts of certain specifications per month.<sup>26</sup>

The "shadow" commercial structure established through the Forest Branch, the provincial government, and the Dominion Department of Trade and Commerce, was intended to bridge the synapses between British Columbia lumbermen and the existing international mercantile structure. Slowly, under the stimulus provided by MacMillan's success in Great Britain, the millmen were being drawn towards the implementation of the kind of commercial machinery that the Chief Forester perceived as necessary for any permanent penetration of export lumber markets. But these efforts were confounded at times by the local lumbermen's lack of business experience in the international arena, and their inattention to the niceties of commercial relations; a failing which tended to alienate potential customers and agents. As the following incident indicates, the education of the province's lumbermen as to the proper conduct of foreign business relations became for awhile almost as important a function of government as the education of foreign consumers on the qualities of British Columbia timber.

While H. R. MacMillan was in South Africa, he, along with Dominion Trade Commissioner W. J. Egan, worked hard having specifications for railroad ties changed from Baltic timber to Douglas fir. The South African Railway Company was prepared to take 60,000 creosoted Douglas fir ties upon certification as to serviceability. Samples were sent by the Department of Lands.<sup>27</sup> The Export Committee of the Manufacturers' Association arranged

for Dominion Creosoting Company to handle the order. That company undertook to deal through the main Portland office of shipping agent, Balfour Guthrie.<sup>28</sup> Egan arranged for a South African brokerage firm, Chiappini Brothers, to organize the transaction at his end. This firm, armed with certification of quality provided by the Chief Forester from a British railway, used its influence with the Chief Engineer of the South African Railways to get an open order, on the understanding that Grainger would attempt to get the Admiralty to supply shipping. After all this work, Egan was somewhat irate at the "terse reply" from Dominion Creosoting to Chiappini's correspondence concerning brokerage arrangements. Egan, and presumably the Chiappinis, felt that had Dominion Creosoting really been interested in the business, they might have at least gone to the trouble to suggest who represented Balfour Guthrie in South Africa.<sup>29</sup> Two months later, after a series of letters to Dominion Creosoting, including a reprimand from the Chief Forester, Grainger was able to inform Egan of the identify of Balfour Guthrie's Capetown agent, with the excuse that the company's inattention to opportunities in South Africa was, at least in part, due to lack of ocean tonnage.<sup>30</sup> But by this time, the momentum originally generated by MacMillan had clearly been lost. Dominion Creosoting having alienated the agent for the railway, and with no tonnage in sight, the tender was opened in September specifying hardwood ties.<sup>31</sup>

While adherence to proper business etiquette might have enhanced future prospects, it could do little to solve the basic problems of an inadequate marketing structure and a shortage of ships. Without these commercial "nuts and bolts" it was difficult to coordinate the process of buying and selling lumber over great distances. Without control over shipping it was impossible for British Columbia mills to quote prices inclusive of freight charges. And without an integrated brokerage system, it was impossible to

establish firm orders with which to interest a shipping company. The government's attempt to break into the South African market again exemplifies this conundrum.

H. R. MacMillan's address to the Society of Engineers at Capetown in December, 1915, did much to dispel prejudice against Douglas fir in relation to Swedish timber. Six merchants expressed interest through the Dominion Trade Commissioner in British Columbia lumber, providing the government could secure tonnage.<sup>32</sup> W. R. Ross, with the help of provincial Lumber Commissioner in Britain, J. G. Woods, tried to arrange shipping through the Admiralty, but to no avail.<sup>33</sup> Without some assurance of shipping, South African merchants were not interested in placing firm orders, and without a definite enquiry or specifications to put before a ship broker, the Export Committee of the Manufacturers' Association decided any quotation of price was impossible.<sup>34</sup> Grainger's exasperation with the whole situation was evident when he wrote to the secretary of the Manufacturers' Association:

After the desperate efforts made by Mr. MacMillan to remove the serious prejudice against Douglas fir in the South African market and his success in interesting the local trade and the railways in our products, the turning of this enquiry down cold through inability to quote c.i.f.....!<sup>35</sup>

In order to take better advantage of MacMillan's work, the Manufacturers' Association met in September, 1915, and decided that the export mills should establish agents in London and elsewhere to quote directly on any orders for British Columbia timber. But rather than establish an organization of their own, all the principal mills entered an agreement with the Canadian Trading Company, a branch of the San Francisco-controlled Douglas Fir Exploitation and Export Company, which was attempting to coordinate all lumber activity in the Pacific Northwest.<sup>36</sup> Because it was controlled from the United States, there was some question about how helpful the Canadian Trading Company would actually be in breaking the stranglehold of San

Francisco over the British Columbia trade.<sup>37</sup> In any event, nothing resulted from this first attempt at coordinating exports through a cooperative sales agency. By mid-1916, all arrangements had been dropped because of a lack of cargo space.<sup>38</sup> W. R. Dockrill of the Canadian Trading Company was among the first of a long series of businessmen who began lobbying the provincial government to subsidize the construction of a British Columbia lumber fleet in order to overcome the advantages of American shipping companies. It was felt by many that only by tying ships exclusively to British Columbia ports as a condition of government aid, was it possible to establish the steady, reliable service so essential to the development of overseas trade.<sup>39</sup> No export company could be effective without access to a shipping fleet and, apparently, without some form of government intervention, a reliable fleet of lumber carriers would not become a reality on the British Columbia coast.

Responding to considerable pressure from the business community, the Conservative government, in May, 1916, passed legislation providing construction loans and operating subsidies for up to 25 vessels, under the management of a provincial Shipping Credit Commission, to anyone wishing to build and operate ships exclusively for the use of British Columbia's lumber mills.<sup>40</sup> While this legislation served as a catalyst to encourage investment in the province's shipbuilding industry, its ultimate purpose was not fulfilled. The offer of a government loan and subsidy was simply used by shipbuilders as a basis to secure bank loans without the restrictive operating conditions. Although eight ships were ultimately built as a direct result of the Act, none made use of government funding and, after their initial outward voyage laden with British Columbia lumber, all but one were never heard from again.<sup>41</sup> The backbone of a regular and permanent lumber carrying fleet came only with the arrival of post-war normality and the creation of the Canadian Government Merchant Marine.<sup>42</sup>

At the same time that efforts were afoot to publicize British Columbia timber products abroad, and to create the machinery necessary to penetrate international markets, Forest Branch personnel and lumbermen were engaged in similar activities on the domestic front. On the prairies, where British Columbia timber was well-known, the problem was to enlarge the existing but slumping demand for wood products, and to combat the aggressive advertising of wood substitutes. In eastern Canada, where architects, contractors, public works officials, retailers and consumers were relatively unfamiliar with British Columbia products, an educational campaign was begun in an effort to replace southern pine as the dominant building material. In these campaigns, the Forest Branch led the way. While MacMillan was scouring foreign markets for eighteen months, the office of acting Chief Forester Grainger, in addition to serving as a clearing house for export orders, was largely preoccupied throughout 1915 and 1916 with Canadian market extension. As British Columbia's lumbermen reduced their volume of advertising in western Canada to less than one-half pre-war levels,<sup>43</sup> the Department of Lands picked up the slack, spending over \$30,000 each year, exclusive of salaries, for trade extension activities<sup>44</sup> that set an example later followed by the lumbermen themselves.

The Forest Branch opened permanent offices in Regina and Toronto, both staffed by a provincial lumber commissioner.<sup>45</sup> An extensive products exhibit was installed in the Toronto office, and travelling exhibits made the circuit of prairie fairs.<sup>46</sup> Full page advertisements for British Columbia red cedar shingles were placed in farm and construction journals across western Canada and Ontario, with supplementary information available through the lumber commissioners' offices.<sup>47</sup> Working in close conjunction with the Mountain Lumbermen's Association, the coast Manufacturers' Association and the Western Retail Lumbermen's Association, the Forest Branch developed

a series of ten farm bulletins with working plans for the construction of various farm buildings using British Columbia lumber. Two hundred and fifty thousand of these bulletins were published as part of the University of Saskatchewan College of Agriculture's "Better Farming" booklet. They were distributed to farmers and retailers across the prairies in an effort to create a demand for cheap wood building materials.<sup>48</sup> In addition, 25,000 copies of a pamphlet demonstrating the use of Douglas fir and hemlock as finishing wood were distributed throughout Ontario. Since lumber was priced according to grade, a product with a higher rating as interior finish could better bear the high costs of transportation to eastern Canada.<sup>49</sup>

In support of this publicity, the provincial Lumber Commissioner in Toronto, L. B. Beale, visited architects, engineers, contractors and civic officials in an effort to have Douglas fir specified in both public and private building contracts. He also produced scientific data as to the relative strength of Douglas fir dimension timber, and lobbied successfully for changes in city building by-laws. When contractors started ordering British Columbia wood, retail dealers soon responded.<sup>50</sup> But to give them some added incentive, the Forest Branch published a directory of wholesalers and lumber dealers in eastern Canada handling and stocking British Columbia woods. For fear of losing out on free publicity and the possible ensuing business, a total of 119 dealers and wholesalers registered their names, many of whom had not previously dealt in British Columbia products.<sup>51</sup> And to bring dealers in both eastern Canada and the prairies into closer contact with producers, the Forest Branch, in 1916, published a directory of all British Columbia manufacturers of forest products.<sup>52</sup>

Although the lumbermen were as slow to cooperate in domestic market extension activities as in the government's overseas initiatives,<sup>53</sup> they were, nevertheless, quick to capitalize on increased demand from eastern Canada.

With the manufacturing economy picking up under the impact of war orders, British Columbia shipments of lumber to eastern points increased remarkably, nearly doubling and then tripling in 1916 and 1917, respectively.<sup>54</sup> Both British Columbia lumber trade journals gave Commissioner Beale a large part of the credit for this improvement. There was thus considerable dismay expressed in the press when the new Liberal Minister of Lands, T. D. Pattullo, recalled Beale to British Columbia in mid-1917 to conduct experiments in the utilization of mill waste.<sup>55</sup>

Beale's withdrawal, however, was indicative of a general change in circumstances and policy during the last two years of the war. By the beginning of 1916, the prairie economy began responding to higher wheat prices and increased harvests.<sup>56</sup> Prospects for lumber sales improved considerably. Eastern Canadian sales were up and west coast shipyards were providing a steady local market.<sup>57</sup> An acute labour shortage resulting from enlistment meant that camps and mills were suddenly hard-pressed to keep up with orders.<sup>58</sup> Enlistment was also taking its toll amongst Forest Branch personnel.<sup>59</sup> This situation was aggravated by the sudden boost given to the forest economy from the Imperial Munition Board's aeroplane spruce programme, begun in November, 1917. H. R. MacMillan, having resigned as Chief Forester in September, 1916, joined forces with Major Austin Taylor to organize spruce production under the Department of Aeronautical Supplies, with cooperation from Forest Branch officials. Camps and mills on the west coast were soon flooded with spruce business.<sup>60</sup> The estimated value of production in the province's forest industry increased by nearly two-thirds from 1916 to 1918.<sup>61</sup> Under these circumstances, and as part of the new administration's commitment to financial retrenchment in the Civil Service,<sup>62</sup> Pattullo decided to curtail market extension work which he perceived to be, at least temporarily,



unnecessary and inappropriate.<sup>63</sup> Expenditures for trade extension over the first two years of the new administration totalled only \$8,000 as compared to \$62,000 during the previous two years.<sup>64</sup>

However, underlying this curtailment was a shift in policy which manifested itself more clearly during the 1920's. While the Liberal government was just as anxious to foster industrial development as its predecessor, it was not quite as comfortable as had been the Conservatives with such close involvement, perhaps appropriate to wartime, in the actual marketing of lumber products. At the same time, the lumbermen, drawing on their experience during the war, and following the lead provided by the government, began to recognize the need for better organization within the industry itself in order to meet the opportunities provided by post-war reconstruction. But both of these tendencies were slow to materialize. As the period of post-war adjustment threw the industry back into a state of disarray similar to that of 1915-16, the government, now under the Liberals, was forced once again to take the lead in market extension work.

Towards the end of 1918, with the termination of the I.M.B.'s aerospruce programme, an expected reduction in shipbuilding contracts, a crop failure on the prairies, and a temporary American embargo on all non-essential rail shipments east of the Mississippi River,<sup>65</sup> finding new and more permanent markets once again became a priority of both the lumbermen and the government. Under criticism from the industry for cutting back government market extension activities, Pattullo sent Beale on a mission to investigate post-war market prospects in eastern Canada, the Atlantic states and, particularly, Great Britain and Europe. "Stability will only come to the lumber trade with the utilization of the whole log," Pattullo reasoned, echoing his predecessor, Ross, "and thus the seeking of foreign markets seems to be the real solution of this problem."<sup>66</sup>

In Great Britain, special Lumber Commissioner Beale worked in conjunction with a newly-appointed "Liberal" Agent-General, F. C. Wade. Their negotiations with British Timber Controller, Sir James Ball, and the Ministry of Reconstruction, resulted in an order for British Columbia lumbermen of 76 million feet of railroad ties and timbers, with shipping arranged by the Admiralty. The order was conditional, however, on British Columbia's mills being able to cooperate sufficiently to pool the shipment under one contract.<sup>67</sup> Moreover, Beale reported back from Europe that for two or three years British Columbia could expect a significant share of the British lumber market. But, he stressed, this would necessitate the creation of an efficient producing and marketing organization.<sup>68</sup>

Now with the clear prospect of some immediate and much needed business, providing that the industry could group itself into a producing unit, coast lumbermen were quite prepared to begin the process of organizing production and export. Yet, predictably, given its experience during the war, the industry's scheme, proposed to Pattullo in early January, 1919, called for heavy support from the provincial government. The export agency envisioned was to have all the powers of a general brokerage business for dealing in British Columbia forest products, including the ability to charter vessels. Mills would subscribe for units of stock commensurate with their proportion of pooled annual lumber production--\$1,000 for each 100,000 feet. The government was to guarantee the credit of the agency to enable it to make the necessary initial financial arrangements. It was also to relay all enquiries for orders received through Dominion trade commissioners or provincial lumber commissioners, and arbitrate any disputes arising among the mills. Government appointed directors were to sit on a Board of Management with those elected by the lumbermen.<sup>69</sup>

It appears, however, that this proposal did not meet with the complete approval of the Lands Minister. After further meetings between the lumbermen and Pattullo, and with the assistance of Grainger, a draft bill of incorporation was drawn up, substantially the same as the industry's original proposal, but without any provision for government participation.<sup>70</sup> The Liberal government's involvement in the scheme fell far short of the lumbermen's expectations, based on their experience with the Conservative administration. And while Wade and Beale were playing the active roles of timber agents in Britain, winning the big order that gave the new Associated Timber Exporters of British Columbia its initial raison d'etre, even this aspect of the old wartime marketing structure would soon be open to question.

Though both the government and the lumbermen, still very much "partners" in the exploitation of the province's lumber resource, might work toward the same goal of fostering industrial development, they were, according to Pattullo, to do so within their own spheres of activity. Imperial sentiment abroad and wartime nationalism at home could no longer be relied upon to compensate for uncompetitive prices or shoddy business practices. If the government still had a role to play in the general promotion of British Columbia's forest products, it was clearly now up to the industry to organize itself properly in terms of production, prices and marketing. In order more clearly to delineate their respective responsibilities and to establish a forum for organizing activities, the industry and the government established a joint Market Extension Committee early in 1919, soon after the incorporation of the export agency.

Most lumbermen on the Committee were of the opinion that the Forest Branch should open an office in eastern Canada staffed by a "live Lumber Commissioner," as well as assist the Shingle Agency of British Columbia with its propaganda campaign.<sup>71</sup> There was, however, some disagreement

over the government's involvement on the prairies. Despite a consensus that the Department's work should focus on the east, M. A. Grainger asserted that it would be useful to supplement industry efforts on the prairies by renewing the government's publicity connection with the Agricultural College of the University of Saskatchewan. The coast manufacturers' representative, R.H.H. Alexander, held that the advertising campaign proposed by the manufacturers and retailers would suffice. On the other hand, the representative of the mountain manufacturers, who were much more dependent on prairie trade, sided with Grainger and, moreover, suggested the appointment of a prairie lumber commissioner to do follow-up work in connection with the "Better Farming" pamphlets. Alexander felt that such personal work could best be undertaken by trade salesmen rather than government representatives.<sup>72</sup> This was also the opinion of Pattullo, who was satisfied with the continuation of prairie pamphlet work without the aid of a lumber commissioner.<sup>73</sup> Eastern Canada was to be the focus of the Department's market extension activities in Canada, according to the Minister, and to that end, Pattullo opened a new office in Toronto run by newly appointed Lumber Commissioner, Major James Brechin, and featuring an extensive display of British Columbia woods. No office was established on the prairies although, throughout 1919 and 1920, the Department distributed close to 100,000 farm building booklets in cooperation with the University of Saskatchewan. A new booklet was published, as well, for the eastern Canadian market in order to help the Lumber Commissioner to educate consumers as to the uses, strengths and working stresses of British Columbia woods.<sup>74</sup> In addition, during 1919, the Forest Branch engaged in a joint \$10,000 advertising campaign with the Shingle Agency in both western and eastern Canada, in order to combat the use of roofing substitutes.<sup>75</sup> Total government expenditures on trade extension work were raised once again to the 1915-16 level of close to \$30,000

per year.<sup>76</sup>

The coast and mountain manufacturers, for their part, undertook a joint \$10,000 advertising campaign on the prairies, with organizational support from the Western Retail Lumbermen's Association.<sup>77</sup> But with the revival of the prairie trade, and unprecedented orders from the United States mid-west,<sup>78</sup> British Columbia's lumbermen quickly lapsed back into their disorganized habits. The concept of a national market that had emerged from the experience of the war years was still rather new and tentative to both lumbermen and government officials in British Columbia. Upon receiving Commissioner Brechin's report from eastern Canada citing bad faith on the part of the province's manufacturers regarding deliveries and prices, the coast Manufacturers' Association replied that it had no control over members' prices or manner of conducting business.<sup>79</sup> Shortly after this, Brechin resigned his position.<sup>80</sup> By the spring of 1920, British Columbia mills were not even answering orders for dimension timber from eastern Canada,<sup>81</sup> the very market in which the lumbermen had insisted a government presence was necessary in order to help stabilize the industry. When Pattullo asked what steps should be taken for the future development of the industry, the secretary of the coast Manufacturers' Association replied, somewhat ironically, that though lumbermen had an export company to foster foreign trade, "there was no use in sending out solicitors for new business when all our efforts would be required to take care of home demand."<sup>82</sup> Whether or not he thought their attitude justified, Pattullo felt disinclined at this point to continue to do for the lumbermen what they felt no necessity to do for themselves. Reviewing the market situation in February, 1920, the Minister suggested the possibility of segregating trade extension work into educational and trade branches, the former to be covered through the Department of Lands, the latter by the industry.<sup>83</sup> And in his report from Toronto in

June, 1920, Brechin's temporary replacement, W. A. Robertson, echoing Pattullo, suggested it was time to "strike a line," allotting to the Department educational work only, with the lumbermen's associations becoming more actively involved in trade directions. Accordingly, he outlined his plans to conduct a campaign amongst technical students, the architects and engineers of the future, concerning the merits of British Columbia timber. But since the use of wood substitutes was a choice based entirely on price rather than lack of knowledge of wood products, he suggested that combatting substitutes was "strictly speaking, a matter for the trade and the trade only." Robertson also advocated that the Manufacturers' Association establish a trade extension branch of its own with a full-time trade representative; something much stronger than the existing markets committee.<sup>84</sup>

During the heady months of 1919 and early 1920, with domestic trade booming, the lumber manufacturers were not terribly disturbed by the Department's new policy directives and suggestions. However, when the bottom fell out of the post-war lumber market in late 1920, some lumbermen came back down to earth in time to realize they had better do something to organize themselves on a more permanent and stable basis. It was traditional by now for the industry to look for government support in such matters when conditions were tough.

The government-industry Market Extension Committee had not met since September, 1919. In the interim, little of a cooperative nature had taken place. In February, 1921, R. H. H. Alexander wrote Pattullo on behalf of the coast Manufacturers' Association in an attempt to work his way back into the good graces of the Department. Plans for a joint prairie advertising campaign among coast, mountain and prairie spruce lumbermen had gone awry, he explained, when "hard times" had hit. Alexander sent the Minister copies of the proposed advertisements assuring Pattullo that the

campaign being planned would be completely divorced from price suggestions. In reality, it could be termed an "educational campaign" to create "a buying desire" amongst the public. He reminded Pattullo that some of the pamphlets issued by his Department in the past had been along similar lines of propaganda, and he wondered if "you being the senior partner might see your way clear towards co-operating in a future campaign." If so, he suggested that the Department include \$10,000 in the year's estimates to cover its share of the cost.<sup>85</sup>

In reply, Pattullo reiterated his policy suggestion of a year before concerning the segregation of trade extension matters. He recalled the educational work being done by the Department on the prairies through the "Better Farming" movement, as well as the promotional work in the east by the Department's Lumber Commissioner. The Minister felt that the campaign outlined by Alexander would be better carried out by the industry, "with the Department again devoting itself to the distribution of Farm Building booklets and general information as an adjunct to the trade advertising."<sup>86</sup>

Pattullo did not hesitate to intervene where he thought it was necessary and appropriate. But he felt strongly that after the government had done its work getting British Columbia products recognized and accepted, it was still up to the lumbermen to do the business necessary to develop the new markets.<sup>87</sup> Not averse to taking as much political credit as possible for the success of the industry in increasing sales, the Minister nevertheless regarded selling and the organization of production as strictly an industry matter.

As part of this new policy direction, the role of the Chief Forester was no longer to be "general manager" of production and sales for the British Columbia forest industry, as it had been during the war under MacMillan and Grainger. He was to become more strictly a forester in the technical sense of the term. Grainger, never trained as a forester, but noted for his

organizational ability in setting up a new forest administration for the province, and in bringing about a degree of cooperation between the Forest Branch and the industry during the war, resigned his position in October, 1920.<sup>88</sup> He was replaced by Vancouver District Forester, P. Z. Caverhill, who had trained at the Forestry School of the University of New Brunswick, and who had served in that province's Forest Service as well as with the Dominion Forest Branch before coming to British Columbia.<sup>89</sup>

Ever since his involvement with the Royal Commission on Forestry, Grainger had been concerned with the interrelated problems of stumpage values and markets. During his career as a forester, particularly in his market extension work, he had had the opportunity to make what seemed to be major strides toward resolving some of the problems of western forestry. But by late 1920, little progress had really been made in the direction of stabilizing the industry and raising the value of British Columbia stumpage. It must have appeared obvious to Grainger that it was no longer possible, particularly under the new direction of the post-war Liberal administration, to organize the forest industry from the office of the Chief Forester. It had to be done from within the industry itself.

In February, 1921, Grainger was appointed managing-director of a new association of forest industry associations, the Timber Industries Council of British Columbia.<sup>90</sup> Chief among the general objects of the TIC was to rectify a history of alternate overproduction and closure of operations, accompanied by sudden price fluctuations, through cooperation among the forest industries of the province in matters of production, price and marketing.<sup>91</sup> In October, 1921, Grainger was appointed acting secretary of the British Columbia Loggers' Association, and was authorized to undertake its re-organization along lines decided upon by the TIC.<sup>92</sup>



While Grainger was busy organizing the various associations, he did not neglect another of the main objectives of the TIC, to represent industry needs to the government. In February, 1922, Pattullo asked the TIC for any suggestions as to how his Department could be of assistance in the betterment of the industry and, particularly, in furthering the export trade. After conferring with the Board of Directors of the TIC, Grainger met with Pattullo and discussed the possible revival of the joint Market Extension Committee.<sup>93</sup> At the same time, a suggestion had come from the Loggers' Association to the TIC that surplus money from the industry scaling fund, used to pay government scalers, might be allotted to send a man to study the Japanese lumber market<sup>94</sup> suddenly undergoing the effects of a post-depression building boom.<sup>95</sup> Assisted by cheap ocean freight rates provided by the Canadian Government Merchant Marine, British Columbia Mills led by the Associated Timber Exporters, and the newly-formed H. R. MacMillan Export Company, had dramatically increased British Columbia sales to Japan from under six million feet in 1920 to over 52 million feet in 1921,<sup>96</sup> establishing a shift in market orientation toward the Pacific trade that would accelerate throughout the twenties and be resumed on an even greater scale after World War Two. In view of this development, and with the Loggers' Association proposal in mind, Grainger suggested to Pattullo that his Department might somehow assist the industry with its trade extension efforts in the Japanese market.

This suggestion elicited another firm policy statement from Chief Forester Caverhill outlining the three phases of trade extension work. The first, soliciting business and delivering the goods was, according to Caverhill, purely a function of the industry since the government had nothing to sell. The second, trade promotion in overseas markets, was being carried out by the Dominion trade commissioners. Since it was not desirable for the provincial government to duplicate federal services, Caverhill suggested that if some markets were inadequately covered, Grainger might take the matter

up with the Department of Trade and Commerce. The third, educating the consuming public as to the uses and properties of British Columbia timber, was a proper function of the provincial government since it benefitted the industry and the country as a whole, rather than particular individuals or firms. Moreover, no one else was doing such work. Caverhill suggested that in order to plan and coordinate this latter phase properly, a new joint committee might be established with representatives from all branches of the industry and Forest Branch officials.<sup>97</sup>

The Chief Forester's reply seems to have put an end to any further discussion of government involvement in Japanese trade extension. Instead, the proposed use of surplus scaling funds for a Japanese trade mission blossomed into a more ambitious plan to use this money for a full-scale Forest Products Market Extension Bureau (FPMEB) as an offshoot of the TIC.<sup>98</sup> The FPMEB immediately formed organizational links with its American counterpart, the West Coast Forest Products Bureau.<sup>99</sup> After an earthquake destroyed much of Japan in 1923, the FPMEB helped finance a trade mission to that country by the manager of the West Coast Bureau. The British Columbia Bureau also subscribed to a fund established by the Shingle Branch of the West Coast Lumbermen's Association to combat anti-shingle legislation in the United States.<sup>100</sup> Along the same lines, the TIC helped coordinate efforts to revive the Shingle Agency of British Columbia in order to wage a similar fight in Canada.<sup>101</sup> And to promote the sale of forest products in eastern Canada, the FPMEB hired a field man, L. C. Walker, to lobby railway companies, architects and contractors in conjunction with the provincial Lumber Commissioner's office.<sup>102</sup> The 1923 budget of the Bureau totalled a rather healthy \$24,650, of which almost \$20,000 was disbursed.<sup>103</sup> At the same time, Forest Branch expenditures on trade extension were cut from \$28,000, spent in each of the previous fiscal years, to just \$19,758 in 1922-23.<sup>104</sup>

Slowly the industry was moving toward the kind of independent marketing structure and production efficiency which a succession of ministers, agents-general, lumber commissioners, trade commissioners, and others had been urging upon it since 1914. But despite these industry accomplishments, the role of the provincial government in market extension was still not insignificant. Although official policy was to limit the government's role to education and general promotion, there was a fine line between educating and selling. Regardless of a continuing tendency to try to eliminate government involvement from the actual marketing of forest products, the difficulties experienced by a fledgling provincial industry still trying to find a place for itself in domestic and world markets required the frequent and active support of the government and its agents. This was particularly so in eastern Canada where the Forest Branch fought hard to maintain and extend a market long considered to be potentially the most dependable and stable in Canada for British Columbia's forest products.

Toward the end of the war, the Dominion government, in connection with the aero-spruce activities of the Imperial Munitions Board, had established a Forest Products Laboratory at the University of British Columbia. Loren L. Brown was transferred from the McGill laboratories of the Dominion Forest Branch to run the new facilities.<sup>105</sup> In the summer of 1920, Brown, with his technical expertise, was hired as British Columbia's Lumber Commissioner for eastern Canada.<sup>106</sup> Through his efforts, official strength ratings of both Douglas fir and western hemlock were upgraded in Toronto's building by-laws to positions equal or superior to southern pine.<sup>107</sup> Brown canvassed scores of architects and contractors, and by October, 1922 was able to report success in having British Columbia woods specified for trim, structural work and roofing on several major construction projects in Ontario.<sup>108</sup> The Shingle Manufacturers' Association expressed its approval.<sup>109</sup>

The Commissioner was also able to convince the purchasing agent of the Grand Trunk Railway to specify Douglas fir and hemlock in place of pine and oak in the construction of rail cars.<sup>110</sup> This accomplishment encouraged R.H.H. Alexander, of the British Columbia Lumber and Shingle Manufacturers' Association, to seek the assistance of Brown in having Douglas fir specified for car decking on the rest of the Canadian National's system.<sup>111</sup> Brown, after returning to Victoria to replace William Turnbull as Lumber Commissioner at headquarters intended, however, not to interfere with the educational work being carried out by the FPMEB marketing agent, L. C. Walker. A plan for joint action in regard to the CNR was drafted with Brown's replacement in Toronto, A. E. Roberts, following the lead of Walker.<sup>112</sup> Soon after, though, several millmen informed Brown that they were about to lose a car order to Georgia pine producers unless CNR specifications were altered. Brown immediately wired Roberts with instructions to take Walker with him and interview the railway's vice-president concerning the merits of British Columbia clear grade decking, which could be provided as fast as required at \$90 a thousand.<sup>113</sup>

This episode<sup>114</sup> is interesting in that it indicates the impracticability of separating the functions of education and promotion from those of negotiating specifications and price. When the rather abstract process of studying conditions and organizing standardization gave way to the more immediate issue of winning a particular order, the lumber commissioners were thrust into the thick of the action. Any concern with interfering in the activities of Walker was quickly put aside by Brown, while the millmen, for their part, appear to have preferred negotiating through the channels provided by the Forest Branch, rather than solely through their own man.

A similar pattern of behaviour was evidenced in regard to the promotion of British Columbia wooden shingle products. In 1920, acting Lumber

Commissioner Robertson had proclaimed that the campaign against shingle substitutes was really a matter of price and, therefore, not a concern of the Forest Branch. But by 1923, the threat to shingle sales and, thus, to the overall health of the British Columbia forest industry, had become so acute that the government could not afford to let such scruples interfere with more active intervention. The patent roofing firms, in their propaganda campaign waged in several northern Ontario towns, were getting good mileage out of the apparent fire hazard of wooden shingles. When Lumber Commissioner A. E. Roberts wired Victoria concerning a proposed anti-shingle ordinance at Timmins, and the possibility of other towns following suit, Brown advised him to go after it "tooth and nail," and, if necessary, perform tests in Timmins to demonstrate the relative fire resistance of British Columbia shingles. Brown, operating very much at the centre of events, reminiscent of Grainger at his best during the war, arranged with R. S. Whiting, trade representative of the Shingle Branch of the West Coast Lumbermen's Association, to mail Roberts the results of some recent successful tests he had made in the eastern United States. Brown also arranged for the cooperation of F. H. Lamar, of the Shingle Manufacturers' Association, and Walker of the FPMEB.

By June, 1923, Roberts had had no success in Timmins, where the town council proceeded to prohibit wooden shingles, as did two other neighbouring towns. As a fourth town was also considering action, Roberts and Walker undertook a personal tour of northern Ontario,<sup>115</sup> and Lamar provided support by sending them the latest literature directed against the anti-shingle movement.<sup>116</sup>

In addition to this direct fight waged against legislation prohibiting the use of shingles in particular localities, Roberts, in conjunction with the FPMEB, distributed 4000 stained shingles, with accompanying literature, as promotional samples to architects, retail lumbermen and builders throughout

Ontario. And though some towns were forsaking the use of wooden shingles, the strong presence of the Lumber Commissioner's office and exhibit in the centre of Toronto's business district insured the specification of red cedar shingles by the city architect in all new construction work for the 1923 season.<sup>117</sup> A. E. Roberts' sales efforts in eastern Canada on behalf of British Columbia shingles were so well appreciated by the industry, that in January, 1924, he resigned his government post to accept an offer to become the principal eastern representative of Edgecumbe, Newham Limited, of Vancouver, producers of high-grade red cedar shingles.<sup>118</sup>

In 1920, a reluctance on the part of the Department of Lands to involve itself in any but the most general educational and publicity activities had helped precipitate the more active involvement of the various forest industry associations through the organizing body of the TIC and its Forest Products Market Extension Bureau. During the ensuing three years, while there was some curtailment in departmental expenditure, the government nevertheless pursued its Canadian market extension activities in much the same vein as had the previous administration. The main difference was the existence now of a parallel organizational structure within the industry with which the government could more equitably share responsibilities and coordinate activities. The overwhelming importance of the forest industry to the immediate prosperity of the province, fluctuating post-war markets, and threats posed to lumber sales by technological change, made it impossible for the government to remove itself suddenly and entirely from aspects of market extension work that the Minister believed, at least theoretically, should have been the sole preserve of the lumbermen.

The same was true of the government's role in the commercial network of the international lumber trade. Although British Columbia mills had finally organized themselves into an export company for the purposes of filling large

overseas orders, the Associated Timber Exporters did not operate its own lumber fleet, nor did it have its own business agents abroad to secure orders and quote prices. The provincial government, somewhat ambivalently, continued to help fill the interstices of this incomplete commercial structure with its own agents and commissioners.

Besides aiding the promotion and organization in 1920 of a new shipping company to carry lumber from British Columbia to France, for which he was chastised by the Premier for engaging in "private business,"<sup>119</sup> provincial Agent-General F. C. Wade acted as a commercial agent for British Columbia mills, not only with the British government, but with private companies as well. In March, 1921, his efforts to obtain a railway order for the Associated Timber Exporters proved unsuccessful in the face of cheaper European supplies and the inability of the British Columbia companies to quote "free-on-rail" British ports.<sup>120</sup> However, Wade was more successful on behalf of the export agency in dealing with the British Admiralty. Playing on imperialist sentiment, Wade's persistent work resulted not only in a large contract for structural timbers for the Associated Timber Exporters, but also assurances of future preference for British Columbia over United States supplies.<sup>121</sup>

Soon afterwards, Wade's endeavours were given the direct support of the Minister of Lands himself. Pattullo, in Britain with Lumber Commissioner William Turnbull on a visit to promote investment, settlement and the sale of provincial products, consulted with the Department of Public Works and a number of British railways about the use of British Columbia timber. And, as the Minister informed Premier Oliver, Turnbull was to stay on to help with the follow-up work necessary to "get the business."<sup>122</sup>

Wade and Turnbull did such a good job in bringing British Columbia woods to the attention of the British that soon American timber was being sold in Great Britain under the British Columbia label. When the outspoken Agent-

General discovered, some time in 1922, that the Merchant and Trading Company was selling large quantities of doors produced by Woco Doors Company of Tacoma, Washington, as "British Columbia pine doors," he protested in the London press and to the importing firm directly.<sup>123</sup> As a result, the Merchant Trading Company got rid of the partner interested in the Tacoma concern and, upon expiry of its contract with Woco, promised to devote all future business to British Columbia mills, provided they could meet the price, grade and size requirements.<sup>124</sup> Wade, through Lumber Commissioner Brown in Victoria, then proceeded to act as liaison between various British Columbia door manufacturers and the Merchant Trading Company, in negotiations as to the grades and species that would meet both the capabilities of the mills and the requirements of the British market.<sup>125</sup>

Besides expanding the existing British market on behalf of British Columbia producers, the government also became involved in helping the Associated Timber Exporters push its way into new overseas markets. Although Pattullo shunned any formal governmental ties with the export company, he somewhat reluctantly brought his Department into a temporary supportive role in obtaining an order from the Egyptian State Railways.<sup>126</sup> The Minister was clearly unwilling to involve his Department in what he regarded as an unnecessary interventionist role, however minor. But, in the end, Pattullo would not let such principles stand in the way of winning a much needed order for British Columbia mills; especially an order with the potential to open up a promising new foreign market. If the real long-term movement was toward diminishing government intervention in marketing as the industry stabilized itself, the uncertain economic condition of the lumber industry of the 1920's prevented any abrupt withdrawal of government assistance which might have resulted in a decline in lumber sales and brought discredit to the Liberals.



Nineteen twenty-two was a bad year for the lumbermen. The total amount of lumber scaled was up somewhat over 1921, but the value of production actually fell to the lowest level since 1918.<sup>127</sup> In November, the secretary of the coast Manufacturers' Association was instructed to write the Minister of Lands requesting an increase in the money allotted in departmental estimates for trade extension work.<sup>128</sup> However, lumber scaled in 1923 exceeded the previous record of 1920, and the total value of production surpassed that of 1922 by almost 50 percent.<sup>129</sup> With foreign sales expanding, particularly to Australia, Japan and the United States,<sup>130</sup> investment in the forest industry suddenly accelerated. Between 1923 and 1924, total capital invested in land, buildings and equipment increased by over 50 percent and by 1925, had more than doubled.<sup>131</sup> But the unfortunate result of this overzealous expansion was disorganization and excess competition. While the amount of lumber sold continued to rise through 1924 and 1925, the total value of production actually fell considerably.<sup>132</sup>

When the market had picked up in 1923, the Forest Products Market Extension Bureau of the TIC had had a very productive year, initiating a number of cooperative programmes financed by generous contributions from member companies. However, as the industry went into a tailspin with record sales but low profits, market extension activities were curtailed. Field representative Walker, who resigned in January, 1924, was not replaced despite requests from the Minister of Lands and the Department's eastern Canadian Lumber Commissioner.<sup>133</sup> In March, 1924, the trustees of the FPMEB decided to stop making assessments, and receipts for the year plummeted to under \$3,000. Cooperative activities with the West Coast Forest Products Bureau and the Shingle Branch of the West Coast Lumbermen's Association were substantially reduced.<sup>134</sup> And when the Forest Branch's Lumber Commissioner in Toronto resigned toward the end of 1925, both the FPMEB and

the TIC executive made special requests to Pattullo to keep the office open.<sup>135</sup>

As market extension activity on the part of the industry declined, that of the Department increased. Expenditures which were up from under \$20,000 in 1922-23 to over \$30,000 in 1923-24 to cover cooperative undertakings with the Industry Bureau, remained at that level for the next fiscal year as well.<sup>136</sup> Among other things, the Department undertook a major drive to expand sales in the British market. Hoping to take advantage of lower freight rates provided by the Canadian Government Merchant Marine, the Forest Branch set up a bungalow exhibit at the British Empire Exhibition. Under the supervision of Loren Brown, it continued through 1924 and 1925.<sup>137</sup> Both the government and the industry attributed a more than quadrupling of sales in the European market between 1923 and 1925 to the success of the exhibit under Brown's expert management.<sup>138</sup>

By 1926, however, the industry was in the process of recovery. Once again the Department reduced expenditures on trade extension to an average of just over \$12,000 a year.<sup>139</sup> After Brown left the Forest Branch at the end of 1925 to join H. R. MacMillan Export Co.,<sup>140</sup> the position of Lumber Commissioner to Great Britain remained vacant.<sup>141</sup> As sales to Britain dropped off somewhat in 1926-27, the United States, to which neither the industry nor the government had ever given much persistent attention in their market extension work, was clearly emerging as British Columbia's most important market for its water-borne lumber trade.<sup>142</sup> Reflecting this new reality, the coast Manufacturers' Association, in 1927, subscribed \$18,000 to an American advertising campaign being conducted by the National Lumber Manufacturers' Association of the United States.<sup>143</sup> And, in 1928, a number of coast mills representing 80 percent of British Columbia's sales to the United States Atlantic coast, formed a new export association, Seaboard Lumber Sales Limited, to facilitate the sale of lumber exclusively to that market.<sup>144</sup> At the same

time, the industry augmented its market extension activities in Canada through its various trade associations.

Although the Forest Products Market Extension Bureau did not recover after 1924, the coast manufacturers worked cooperatively through the Seattle-based West Coast Market Extension Bureau, established in 1926, to which British Columbia mills contributed four cents per thousand feet of lumber produced.<sup>145</sup> And, together with the West Coast Lumbermen's Association, the British Columbia Lumber and Shingle Manufacturers' Association entered into a joint programme to control production in order to stabilize prices.<sup>146</sup> Throughout the three years, 1926 to 1928, no doubt partly as a result of such organizational activity, both total sales and value of production of British Columbia forest products rose to new record levels.<sup>147</sup>

Thus, by the end of the post-war decade, the industry was well on its way to realizing the objectives of organization and cooperation so forcefully represented to it since 1914 by members of the trade and the government. An index of its growing maturity was the fact that, increasingly, it was turning away from government tutelage and cooperation through a network of imperial preference and connections, to more independent cooperative arrangements, both in Canada and internationally, within the industry itself. But most certainly along the way the industry had benefited greatly from the support of both provincial governments, whose interest in the successful expansion of markets was as great as, and at times greater than, that of the lumbermen themselves.

Market extension had been forced upon the Conservative government in 1914 by the collapse of the prairie boom and the disruption of war. The government was committed to a virtual business partnership by the nature of the forest tenure system, and by the extreme dependence of the provincial economy and government revenue on the health of the forest industry. The

Conservatives proceeded to intervene dramatically in an attempt to bring about an extension of markets and the organization of a coherent commercial infrastructure upon which the lumbermen could build. Once wartime business had injected new life into the Canadian economy, the need for such active government involvement receded. This change in economic circumstances coincided with the coming to power of a Liberal administration with a somewhat different attitude concerning the involvement of government in business. But, despite an official emphasis on policy away from direct involvement in sales and toward general education and publicity, the Liberal government, its officials and agents, found it difficult to maintain such a rigid distinction in their activities. Post-war economic fluctuations, the continuing importance of the forest industry to the provincial economy, and the failure of the industry to cultivate markets, drew the Liberals back into the commercial fray. At the same time that the government was agreeing to a greater share of forest protection costs, and a smaller share in speculative stumpage profits than its forest bureaucracy advocated, it continued to play an instrumental part in marketing activities which the Minister believed, in principle, should have been the sole responsibility of business.

— By the latter part of the 1920's, however, the original reasons for government intervention into the marketplace had all but disappeared. Royalties from a steadily increasing annual timber cut had risen from under \$400,000 in 1914, to \$1.8 million in 1928.<sup>148</sup> No longer were millions of feet of over-mature timber "rotting" in the woods for lack of markets. If anything, the rapid explosion of off-shore sales since 1923 had reversed the problem. The natural yearly increment, once far in excess of annual depletion, was now in danger of being surpassed by the combined effects of logging and forest fires. In response, the Forest Branch shifted its attention from market extension to the more traditional pursuits of forest protection

and perpetuation.

The problem of maintaining and increasing western stumpage values still remained, but this was clearly a dilemma that could no longer be solved solely by increasing demand. Earlier success in that direction had only served to encourage over-expansion of mill capacity and excess production. More effective market extension programmes and agencies were still vital, especially in light of the constant threat to the industry posed by forest product substitutes. But, without some organized control over production and supply, the problem of stagnating stumpage values would never be solved. And during the 1920's, this was still not an area into which the provincial government was prepared to move. Moreover, there were much more rudimentary forestry problems to contend with, such as controlling the burgeoning export of unmanufactured logs from Crown lands.

## Chapter 5

### HEWERS OF WOOD: LOGS OR LUMBER?

Even the best efforts of both the industry associations and the government to expand markets for British Columbia forest products did not entirely solve the problems of excess logging capacity, under-utilization of timber stands and stagnating stumpage values. From the earliest years of the twentieth century and throughout the period under study governments pursued policies designed to promote the maximum development of home manufacture.

But numerous obstacles had to be overcome. No direct manufacturing conditions could be imposed on timberland Crown-granted previous to 1906. And the policy of licencing Crown timber far in excess of the immediate needs of the province's mills created tremendous pressures for the unrestricted export of unsawn logs from coastal districts. This was particularly the case during periods of economic downturn when lumber markets shrank and credit for carrying timber was least available. During other times, any attempt to control the export of logs was confused by the myriad of different tenures upon which logging was conducted, and thwarted by the physical difficulties of enforcement. In addition, an industry based largely on the production of lumber and shingles from high grade fir, spruce and cedar had to deal with the abundance of low grade material mixed into most timber stands. Lumbermen also had to work under the continuing fear of American tariff retaliation against British Columbia's manufactured products in the event that the provincial government maintained severe limitations on the free flow of unsawn logs. And, finally, the Forest Branch, at least until the end of World War One, lacked both the proficiency and the manpower to develop and administer

a more flexible policy than a blanket embargo or wide-open export.

But, even once a more sophisticated bureaucracy was in place, the theoretical policy preferences of the Forest Branch had to bend to the economic and technological exigencies of the day. It might have been desirable to conserve all British Columbia timber for domestic manufacture under more favourable future conditions. But in the meantime, both the provincial economy and the treasury were dependent on increased investment and growth in the forest industry. And to the government, that meant that the "safety-valve" of unmanufactured timber exports would have to remain open. Gradually, the Forest Branch accepted exports of low-grade and unmarketable species of logs as a necessary, semi-permanent but still "incidental" part of the business of producing lumber in coastal British Columbia. Departmental intervention then became more involved with regulating the supply and price of logs on the local market.

But even if the regulated export of logs was a perfectly defensible aspect of forestry in British Columbia, it was an emotional question that was soon dragged from the back rooms of the Lands Department to the centre stage of the Legislative Assembly and the front pages of the press. As a partisan political issue, it interfered with the implementation of royalty legislation in 1913, affected the outcome of the 1924 provincial election, and eventually became part of a larger and growing concern about the rapid depletion of the most accessible virgin timber on the lower mainland coast and southern Vancouver Island. The government was caught between dependence on development through liquidation forestry, and the conservation of the forest resource for the future. By 1928, the Forest Branch, under increasing public pressure, had begun to lay the groundwork for a sustained yield policy.

But, as far as the everyday administration of log exports was concerned, the government still stood firmly behind forest liquidation for maximum short-term

economic benefit.

Upon taking office in 1903, the McBride government passed a contentious tax, ranging from \$1 to \$4 per thousand, on all timber cut from lands not subject to royalty. All but one cent per thousand was to be rebated as a bonus for manufacture within the province.<sup>1</sup> The effect of this legislation was to equalize conditions between Crown-grant timber and leased or licenced timber which had come under log export prohibitions during the previous three years.<sup>2</sup> In 1906, after it was discovered that a serious loophole was permitting export of logs from handlogger licences,<sup>3</sup> a comprehensive timber manufacturing act was passed consolidating and clarifying all previous log export prohibitions pertaining to Crown lands west of the Cascades.<sup>4</sup>

The conflict between the government and the handloggers, which raged in the provincial backwoods and in the law courts of Vancouver, had indicated plainly to the government that it lacked the administrative machinery necessary to deal with the forest industry, even at its current low level of development.<sup>5</sup> At the beginning of an unprecedented timber staking boom, the government was thus concerned to impose at least the appearance of firm bureaucratic control over the timber that it was in the process of alienating. Investment by Puget Sound millmen in British Columbia timber had not yet been substantial enough to pose the threat of a full-scale log export trade developing to supply American mills. But by 1906, the influx of American and, particularly, Pacific northwest capital into British Columbia timber, opened up the very real possibility that tremendous pressures would be exerted for the free flow of logs across the border. The passage of the Timber Manufacturing Act was an attempt by the government to stake out its position on log exports before that happened.

However, when the controversial subject of log exports was raised at the Royal Commission hearings during the fall of 1909, the government's



policy of a blanket export embargo encountered considerable opposition. One of the largest American lumbermen, M. J. Scanlon of Minneapolis, whose company operated two camps in British Columbia with 65,000 acres under licence and lease, testified that, with sale of shingles to the United States all but prohibited, unrestricted export of shingle grade cedar logs was mandatory. The only time to log cedar profitably in his mixed stands was with the fir. If left, it would simply burn anyway. When the American cedar forests were exhausted, British Columbia could concentrate on shingles, according to Scanlon. But, for the present, it must export logs.<sup>6</sup> John W. Coburn, president of Ladysmith Lumber Company, also shared this view<sup>7</sup> along with several other witnesses,<sup>8</sup> the BCLA,<sup>9</sup> and the editors of the Western Lumberman.<sup>10</sup> Commissioner F. J. Fulton, however, was concerned that if the government established a policy of even periodic exports, loggers would soon regularly be logging in excess of mill capacity, expecting imports to be allowed to prevent teredo damage. Before long, cedar exports would have become a normal part of the business. Fulton was certain that in five to ten years, depletion of the cedar supply in the United States would result in a much lower duty than the current one.<sup>11</sup> It was with these considerations in mind that the Commissioners recommended no departure from the current policy regarding log export, but suggested a thorough re-examination of the whole question by the newly established Forest Branch.<sup>12</sup> The provisions of the Timber Manufacturing Act of 1906 were consequently incorporated wholly into the Forest Act of February, 1912.<sup>13</sup> It was not long, however, before the first rents appeared in this aspect of the new provincial legislation.

The United States Tariff Act of 1909 had called for a \$2.00 per ton additional duty on paper and newsprint when imported from any country or province with export restrictions on the raw material from which those products were made. This proviso was embodied as section 2 in the United States

Reciprocity Act of July, 1911.<sup>14</sup> For M. J. Scanlon, who by January, 1912 had taken over the old Western Canada Pulp and Paper lease and invested over \$5 million in a pulp and paper operation at Powell River, the provincial export regulations were, therefore, a serious impediment.<sup>15</sup> According to Scanlon, British Columbia markets would be able to absorb only 20 percent of his company's output. For the remainder, he would be dependent on American newspaper publishers.<sup>16</sup> "In anticipation of favourable legislation this session," the Powell River Company had entered into contracts for two of the largest paper machines in the world.<sup>17</sup> Scanlon thus requested a clause in the upcoming Forest Act stating, "Nothing in these acts are (sic) to be construed to prohibit the exportation of pulpwood for manufacture in the United States."<sup>18</sup> Scanlon assured McBride that such a concession would, in fact, be only hypothetical, since there was absolutely no demand for British Columbia pulpwood in Washington and Oregon, where an abundance of that material already existed, and where the nascent industry was hampered by a deficiency of cheap water power.<sup>19</sup> But the government held firm to the Fulton Commission recommendations and the Forest Act was passed making allowances under special order for the export in an unmanufactured state of piles, telegraph poles, railway ties and crib timber only. Pulpwood was specifically excluded.<sup>20</sup>

Nevertheless, Scanlon went ahead and, in April 1912, began daily production of 90 tons of newsprint and 175 tons of pulp. By July, working under a \$9.60 per ton American duty, Powell River's storage facilities were filled to capacity with 3000 tons of newsprint, even more having been shipped in bond across the border. To supply existing contracts, the company was purchasing paper on the open market at a loss of \$750 a day. Yet, as the main newsprint supplier for most Vancouver and Victoria dailies, with a monthly

payroll of \$100,000 distributed among 1,000 white employees, and with plans underway to double existing capacity if favourable legislation were provided, Scanlon was clearly in a strong bargaining position.<sup>21</sup> The government had no option but to pass a special order-in-council on 12 July, 1912, permitting the export of pulpwood from certain specified leases.<sup>22</sup> This order was reinforced in March, 1913, by an amendment to the Forest Act which included pulpwood among the "minor" forest products open to export by permit.<sup>23</sup> But, ultimately, even this action proved insufficient as the United States Treasury Department demanded the removal of export restrictions on pulpwood from all Crown lands, instead of from individual leases.<sup>24</sup> Thus, another order-in-council was passed on 21 June, 1913, which met this requirement.<sup>25</sup> But, since in British Columbia, "pulpwood" as a generic category technically included many of the major species being logged, the future implications of this order were somewhat uncertain. Moreover, this concession appeared to pave the way for further modification of the blanket embargo in force over the previous four years. It was not long before larger export privileges were demanded and won.

By the end of August, 1914, an economic downturn in western Canada, followed by the onset of war in Europe, had severely disrupted the British Columbia log market. Local mills were consuming just one-third the normal quantity of logs and only 50 of 240 camps operating in 1913 were still open. With 125 million feet of logs in the water, the major logging companies, wholesale suppliers and banks, petitioned the government to permit the free export, for a period of six months, of all fir, cedar and spruce logs already cut.<sup>26</sup> The BCLA assured the Lumber and Shingle Manufacturers' Association that, in the event of a relaxation of the embargo, logs would continue to be supplied to local mills, and at prices equivalent to those on Puget Sound, less towing

charges.<sup>27</sup> With this safeguard against "a corner on logs," the manufacturers were prepared to support the petition, but only up to a maximum of 125 million feet, rather than for six months, for fear that the loggers would continue to cut for export after the original glut had cleared. And, since they believed there would still be a decent domestic market for #1 and #2 cedar, they opposed free export.<sup>28</sup> After further discussions with the manufacturers, the loggers agreed to an export tax on these grades of \$2.00 and \$1.50 per thousand respectively, including royalty.<sup>29</sup>

With the logging industry clearly endangered, provincial revenues threatened, and no real opposition from the main coast manufacturing association representing most millmen with lumber or combined lumber and shingle operations, the government was willing to be flexible. Chief Forester MacMillan gave his support to a limited export privilege which he felt would enable loggers to keep their organizations together, and pay off back wages, supply accounts and bank loans.<sup>30</sup> Thus, on 26 August, 1914, an order-in-council was passed permitting the export of all logs "now cut" upon payment of an export tax which included royalty charges. The tax schedule finally implemented was much more extensive than that agreed to by the loggers, however, as it applied to all grades and species except hemlock, balsam, larch and #3 fir.<sup>31</sup>

The recent passage in the United States of the Underwood Tariff, allowing free entry of lumber and shingles from Canada, made temporary relaxation of the log embargo more acceptable than it would otherwise have been. But the government's action still met with approval neither from the Shingle Agency of British Columbia, nor from the loggers themselves.

Soon after the export privilege had been granted, the BCLA decided that, with the low prices prevailing for logs on Puget Sound, the "high" export tax, especially on fir, precluded any real benefit to British Columbia

loggers.<sup>32</sup> The shinglemen, on the other hand, because of the small amount of cedar logs available, were opposed even to the original concession and definitely did not favour any reduction in export tax, particularly on shingle grade cedar.<sup>33</sup> Most lumbermen were also firmly against a reduction of tax on the higher grades.<sup>34</sup>

The question of log exports affected both supply and price of logs in British Columbia. Under adverse economic conditions, the continuation of a blanket embargo could have resulted in the closure of camps and a temporary log shortage, once the original glut was used up by the mills. But, unrestricted export could have had the same effect. In both cases, prices for local manufacturers would have risen. The government's emergency measure was designed to ensure a continuous supply of logs for local mills at reasonable prices by providing an American "safety valve" for the province's logging companies. But, with the Puget Sound market now open, the possibility existed that British Columbia loggers would by-pass local manufacturers if prices were better on the American side. The real need of the moment for loggers was "cash-in-hand." Local mills were in the habit of buying on 60 or 90-day credit, often renewed indefinitely. On Puget Sound, loggers could get paid immediately.<sup>35</sup> But, despite this attraction, the loggers maintained that they were keeping British Columbia adequately supplied at fair prices.<sup>36</sup> Nevertheless, the Forest Branch kept a close watch on stocks.

Cedar in particular was being exported in large quantities. When the embargo was lifted, there had been 25 million feet of cedar available. By April, 1915, 30 million feet had been exported,<sup>37</sup> 69 percent of which was high grade shingle timber used by British Columbia mills.<sup>38</sup> The original proviso that exports would be restricted to logs already cut on 26 August, 1914, had evidently gone by the board. But, despite the protests of at least three shingle mills, the Forest Branch saw no cause for alarm. Since August, 1914,

77 million feet of new cedar had been cut, thus ensuring a continued local supply.<sup>39</sup> The daily capacity of 37 camps logging cedar exceeded daily mill consumption by two times<sup>40</sup> and, with the enlarged market for cedar provided by the removal of the embargo, new camps were beginning to open in the north, which could also be expected to keep local mills well supplied.<sup>41</sup> This development prompted M. A. Grainger to inform one protesting shingleman, "you will readily understand that any change in the conditions affecting the employment of nearly a thousand men in up Coast camps can only be undertaken when the facts demand it in an unmistakable manner."<sup>42</sup> The additional logging capacity and employment built upon the exploitation of continuing exports evidently made it much more difficult for the government to discontinue them until local mill output could catch up. But, with ready access to British Columbia logs, Puget Sound lumbermen would have less reason to establish new mills inside the province. Furthermore, as E. H. Bucklin pointed out to the Forest Branch, as long as log exports continued, the lumber and shingles made from them would be competing in international markets with the same products manufactured in British Columbia. Since any new mills built would be sure to manufacture cedar lumber and shingles, it would seem, he advised, "opposed to the general policy of the Government and future development of the Province to continue to export beyond the present necessity of the Government."<sup>43</sup> In light of the Forest Branch's total commitment to market extension work currently in full swing, this argument was very compelling.

Despite the reassurances of the Forest Branch that local mills were being adequately supplied, the magnitude of log exports during 1915 began to disturb both shingle and lumber producers. In aggregate, the total was still under the limit set by the manufacturers but, of the logs cut and in the water previous to August, 1914, 80 percent had been fir and spruce, whereas the

preponderance of exports over the succeeding two years was, in fact, cedar.<sup>44</sup> Moreover, the majority of cedar exports in 1915 were of #1 and #2 grade siding and shingle cedar rather than #3 for which, traditionally, local mills provided little market.<sup>45</sup>

By January, 1916, the Lumber and Shingle Manufacturers' Association had joined the Shingle Agency and the British Columbia Box Manufacturers' Association in calling for the imposition of an embargo on exports of fir, spruce, larch and high-grade cedar.<sup>46</sup> The cedar manufacturers, in particular, complained that loggers were using the American market to "lever up" prices to British Columbia mills. Looking to the future, the millmen argued that the government should be conserving the province's cedar reserves which were not as great as supposed, rather than allowing the competitive industry in Washington and Oregon to preserve its own timber, while depleting British Columbia's.<sup>47</sup>

In answer to these complaints, the loggers privately informed District Forester W. J. Van Dusen, that Vancouver mills were not being supplied because they refused to pay the Puget Sound price less towage.<sup>48</sup> This response was really a tacit admission that prices were being "levered up" by exports. But, just as unfairly, the loggers countered, the mills wanted a permanent surplus to keep prices permanently low.

The possibility of a reimposition of the export ban brought forth, with a little prompting from the BCLA,<sup>49</sup> a torrent of protest letters to the Minister of Lands from the various shippers, grocers, equipment suppliers and other merchants dependent upon the continued growth of the logging industry.<sup>50</sup> Their concern was testimony to the fact that log export policy went far beyond promotion of manufacturing and scientific management of the forest resource, affecting a large segment of the province's economy. Without some clear-cut justification for an export embargo, the government would be hard-

pressed to oblige the cedar manufacturers, particularly with shingle exports up dramatically under the provisions of the Underwood Tariff.<sup>51</sup> As long as it could be shown that log supply at normal Vancouver prices still exceeded local consumption, the Lands Department saw no real reason to reverse its policy.

So, in order to justify a continuation of exports, in February 1915, Chief Forester Grainger met in a special meeting with the BCLA to obtain information on logging and milling capacity, both operating and non-operating.<sup>52</sup> On the basis of data thus gained, Grainger, in April 1916, determined that, in general, logging capacity and production exceeded mill requirements for all species but spruce; therefore, if the maximum tax was applied to spruce exports, present policy could be continued without endangering the industry.<sup>53</sup> In fact, the Chief Forester recommended that under existing wartime conditions for the "public welfare," it would be unwise to halt exports. But to equalize markets and prevent Puget Sound mills from acting as "a magnet," especially for cedar booms, to the detriment of local mills, he advised periodic adjustment of the export tax.<sup>54</sup> An immediate increase seemed particularly appropriate since the original tax, including royalty of \$2.00 and \$1.50 per thousand on #1 and #2 cedar and spruce had, in effect, been reduced by 35¢ in January, 1915, when royalties were raised. Grainger recommended that revenue from an additional tax of 75¢ to 85¢ per thousand should be devoted to market extension work to assist in expanding sales of manufactured products. To keep track of changed circumstances affecting either side of the industry, he suggested monthly meetings of a joint committee with representation from the manufacturers, loggers and the Forest Branch.<sup>55</sup>

Had Grainger's recommendations been implemented, government intervention through tax increases and a joint export committee might have compensated for the inability of the loggers to police exports themselves. But,



by the summer of 1916, the faltering Tory machine was gearing up for a September election and was not inclined to interfere with a logging industry that was the mainstay of the provincial economy. In view of this decision not to alter the provisions of the 1914 order-in-council, the secretary of the Manufacturers' Association, R.H.H. Alexander, asked W. R. Ross to establish a definite date for the termination of exports.<sup>56</sup> To satisfy the manufacturers that log exports from Crown lands would not be allowed indefinitely, an amendment was passed during the 1916 session empowering the government to permit exports during and for six months after the current war.<sup>57</sup> This amendment clearly superceded the order of 26 August, 1914, and officially ended the fiction that the log export privilege pertained only to logs cut and in the water before that date. It was a belated recognition of what had become an integral aspect of the forest industry since the start of the war. On that note, the Conservatives left office and it remained for the new Liberal administration to determine whether open log exports were to continue as a permanent part of provincial forest policy.

With the revival of the lumber industry during the first year of Liberal tenure, the matter of log exports was largely ignored by the new government, while the BCLA exerted its influence to prevent any overt abuse of the export privilege.<sup>58</sup> By the end of 1917, however, changed economic conditions made a re-evaluation of log export policy necessary. As war in Europe intensified, demand for British Columbia forest products increased. At the same time, enlistment depleted the ranks of the workers. With conscription in place, a worse shortage could be expected in 1918. The plan of the Imperial Munitions Board to enlist 50 percent of existing coastal logging capacity and manpower for aero-spruce production would further aggravate the shortage of cedar and fir. R.H.H. Alexander, of the Manufacturers' Association, conceded that

TABLE 8  
Export of Logs (board feet)

Year	Exportable	Percent	Permit	Percent	Total Scale of Logs Exported
1912					53,280,375
1913					58,752,678
1914	34,576,524	53	31,101,530	47	65,678,054
1915	19,588,596	19	87,286,339	81	106,874,935
1916	7,484,042	15	44,700,343	85	52,184,385
1917	8,557,150	15	42,619,318	85	51,176,468
1918	4,367,425	38	7,240,842	62	11,608,267
1919	35,712,568	81	8,558,622	19	44,270,943
1920	19,143,316	67	9,530,622	33	28,673,935
1921	62,112,154	69	28,104,353	31	90,216,507
1922	101,698,635	67	49,820,077	33	151,518,712
1923	187,014,922	80	46,643,119	20	233,658,041
1924	190,030,521	79	50,500,306	21	240,530,827
1925	164,104,959	78	46,313,002	22	210,417,961
1926	173,868,074	77	50,609,641	23	224,477,715
1927	208,297,827	74	73,286,464	26	281,584,291
1928	185,615,987	88	26,331,244	12	211,947,231

Source: "Consolidated Statistical Tables,"  
P. F 75, Table No. 16.

in the past the larger market had served to keep log prices firm but, under current conditions, he maintained, termination of exports would have little effect on price.<sup>59</sup>

The BCLA countered with its usual arguments concerning surplus cedar supplies and possible American retaliation.<sup>60</sup> But Forest Branch figures for 1917 showed total coast mill consumption only minimally below total log scale. In light of an improved domestic market, the foresters felt coast loggers no longer needed to export what was becoming a decreasing proportion of the total cut in order to continue in their prosperous condition.<sup>61</sup> Grainger therefore recommended to Pattullo that, in view of the province's present wartime needs, including shipbuilding timber, aeroplane spruce, plus the regular trade requirements of fir and cedar mills, there could be "no surplus labour or machinery" devoted to supplying American needs. On the other hand, he recognized that the loggers "having secured a temporary modification of export at one period of the crisis, with benefit to general business in the Province, (and having at present as it were, a foot in the door) ... are very anxious that the door should not again be slammed against them by reimposition of the embargo... ." The Chief Forester thus advised the Lands Minister that the "vicissitudes of war conditions" created "a poor time to assert general commercial principles." But as a compromise, on 24 March, 1918 the government was to cease issuing export permits for all but #3 cedar. The general statutory authority would not be revoked, though, leaving open the possibility of more extensive exports at another time.<sup>62</sup>

While this decision perhaps suited anticipated future conditions, it was rather drastic in light of the industry's performance over the previous three years. Although coast loggers had exported over 150 million feet of cedar under permit since August, 1914,<sup>63</sup> they had also kept local shingle mills

well supplied. Since the war began, and under the impetus of free trade, British Columbia shingle production had more than doubled.<sup>64</sup> So dependent had the mills become on the United States market that shinglemen were now among the most vocal opponents of the government's new embargo. Previously alleged fears about depletion of cedar stocks disappeared in the glow of unprecedented sales and amidst rumblings of a possible American war tariff. With increased sales came relief from financial pressures and decreasing concern with the effect of exports on log prices. Some shingle manufacturers, at least, apparently now regarded United States retaliation as a greater danger than possible cedar log shortages during 1918.<sup>65</sup>

In the face of determined opposition, then, from the BCLA, several large shingle producers and numerous logging supply companies, Pattullo called a "Round Table Conference" for 20 March, 1918. The meeting was intended to bring the logging and manufacturing interests closer together and establish, through cooperation, "a regular working policy to give stability to the industry." Out of the discussion, it was decided to form a War Advisory Committee of logging and manufacturing representatives, along with Forest Branch officials, which would meet monthly to consider all export permit applications in light of current log stocks and mill requirements. An emergency committee was also established to deal with any urgent applications between regular meetings. All recommendations for export were to be forwarded to the Minister of Lands for formal approval.<sup>66</sup>

In ratifying this arrangement, the provincial government removed itself from a command position with respect to log export policy, at least for the duration of the war and six months thereafter. While the joint Committee was technically only advisory, the issue of log exports had clearly been consigned to the various sectors of the industry to administer within a general framework

established by the Department. What had originally been a policy designed to promote maximum manufacture within the province had evolved into a complex issue concerning local supply and price, access to the American shingle market and the general problem of overcapacity in the logging industry. The War Advisory Committee (which after the war became the Export Advisory Committee) now provided a mechanism through which an unstable industry could regulate itself under government supervision. As a result, at least the potential existed for a much more systematic control over exports from Crown lands than had been the case under Conservative administration. However, Grainger's recommendation of periodic export tax adjustments was not implemented. And with royalty rates increasing every five years, the significance of the tax as a deterrent would diminish. Moreover, the very existence of an Export Advisory Committee was an admission that log exports had become an integral part of the coast forest industry. It remained to be seen whether after the war the Liberal government would return to the original intention of the Timber Manufacturing Act which had been upset by such exceptional circumstances.

The first three years following the establishment of the Advisory Committee witnessed a dramatic drop in log exports from Crown lands. However, this reduction was more a result of improved economic circumstances than of stringent regulatory control. The number of operating sawmills increased from 201 in 1918, to 313 in 1920, while total value of production in the forest industry rose from \$54 million to \$93 million.<sup>67</sup> At the same time, annual value of log exports remained below \$1 million.<sup>68</sup> Over the next three years, log exports from Crown lands barely exceeded 25 million feet, whereas, during the previous three war years, exports had totalled 175 million feet. The main factor in this decrease was a sharp reduction in raw cedar exports, though

fir and spruce declined markedly as well.<sup>69</sup>

These low export figures encouraged the Liberal government to continue with its current policy. In March, 1919, the Forest Act was amended extending the period for discretionary log exports to 31 March, 1920.<sup>70</sup> And then, in March 1920, upon the advice of the Export Advisory Committee and amidst great controversy in the legislature, the deadline was extended to 31 March, 1930.<sup>71</sup> Conservative leader, W. J. Bowser, argued that such a permanent policy would only encourage loggers, over the next decade, to capitalize new operations to take advantage of an assured export opportunity. What his party had originated as an emergency war measure would certainly then be irrevocable. The Liberals, he claimed, were "selling out" the province's natural resources to Puget Sound lumbermen at the expense of development and jobs in British Columbia. Pattullo minimized the whole issue, noting that less than one percent of the total cut was actually being exported in an unmanufactured state, and that amount mainly the by-products of the main fir and cedar operations. "The occasional export of logs is merely a safety valve to save waste," he assured the legislature, strictly controlled by the industry and the Lands Department through the regulatory machinery established two years before. This situation was in contrast to the policy of unrestrained export followed by the previous government. The present amendment simply provided for "the continuance of a system already tested by results."<sup>72</sup> The problem was that these results were more a reflection of extraordinary economic conditions than the effectiveness of the War Advisory Committee. The Committee would get its real test after the war when fluctuating markets and unstable prices would play havoc with attempts to coordinate log production with mill capacity in order to regulate supply and price.

The Export Committee was responsible for the administration of policy in the Vancouver logging district. In the interior and on the north coast, the Forest Branch supervised exports directly, although the Northern Timbermen's Association eventually established an advisory committee of its own. On Vancouver Island, logging was done largely on Crown-granted lands over which the government had only indirect control through the use of a tax rebate for domestic manufacture. Although all four regions of the province were subject to the same overriding manufacturing policy, they each provided distinct administrative problems during the post-war period.

The log export issue was not as significant in the mountain region as on the coast, since the difficulty of transporting logs meant that most timber companies conducted integrated logging and lumbering operations. In addition, with ready access to the prairies, mountain lumbermen did not have as great a problem as their coastal counterparts in marketing lower-grade products. However, in 1909, the export embargo had been extended east of the Cascades in view of the increasing shipments of logs down many of the north-south waterways crossing the international border.<sup>73</sup> But in some areas, profitable logging could only be conducted in association with mills in Idaho or eastern Washington--at least until transportation routes and manufacturing capacity had been developed to a greater extent. This fact was partially recognized in 1916 by the passage of an amendment permitting log exports from areas adjacent to provincial or international boundaries without reasonable access to a British Columbia sawmill because of topographical obstructions.<sup>74</sup> Nevertheless, as the following examples show, it was still the general intention of the government to prevent logging strictly for export in order to preserve timber for future industrial development.

The Waneta Power Company wished to log, for export, an isolated timber stand on the Pend d'Oreille River near the international boundary.<sup>75</sup>

A detailed report by the Assistant District Forester appeared to justify export to Washington on account of the "steep and severe" surrounding topography.<sup>76</sup> But P. Z. Caverhill ruled that though the "young and thrifty" stand could not be economically logged at present for domestic use, with improvement of the government road along the Pend d'Oreille or an increase in lumber prices justifying overhead flume construction, it could be utilized in the near future.<sup>77</sup>

In the case of the Kootenay Shingle Company, however, Caverhill was outmaneuvered. Permission to export spruce and hemlock logs had been granted on the understanding that the main portion of the stand, white pine and cedar, would be marketed in the province. Once the timber was down, the District Forester discovered that the operator had no definite plans for the local disposal of the cedar and pine either.<sup>78</sup> Despite Caverhill's fulminations that the operator was now asking for the privilege to export "the very material which...was to be manufactured here, and that the whole operation has been for exporting and, moreover, you wish to continue operating for export...",<sup>79</sup> he permitted 600,000 feet of pine and cedar to be exported at \$1.50 per thousand including royalty.<sup>80</sup>

As cases such as these multiplied, the situation in the Kootenays was soon quite out of control. In March, 1926, the Waneta Power Company had 200,000 feet of non-exportable logs either decked at river side or in the water.<sup>81</sup> Caverhill recommended export, but advised Deputy Minister G. R. Naden that "A strenuous effort is being made by several parties to get export, which if permitted, will virtually mean that all streams crossing the American border will be subject to the export privilege which, of course, must be combatted in every possible way."<sup>82</sup> But a scanty forestry service had a difficult time against the power of geography and the impetus to log as quickly and as profitably as possible. At best, the Forest Branch could hope that if it held



the line on exports, mills might by chance one day sprout up in some of these awkward locations in time to utilize the timber before it burned. But, in the meantime, the District Foresters on the ground often had more sympathy for the struggling mountain operators than for the "spirit of the Forest Act" so fondly invoked by Caverhill in far-off Victoria. The idea that the export "privilege" was to be used only as a "safety valve to permit the export of surpluses due to a sudden slump in the log market,"<sup>83</sup> made little sense to Kootenay farmers and lumbermen with traditional economic ties to adjacent American states. Caverhill's proclamations of policy had more relevance in the southern and northern districts of the coast where the logging and milling sectors of the industry were less integrated and the log export business a much more significant phenomenon.

In the administration of log export policy in the Vancouver District, the Export Advisory Committee really had two distinct functions. From the Department's point of view, it was to function within the government's broader policy guidelines pertaining to the development of manufacturing capacity and the conservation of the province's timber resources. Insofar as the industry was concerned, the Committee was a mechanism through which the problem of excess logging capacity and "soft" prices could be handled in a more systematic fashion than it had thus far been able to manage by itself. Loggers working through the joint Committee could use the Puget Sound safety valve to "firm up" prices and keep operations going, despite slumps in the lumber market. But they had to be careful. An untimely invasion of British Columbia logs on the Washington market, driving prices there down, might result in a duty being imposed on unmanufactured timber.<sup>84</sup> On the other hand, a complete curtailment of exports would give the Puget Sound lumbermen and shingle producers leverage in demanding a protective tariff on Canadian finished products. Furthermore, all these industry concerns had to be worked out

in accordance with local conditions and general government guidelines.

When the post-war depression hit in 1921, log exports under permit tripled the 1920 total, and by 1922 had increased five times to almost 50 million feet.<sup>85</sup> Under attack from the Vancouver press, Forest Branch officials conferred with Committee representatives and it was decided to prohibit exports of cedar booms with more than 50 percent #1 and #2 grade material. According to Vancouver District Forester L. R. Andrews, undue pressure had been coming from the American element "which predominates in the loggers" to allow more open exporting. Andrews suggested to TIC managing director, M. A. Grainger, that the Export Committee should be composed of men "Canadian at heart, who have the necessary sympathy for the development of the Industry as a Canadian Industry in order to function to the best advantage in connection with the stated policy of the Government to prohibit export except in an emergency."<sup>86</sup> But, on the other hand, Andrews failed to note that the members of the Committee most "Canadian at heart" were in reality the millmen and shinglemen most interested in keeping a surplus of logs on hand to ensure a steady supply and lower prices.<sup>87</sup> The lumbermen themselves had little more interest than the loggers in building Canadian industry or preserving the timber supply. The responsibility for these larger goals fell to the Lands Department. But the exigencies of keeping the existing industry afloat and prosperous tended to obscure somewhat this longer vision.

Despite Andrews' 50 percent rule, high-grade cedar continued to exceed low-grade in the totals passed by the Export Advisory Committee and the Emergency Export Committee.<sup>88</sup> Confronted with continuing applications for high-grade cedar exports, the Committee laid down a policy that, "Any operator persisting in the production of a high-grade material in the face of a dull market could not be given consideration." Nevertheless, at the same meeting, export permits granted for #1 and #2 grade logs combined exceeded #3 grade

by a ratio of four to three.<sup>89</sup> One of the worst offenders in this respect was A. E. Munn, one of the logging representatives on the Committee whom Andrews believed to be most in sympathy with Department policy. Munn and Kerr Timber Company Ltd. persisted in pushing high-grade booms through the Committee, though regulations prevented Munn from voting on his own applications.<sup>90</sup> During June and July, 1922, 29 accounts were authorized for export by the Emergency Committee. Twenty-one of those had an excess of 50 percent high-grade logs, 14 of which had been logged by Munn and Kerr.<sup>91</sup>

The problem of excessive log exports was not restricted to depressed years, either. Once export markets were established for raw logs, the impetus was to continue to supply them even once the domestic market had picked up. In fact, Pattullo himself partly explained away increasing log exports as a natural by-product of an expanding manufacturing business. Without the ability to export the minor products of his operation for which there was no local demand, the Minister believed the logger would have to close up camp or else leave the timber as a fire hazard.<sup>92</sup> But these so-called "minor" products soon became a major headache for the Forest Branch with the opening of the Japanese market for cedar, toward the end of 1921.

There was suddenly a great demand for red cedar square timber and short logs which the Japanese manufactured cheaply into distinctive finished lumber products. Red cedar was preferred as it matched the native woods most closely. But fir and hemlock were also taken when the demand for cedar could not be met. Since squared timber was technically "manufactured," it went out free of export charge. But short logs, though bucked in halves or quarters to lengths of 12 and 14 feet, were clearly still in their raw state and had to be passed by the Export Committee.<sup>93</sup> While both the Forest Branch

and the loggers tried to maintain the fiction that logging for the Japanese market was an "incidental" part of operations, many logging concerns such as the Capilano Timber Company clearly regarded it as "big business," as did H. R. MacMillan and Nelson Spencer, whose export companies became the chief shippers to Japan.<sup>94</sup>

In order to regularize the trade and make marketing more efficient, the loggers requested a blanket permit to export all low-grade cedar to Japan. The Forest Branch still functioned on the premise, however, that at any moment a local or eastern market for small cedar lumber could open up permitting manufacture within the province.<sup>95</sup> According to Caverhill, a blanket permit would only encourage many operations to spring up, financed by Japanese capital, dedicated wholly to the export of logs. Not only would this be contrary to the principle of domestic manufacture, but would also tend to exclude from the Japanese export outlet legitimate operators with surplus low-grade cedar in their booms. And, finally, since the Committee was currently recommending for export, in addition to #3 grade logs, whatever #2 grade was surplus to local needs, a certain discretionary power had to be maintained. Therefore, all booms were to be scaled and put up for export application individually before logs were bucked.<sup>96</sup>

Loggers tended to circumvent the regulations by cutting this material before applying for export so as to force the Committee's approval. Once cut, logs had either to be exported or wasted. The other strategy employed by exporters was to mix logs from Crown land with booms from exportable tenures so as to elude detection.<sup>97</sup>

Despite the Forest Branch's serious pronouncements concerning the need to prevent wide open export, little real action was taken to control the situation. The Minister himself seemed to regard the Japanese log trade as a

progressive move toward more efficient forestry. Before this new outlet became available, much low-grade material had been left to rot, according to Pattullo, since the North American price did not justify manufacture. But there was no indication that stopping the log trade "would force Japan to purchase the manufactured product at a price that would repay the cost."<sup>98</sup> Export reduced waste and added otherwise unearnable dollars to the provincial economy. There was no sense, then, according to the Minister, in preserving this timber for some hypothetical future day when it might be profitable to manufacture it in British Columbia. Pattullo, rather, put his faith in natural regeneration to look after future timber needs. For the present, it was more important to liquidate the "350,000,000,000 feet of overmature and decadent timber" with which the province was endowed.<sup>99</sup> Thus, loggers continued to force exports through the Committee by cutting first and asking permission later, knowing the Department had no real intention to clamp down.

The extent to which such exports had become sanctioned by the Department was indicated by the action Caverhill himself took in pushing through several applications over the heads of the rest of the Committee. With markets slumping in December, 1925, six million feet of logs already granted export permits sat unsold in the water. A motion to refuse any further permits was lost, however, on the vote of the Chief Forester. Since the applicants in question had certain sales lined up in Japan, Caverhill saw no reason why they should be penalized by the failure of others to take advantage of the export privilege.<sup>100</sup> It was quite clear to all concerned, including the Chief Forester, that exporting logs to Japan was indeed big business--and business that should be captured while the opportunity existed.

It was not so clear to the Forest Branch, though, when it came to the Prince Rupert District. For one thing, the policy that exports were to be

only of logs incidental to the major operation, while somewhat of a sham in the south, did not work at all on the north coast, where Douglas fir dwindled out and cedar and hemlock were usually among the primary species being logged. Secondly, as Grainger had said, in the south the loggers had a foot in the door and it was very difficult for the government to slam it completely shut. The northern loggers were not nearly as numerous, nor as economically and politically powerful. Nor did they have an advisory committee through which to negotiate with the Department.

The major buyers of northern cedar logs were the Pacific Mills pulp mill at Ocean Falls, which used cedar in a special grade of kraft paper, and the Whalen interests at Swanson Bay, who ran a single mill in conjunction with their main pulp operation. Neither of these could consume all the cedar being logged, and high towing rates allegedly kept northern cedar out of the Vancouver log market.<sup>101</sup> The Northern Timbermen's Association argued that log exports would help to build up the economy by attracting ships to Prince Rupert. A local import-export business might then develop, while fish and some finished lumber products would also find a market in Japan. The Association therefore petitioned Pattullo to establish an advisory committee for the northern district and to permit wide open log exports for one year.<sup>102</sup>

In reply, Deputy Minister Naden allowed that exports might immediately induce shipping and temporarily relieve economic conditions, but permitting logging specifically for export would not encourage the development of a milling industry and "would, in the end, work against the development of the country."<sup>103</sup> The District Forester, as usual, sided with the local loggers, claiming that neither Pacific Mills nor Swanson Bay were taking sufficient logs to keep the camps busy.<sup>104</sup> But, despite the fact that both the Minister and his Deputy had roots in Prince Rupert, Pattullo being the

sitting member from that constituency, the Department remained firm. The northern loggers had very little practical leverage with which to manipulate policy and Pattullo was reluctant to give them any more through an advisory committee of their own.

On the northern coast, the future of the pulp industry was the Department's main concern, not the price of logs or logging profits. And, according to Forest Branch information, the northern country had only a limited quantity of timber, all of which was needed for future industrial development.

Nevertheless, Lands Department principles were soon superceded by political and economic reality. By February, 1924, the Whalen plant at Swanson Bay had gone into receivership<sup>105</sup> and Pacific Mills, overstocked with cedar, would take only 10 percent cedar per boom.<sup>106</sup> Perhaps with an election approaching, Pattullo felt it wise to relent somewhat. At any rate, to relieve the congested market, J. R. Morgan Ltd., and several other loggers were permitted to export up to three million feet of shingle grade cedar sitting in the water.<sup>107</sup> The loggers thus got their foot in the door. Soon after, they were allowed to set up an Export Advisory Committee of their own, although it was not officially sanctioned through Departmental representation. And while subordinate in decision-making authority to the Vancouver Committee, it nonetheless gave the Prince Rupert loggers a vehicle through which to pressure the government for further export privileges.<sup>108</sup>

By 1925, Pacific Mills was experiencing a full-scale glut. With 13 million feet of cedar on hand and more on the way, Pacific Mills made an agreement with a new shipping and brokerage firm, British Pacific Timber Products Ltd. (BPTP), to dispose of half that amount allegedly endangered by teredos. Having also taken over the old log stock of the Massett Lumber Company which had earlier closed down, BPTP had plans to run a major log carrying business

transporting northern cedar and spruce to Vancouver, and hemlock from the lower coast to Ocean Falls. Since it was estimated that up to one-half of Ocean Falls' cedar was unsuitable for the Vancouver market, this operation would entail large shipments of logs to the United States and Japan. The company had already purchased six barges and was in the process of applying to the northern Committee for a comprehensive export permit for up to seven billion feet of logs scattered throughout 240 booms. The District Forester approved of the operation in principle, but advised against a blanket permit. Nevertheless, two million feet of the Massett logs were passed for export by the Forest Branch upon recommendation of the northern Committee without any reference to the Vancouver Committee. And the first four million feet of Ocean Falls' cedar recommended by the northern Committee was allowed through the southern Committee after the larger logs suitable for the Vancouver market were culled out. As the BPTP operation began to materialize, three other northern logging outfits signed contracts with the shipping firm for export of cedar, and District Forester P. S. Bonney warned Caverhill to expect numerous applications in the future. The Chief Forester stuck to his official position that no logging for export would be permitted. But with the prevailing economic slump in the northern industry, he was not likely to enforce that doctrine too rigidly.<sup>109</sup>

It is apparent from the above examples that, by 1925, the Forest Branch perspective on log exports, though rationalized in terms of good silvicultural practice, had become nearly identical to that of the logging industry. What had originally been a policy aimed at encouraging local manufacture and conserving timber supplies for the future had now become concerned almost entirely with supply and price, the main preoccupations of the industry. According to the Minister, in a new country such as Canada, the people were "apt to be prodigal and demand the best all the time... ." Until the point



was reached where all poor grade material could be economically consumed at home or manufactured profitably for export, there would be waste. Since it was impossible to shut down the industry until that time arrived, the most sensible option was to export in log form what otherwise would not be utilized. Summing up Liberal government forest policy in 1927, Pattullo recalled to the legislature in one of his famous homilies that

the people have to live to-day, and if there were no industry here there would be no people here; and the day when the waste products could be used to advantage would be that much further away.<sup>110</sup>

Departmental policy preferences notwithstanding, the government's priorities were clearly rapid development and settlement through exploitation of the province's resources at whatever level of sophistication the current economic structure could support. There was no question of conserving hemlock or surplus cedar for the use of future manufacturing industries. Pattullo had been convinced by the loggers that selective logging of large, over-mature timber stands was economically impossible because of high equipment costs.<sup>111</sup> And more importantly, according to the Minister, an advanced stage of manufacture could never be reached under conditions of a free market economy without first going through the more rudimentary stages of development which included a large proportion of raw material export. This was particularly so in light of the constant threat of American tariff retaliation against British Columbia lumber and shingles if any attempt were made to implement a total log export embargo.

Preceding the passage of the 1922 Fordney-McCumber tariff in the United States, American lumbermen had made strenuous attempts to have a protective 25 percent ad valorem duty imposed on finished lumber and a prohibitive 50¢ per thousand duty on shingles.<sup>112</sup> But instead, the final draft of the bill gave the American President discretionary power to impose

a retaliatory duty on imports equal to that collected by the exporting country. In addition, however, American loggers finally won a \$1.00 per thousand duty to be levied on all fir, cedar, spruce and hemlock logs imported from any country or province which maintained any "embargo, prohibition or other restriction" on the export of such logs.<sup>113</sup> While there was no direct or explicit connection made between export restrictions on logs and American retaliatory duties on lumber and shingles, the fear of such possible retaliation was used by the loggers and the Minister of Lands continuously during the subsequent seven years to justify a certain degree of unmanufactured timber exports. Any escalation of the current restrictions on either Crown-granted or licenced timberland could easily jeopardize a market that took over 50 per cent of the province's timber business, according to Pattullo.<sup>114</sup> "In view of the agitation which has already taken place across the Border," he warned, "it is not unreasonable to suppose that a total prohibition of the export of logs might rapidly be an incentive to the imposition of an import duty on shingles and manufactured lumber by the United States."<sup>115</sup>

What also had to be feared was any move by the Dominion government to impose an embargo on raw log exports. And, in this regard, the provincial government faced a real dilemma. Annual exports from Crown-granted lands over which it had no control exceeded those from licenced land by two to four times from 1922 onwards.<sup>116</sup> Theoretically, the provincial government could have curtailed Crown grant exports by increasing the export tax but, for years, the constitutionality of that tax had been in question.<sup>117</sup> Any increase would likely provoke an industry challenge to the authority of the province to levy what amounted to an indirect tax in restraint of trade.<sup>118</sup> The result might be not only a substantial loss of revenue to the provincial treasury but, also, were the tax found to be ultra vires the province's

jurisdiction, the Dominion government, already under considerable pressure from Ontario's timber and financial interests to impose a complete embargo on pulpwood exports, might see fit to put a ban on all timber exports from Crown-granted lands in Canada.<sup>119</sup> In that event, the dreaded American retaliation against British Columbia shingles and lumber might result.

To prevent this outcome, the Forest Branch went out of its way to provide certification for log exporters from Crown-granted lands, such as Bloedel, Stewart and Welch, Ltd., in order that they might avoid the \$1.00 retaliatory log duty in effect under the 1922 Tariff Act. Upon request, Caverhill furnished a letter to that firm to present to the United States authorities in which he argued that the so-called export restriction was really only a subsidy to encourage manufacturers within the province. Awarding such a bonus, he maintained, had always been recognized as a "legitimate exercise of governmental power and without affecting reciprocal tariffs between two countries."<sup>120</sup> By providing this certification, the Chief Forester was actually facilitating the export of unmanufactured logs from the province. But failure to do so might have raised the whole question of the legality of the province's tax anew. Despite the best efforts of the Forest Branch to keep the issue of Crown grant exports away from public attention, both in the United States and in Canada, the increasing impact of these exports on the timber stands of southern Vancouver Island created a political storm in the provincial Assembly.

Toward the end of November, 1923, Cowichan's independent MLA, Kenneth Duncan, moved that the legislature express its wish to the Dominion government that a heavy export duty be imposed on all unmanufactured timber shipped outside Canada.<sup>121</sup> In reply, Pattullo argued that a Dominion embargo would not necessarily increase manufacturing capacity but could quite possibly lead to retaliatory action by the United States against the very sale

of manufactured products that everyone desired to promote. The Minister further reminded the House that the province did not yet have a corner on the world's timber supply. Far from being able to dictate to other countries the form in which it desired to sell its products, British Columbia had had to fight hard for the position it currently held in foreign markets. Rather than recommend such drastic action to the federal authorities, Pattullo proposed an amendment that the legislature request the Dominion government to broaden the terms of its proposed Royal Commission investigation into pulpwood supplies and exports to include consideration of all timber exports.<sup>122</sup>

The Colonist immediately accused the Minister of evading the issue of a manufacturing policy out of a fear of endangering the existing industry.<sup>123</sup> Thomas Menzies, independent MLA for Comox and, like fellow independents, Duncan and Burde, concerned about the loss of present and future jobs, noted that at the present rate of depletion by American timber interests, it would not be long before Vancouver Island was turned into a "howling wilderness."<sup>124</sup> After further attacks by Tory leader, W. J. Bowser, Pattullo assured the opposition that, since most of the timber in question was overmature, it should be cut as there was a demand for it. Whether, after cutting, logs were manufactured in Canada or the United States, the timber would still have disappeared. The answer was not to stop exporting logs, but to ensure that a healthy natural regeneration occurred.<sup>125</sup>

Pattullo's defence was weak on both points, however. For one thing, depletion would have taken place at a slower rate without export since not all milling capacity displaced by an embargo would have been transferred immediately within the province. Secondly, Pattullo's liquidation forest policy was based on an assumption that annual increment safely exceeded total annual cut plus loss due to fire and other destruction. That assumption, founded

on a narrow interpretation of rather conjectural totals provided by the 1918 Commission of Conservation Report, had recently come under heavy attack by forest engineers, Judson Clark and P. L. Lyford,<sup>126</sup> whose less optimistic estimates went largely unanswered by the government.<sup>127</sup> Furthermore, Pattullo's faith in the power of natural regeneration would soon be thrown into question by the results of experiments done by the Forest Branch of his own Department.<sup>128</sup> Nevertheless, after the defeat of an amendment by opposition leader Bowser that the provincial government pass legislation banning all exports as of 1 January, 1925, the legislature approved the Minister's amendment to refer the export matter to the Royal Commission on Pulpwood,<sup>129</sup> whose recommendations, handed down in July, 1924, supported the position taken by Pattullo and the loggers.

In general, throughout Canada the Commissioners saw the solution to dwindling pulp timber reserves, not in an export embargo, but in improved protection and management and the gradual implementation of sustained yield forestry.<sup>130</sup> More particularly regarding British Columbia's total timber reserve, using figures prepared by the provincial Forest Branch, the Commissioners reported a net increment after loss to fire, decay and waste slightly exceeded by annual cut. To this problem they saw two related solutions. Proper fire protection would increase substantially the amount of timber that could be used "without disturbing the wood capital." But, in addition, since the overmature trees dominating the coastal stands produced little or no annual increment, the faster these were cut down, the faster there would be a "material increase in increment." Thus, for the Commissioners as for Pattullo, the solution to forest depletion lay not in control of log exports, but in proper forest protection, liquidation of overmature forests, and natural regeneration.<sup>131</sup> In eastern Canada, a reduction in the export

of spruce and balsam through export restrictions was deemed to be a possible complement to other forestry measures. But the Commissioners made it explicit that such restrictions should not be construed to apply to British Columbia where there was some concern as to the effect of Dominion legislation on the lumber and shingle industries. The export of cedar, fir and hemlock logs was in no way to be affected by any Dominion restrictions on spruce and balsam pulpwood for fear of possible American retaliation.<sup>132</sup>

Needless to say, these recommendations did nothing to satisfy the Conservative opposition, nor to put to rest what was escalating into a major political controversy. During the 1924 election campaign, the Tories had used the log export issue to good advantage, particularly on Vancouver Island where it was accepted by both parties to have been at least partly responsible for the Liberals' loss of three seats.<sup>133</sup> The Royal Commission's reassuring conclusions notwithstanding, the attack against log exports was renewed during the 1925 legislative session, both in the press and in the Assembly.<sup>134</sup> The government's problems were compounded that year, as well, by the worst fire season in the history of the Forest Branch. Over 700,000 acres of timber burned, at a loss of \$2 million, and the following year was not much better.<sup>135</sup>

Despite Pattullo's continued assurances that there was sufficient mature timber to supply the province's present population for 500 years,<sup>136</sup> during this final term of Liberal administration, forest conservation was to become an increasingly important issue, and one to which the government and the Forest Branch gradually were forced to respond through changes in timber allocation and forest reserve policy. But, if the government was prepared to accept some responsibility for the perpetuation of the timber resource and the future of the industry dependent on it, it was not ready to force the loggers to shoulder their share of that responsibility to the possible detriment

of their immediate prosperity and the present economic well-being of the province. An untempered assault on the already alienated timber resource would continue unabated while the foresters prepared the way for the next wave of forest exploitation under a more regulated and controlled sustained yield system.

Beginning in 1901, the provincial government began imposing, somewhat haphazardly, a series of measures designed to promote the maximum manufacture of timber within British Columbia. These various laws were consolidated in the 1906 Timber Manufacturing Act, and reinforced by the Forest Act of 1912. But the Conservatives' timber allocation policy had facilitated overcapitalization of licenced timberlands, putting tremendous pressure on a rather limited log market. Despite the best intentions of the government and the new Forest Branch, the collapse of the western Canadian boom and the start of war in Europe undermined all attempts to hold the lid on log exports. In the interests of sustaining a slumping provincial economy, the embargo was lifted to relieve what was perceived to be a temporary glut. But the export privilege only encouraged further capitalization within the logging industry to take advantage of an enlarged market. Before long, what had begun as an emergency war measure became institutionalized as a necessary part of the provincial economy and of government timber policy.

The expanded lumber trade during the last years of the war, however, enabled local mills to absorb a greater portion of the cut. To the new Liberal government, decreased log exports were an indication that the export privilege could be maintained as a safety valve without endangering either the development of local industry or the provincial forest resource. But continued investment in the logging industry, coupled with fluctuating lumber markets and unstable prices throughout the 1920's, created an increasing incentive to

export "surplus" logs. This tendency was reinforced by the opening of the post-war Japanese market for cedar and hemlock. Although the existence of the Export Advisory Committee provided a veneer of regulatory control, the government's commitment to log exports as only an incidental adjunct to the main logging operations became increasingly meaningless. Department officials were soon convinced that the physical and economic difficulties of logging mixed British Columbia timber stands for an underdeveloped milling industry, warranted modification of a policy of maximum domestic manufacture. The looming fear of American tariff retaliation and inability to control operations on Crown-granted timberland further undermined the safety valve theory. Gradually, the log export policy of the Lands Department turned from concern with encouraging industrial development and perpetuating the forest resource to a preoccupation with the competitiveness and prosperity of the existing industry. Only by ensuring a successful forest economy today would it be possible to develop a more sophisticated and conservationist industry in the future. If that meant rapid liquidation of standing timber, there would be no great loss, according to Pattullo, since over-ripe trees were really an impediment to a more substantial annual increment. Natural regeneration and proper forest protection were expected to compensate for temporary damage incurred by primitive and wasteful clear-cut logging.

Moreover, British Columbia, in its formative period of development, could not, the Minister believed, be too selective about the form in which it marketed its natural resources. Forest policy could move only as fast as material conditions would permit. That philosophy may have been based on a rational consideration of economic reality. But the increasingly rapid and visible depletion of forest stands most accessible to centres of population, coupled with unsteady economic growth, left the Liberals' laissez-faire log



export policy open to attack. Furthermore, the obvious failure of the Forest Service to control fire loss, on top of growing skepticism about the Department's reforestation policy tended to raise serious doubts about the government's commitment to liquidation forestry. An annual increment that H. R. MacMillan, in 1912, had put at five times annual cut, had suddenly turned into a net annual depletion. But, just as this reversal did little to cause the government to alter policy as it pertained to the existing industry, similarly, it had a negligible impact on allocation and administration of the remaining Crown timber reserves.

## Chapter 6

ALLOCATION OF CROWN TIMBER: SUSTAINED  
SUPPLY WITHOUT SUSTAINED YIELD

Just as the manufacturing condition was modified according to the exigencies of economic development, so was the timber allocation system, established in 1912, gradually transformed to meet the needs and capabilities of operating lumbermen. The government intended to maintain a general reserve on Crown timber. Allocation in the foreseeable future was supposed only to supplement existing holdings and supply the needs of small, local operators and the fledgling pulp and paper industry. No further alienation for speculative holding would be tolerated. All timber sales were to be on a competitive basis, at market prices and subject to stringent operating regulations and supervision.

As in other cases, the Lands Department was long on theory and short on practice. Administration of timber sale policy was modified to suit economic conditions and requirements of operating loggers. While wholesale speculation in timber sale licences did not occur, there were, nevertheless, serious modifications made to the policy of allocation for immediate use. Particularly in the pulp and paper industry, timber allocation policy was moulded to suit the needs of large-scale industrial development. By the mid-1920's, what had been intended as a competitive and highly regulated system of incidental timber allocation was evolving into a de facto quota system designed to fill the timber supply needs of the dominant firms in various sections of the province, without any serious attempt at advanced silvicultural management.

While the timber supply side of a sustained yield policy was being developed on an ad hoc basis, the forestry side was relegated to the test stations, forest reserves and nurseries of the Forest Branch. Only in 1928 was an experimental merging of these two aspects of sustained yield forestry attempted. At the same time, a full-scale reinvestigation of the province's forest resources was begun which would ultimately lay the groundwork for a total revamping of timber tenure policy after the Second World War. However, as the country headed toward economic depression in the late 1920's, this restructuring was still two decades away. Despite the theoretical proclivities of the Forest Branch, rapid industrial development based on forest liquidation was still the order of the day in timber allocation as in all other aspects of forest policy in British Columbia.

Previous to 1912, Crown timber had been allocated by licence without any formal silvicultural requirements. As long as limits were surveyed, ground rent and forest protection tax submitted annually, and royalty paid upon cutting, a logger was free to do almost whatever he liked with his timber, whenever it pleased him. In 1910, the Fulton Commission recommended that specific cutting regulations be imposed upon all Crown timberland operations to end waste and help prevent fire.<sup>1</sup> The government did not, however, implement these suggestions. Clearly, there had been enough difficulty over the issue of stability of licenced tenure to deter the government from undertaking any new radical intervention.

But the Commissioners' proposed system of timber sales from Crown reserves did become an important part of the new Forest Act. While the Commissioners saw no need for a complete revocation of the 1907 timber reserve, they did foresee certain circumstances which might call for regulated allocation of portions of that reserve: to break any future timber monopoly, to meet the needs of a rapidly expanding mill industry, or to supply lumber

for local requirements. In addition, they advised the sale of all small fractional areas adjoining existing limits which would otherwise go unutilized.<sup>2</sup>

As finally enacted, the provisions for disposition and holding of Crown timber followed closely the recommendations of the Fulton Commission. An applicant, having surveyed and cruised a desired tract, could apply to the Department for a special sale licence. For three months, the government would advertise the sale, stipulating time allowed for timber removal. Sealed bids were to be tendered, over and above an established upset price, accompanied by a 10 percent deposit. The successful bidder would be required to pay, in addition to stumpage price, yearly rental at normal licence rates, and royalty on timber cut each year.<sup>3</sup> Furthermore, each sale contract contained regulations specifying size and species to be cut, and to what height and diameter. Slash disposal procedures suitable to region and forest type were also to be followed under Forest Branch supervision.<sup>4</sup> The Department intended timber sales to be inspected monthly to ensure adherence to all regulations, and reports were to be submitted to Victoria with a detailed evaluation of each operation.<sup>5</sup>

From the outset, the Forest Branch considered timber sales, in part, as a method to make logging more efficient by permitting the cutting, with any major operation, of fractional areas contained in the same logging unit.<sup>6</sup> While this policy was justified in the name of good forestry, it did tend to undermine the principle of competitive bidding since no other operator than the one already in place was likely to be interested in such areas. But, in addition, the Forest Branch, contrary to Royal Commission recommendations, began, in its first year, a policy of preparing large tracts of Crown timber for sale, in advance of the application. Working under the supposition that his first duty was to bring annual cut up to the level of annual increment,

H. R. MacMillan encouraged the sale, especially of overmature timber, so long as stumpage value was not sacrificed.<sup>7</sup>

Under the impact of depression and war, timber sale policy was not modified significantly. Rather, in view of slumping markets, extensions were given on most contracts to allow the orderly cutting of logs without financial loss.<sup>8</sup> To facilitate the allocation of timber to small operators, particularly in remote locations, district foresters were given the power to make sales of less than \$500 in value without advertisement or authorization from headquarters.<sup>9</sup> Furthermore, on sales under \$2,000, initial rental payments could be deferred up to 60 days, or until the first cut of logs was sold.<sup>10</sup>

The value of a general policy designed to facilitate the continued alienation of Crown timber, particularly during depressed conditions, was soon brought into question by members of the Forest Branch. In July, 1916, Vancouver District Forester, G. D. McKay, stated his emphatic opposition to the preparation of timber limits in advance of demand. By forcing timber on the market, he claimed, stumpage value was being sacrificed, and prevailing low lumber prices were not conducive to the clean logging that was a condition of most contracts.<sup>11</sup> Soon after, the Forest Branch, now under the direction of M. A. Grainger, adopted a policy that, in future, no individual logging units were to be advertised prior to application, and timber sales, in most instances, were to be limited to fractional areas which would be left unutilized if not logged with the current operation.<sup>12</sup> With an improvement in lumber markets in late 1916 and 1917, and a change in provincial government, a more dramatic re-assessment of timber sale policy soon followed.

On the advice of Chief Forester Grainger, the new Liberal Minister of Lands, T. D. Pattullo, ended the system of deferred sales, which had been too easily abused, and had caused more administrative trouble than it was

worth.<sup>13</sup> In addition, the granting of extensions, originally an emergency war measure, had quickly come to be expected as a normal part of timber sale operations. The object of specifying a time limit for cutting, to prevent speculative holding of timber for appreciation in value, was being undermined. Extensions had perhaps been justifiable in 1914 and 1915, but many sales had continued into 1917 with no cutting taking place. Several of these were held by large operators like Bloedel, Stewart and Welch, who had carried one such sale for four years without operation. Grainger recommended cancellation of the contract and resale at present value, to enable the Crown to capture the increment in stumpage. As he explained to the Minister, "To allow a purchase to drag on year after year without operating would convert sales into speculative holdings like the licence staking of 1905-6-7 and would prevent the Government from obtaining any increases that might take place in the value of the timber... ." <sup>14</sup>

Grainger also notified all district foresters to be more diligent in the administration of small district sales. These had been intended for special emergency cases only, but were now being allotted on a regular basis for no justifiable reason.<sup>15</sup> Furthermore, the Chief Forester was upset that district sales had come to be termed "private sales" in Forest Branch correspondence. Timber was being offered under the district system quite liberally, without advertising or competition. As a result, Grainger discovered, several cases had occurred in which a single large logging unit had been broken up and sold as numerous small parcels to the same party, "thus giving him a monopoly of the area, without allowing of competition and possibly shutting out other intending operators." In other cases, large operators had, by means of one small, strategically placed sale, secured a key position over an extensive body of timber, thereby gaining an unfair advantage over future competitors.

In August, 1917, Grainger sent a scathing circular to his district foresters calling into question their general integrity and warning that open competition had to be maintained as the very basis of "efficient government business."<sup>16</sup>

Despite these efforts of Grainger to reform Forest Branch procedures, administrative problems persisted under Liberal government. Although the average timber sale remained under 200 acres in most years, total sales increased steadily from 255 in 1917, to 671 in 1922, reaching a high of 1,033 in 1928.<sup>17</sup> The Forest Branch continued to force timber on the market, sacrificing stumpage value in the process.

In 1921, P. Z. Caverhill became embroiled in a sharp controversy with his Prince George District Forester, P. S. Bonney, over the price at which the latter was making district sales. There was a natural tendency for some district foresters, such as Bonney, more attuned to local conditions in remote areas, and more sympathetic to operators with whom they were in close contact, to neglect sometimes the over-arching forestry concerns of headquarters.<sup>18</sup> Both Caverhill and Vancouver District Forester, L. R. Andrews, deplored the sacrificing of stumpage value for the sake of making sales and keeping local operators working. But Caverhill would not go as far as Andrews, who recommended, in June 1923, the complete cessation of all sales until proper value could be attained. Such a policy, according to the Chief Forester, would only injure the small operator, while the larger, well-supplied lumberman could continue indefinitely on the basis of his present holdings.<sup>19</sup>

At the opposite extreme from Bonney, some of Caverhill's assistant foresters advocated restricting sales only to larger, well-capitalized operators. The bigger the logging unit sold, R. C. St. Clair notified district foresters, the lower the operating and overhead costs per board foot, and the higher the stumpage price chargeable by the government. Efficiency seemed to dictate moving away from small sales, despite Caverhill's reservations.<sup>20</sup> And

indeed, considerable pressure came frequently from the Timber Industries Council and large licence holders such as C. S. Battle, for the Forest Branch to stop sales to small operators of timber adjacent to existing larger holdings. In 1922, the Forest Branch agreed to notify Battle of any areas contiguous to his limits that were up for sale. After that date, Battle filed a protest against every such timber sale and handlogger licence issued.<sup>21</sup> Although the Department apparently did not accommodate Battle's wish to have all adjacent timber reserved for him, its action in other instances, most notably in the allocation of pulpwood (to be discussed later) indicates a tendency toward a policy of sustained supply for existing operators.

Such a policy was evident in the administration of saw timber sales as well. For example, in 1919, the Lands Department was caught rather "flat-footed" when the highest bid for a sale at Hutton in the northern interior, came not from the original applicant and major operator in the area, the United Grain Growers (UGG), but from a local accountant, Mr. Boyt. The Department nevertheless informed Boyt that his bid had been rejected because he was suspected of being a speculator, having no previous record of running a logging operation. Unfortunately, the UGG, expecting to be awarded the sale, had begun cutting in advance of the deadline for tenders.<sup>22</sup> As Deputy Minister, G. R. Naden informed Oliver, "In this case the obvious purchasers were the United Grain Growers and no competition was expected." But, upon appeal from Boyt, because of the obvious trespass, the Department had no choice but to disqualify the UGG tender as well. However, the sale was still not awarded to Boyt. Instead, he was told to apply for another sale which would enable him to start in the lumbering business "without intruding in the neighbourhood of any existing concern."<sup>23</sup> It appears, then, that Boyt had been unsuccessful in the original competition, not primarily because he might have been a speculator, but because the Department wanted to reserve



the timber in question for the dominant operation in the region. That Boyt was refused the sale, even upon appeal, indicates that the government still intended to allocate the timber to UGG, despite the trespass, once the controversy had abated.

In either event, whether timber was being sold by district foresters at less than market value to aid struggling operators, or being allotted, without real competition, to dominant regional enterprises, the problem of obtaining proper value for Crown timber remained. And it was compounded by a tendency to allow timber sales to carry on long past the required period for completion of the contract.

Despite the Department's alleged concern for the possibility of speculation creeping into the timber sale system, unstable markets during the 1920's resulted in a reinstatement of the policy of contract extensions discontinued in 1917. In that year, a system of resales had been inaugurated, permitting the original holder to rebid for his remaining timber under a new contract, supposedly at a revised upset price. But, in 1922, when he realized that most resales went to the original holder anyway, Caverhill decided it would be more efficient to re-establish a system of one year extensions.<sup>24</sup> Eventually, operators began pushing for longer extensions. Caverhill thus revised procedures once again, in January 1927, allowing resales in cases where a one-year extension was not sufficient, though only in very exceptional circumstances were resales to be permitted once a one-year extension had already been granted.<sup>25</sup> Just over a year later, however, Caverhill handed down a new policy allowing a resale after an extension in the event of adverse economic conditions. But he assured his district foresters that the public interest would be safeguarded by advertising where competition was thought likely. "You may think," he wrote them, "that this is departing from our policy of making sales for

immediate cutting. Perhaps it is a slight departure, but we feel inclined to be more lenient until some abuse arises." He believed few operators would be likely to hold a licence for speculative purposes through a series of extensions and resales when the Department had the privilege of readjusting stumpage prices, and the public had the opportunity of bidding in on the sales.<sup>26</sup>

Despite Caverhill's assurances, there were strong reasons to doubt that this policy would protect the public's interest. For one thing, there was no guarantee that the highest bidder would, in fact, get the contract, since the Department tended to favour existing operations. Nor, with district foresters so sympathetic to operators' claims of high operating and transportation costs, were stumpage prices likely to be revised sharply upwards. Even less reassuring was the fact that, as Caverhill informed his district foresters in December, 1924, the average timber sale cruise, to determine the amount of board feet on a limit, was 30 to 40 percent too low.<sup>27</sup> And, moreover, timber sale licences which, at the outset, were to be operated only by the original licensee, had by 1923 been made transferrable.<sup>28</sup>

It was thus quite clear that, as it was administered both under the Conservatives until 1916, and throughout the 1920's under the Liberals, the timber sale system did not guarantee an end to speculative holding, nor did it function on the principle of free and open bidding in order to prevent monopolization, nor did it assure to the government a proper price for its stumpage. But, even more significantly, the Forest Branch failed to enforce anything but the most rudimentary silvicultural practices.

Part of the reason Vancouver District Forester L. R. Andrews believed the Department should slow down its alienation of Crown timber was that, even in 1923, the Forest Branch was unable "to enforce our contracts or to give them any but the most cursory supervision." He also complained that almost none

of the revenue from timber sales was reinvested to ensure future crops, and that with existing staff it was physically impossible to carry out "even elementary brush disposal improvements."<sup>29</sup>

Andrews' concern about the lack of forestry being practised was reiterated in 1925 by his successor, C. S. Cowan, who complained that slash disposal on timber sale limits was carried out with only the narrow view of fire prevention in mind. He recommended the hiring of several junior foresters, or experts in silviculture, to work with men experienced in fire prevention, to ensure that methods of disposal used were appropriate both to combatting fire and securing a rapid second growth.<sup>30</sup> Cowan was supported in his opinion by forester E. C. Manning, who also felt that "after several years (sic) study of various factors influencing the establishment of reproduction on our cut over areas on the coast and the effect of burns on the rate of establishment... we should attempt to make practical use of this knowledge."<sup>31</sup>

Manning's comment points to a more general problem in forest administration after the formation of the Forest Branch. The expertise and technical knowledge of its foresters tended to run far ahead of the willingness or ability of the government to apply these qualities to the actual day-to-day administration of the forests. A system of timber perpetuation was never imposed upon either pre-1912 timber licences or timber sale contracts. Despite the concern of individual foresters, the working out of a sustained yield system was still considered largely a theoretical endeavour for possible future application. Lands Minister Pattullo, though he had "the intelligence and the interest" when it came to forestry matters, was, according to one of his district foresters, as much "a victim of financial expediency" as anyone else in his position.<sup>32</sup> Appreciating as he did the need for more money to be spent on forestry, Pattullo made it clear to the Premier that it was impossible in British Columbia to follow the example of Ontario's government which intended, in 1921, to

devote all timber revenue to the perpetuation of the lumber industry.<sup>33</sup> Efficient slash disposal and artificial planting would cost, according to the Minister, over \$3 million a year. In Europe, where Pattullo had investigated more advanced forestry systems personally, such charges were offset by receipts from thinning out small material for which, in North America, there was no market.<sup>34</sup> The Minister deplored the current wasteful and destructive logging methods, but justified them in terms of economic constraints on operators in competition with American lumbermen.<sup>35</sup> Regulation of logging would require international cooperation, and any general Pacific coast effort was dependent on a level of economic development that lay far in the future.<sup>36</sup>

The important silvicultural work that was accomplished during this period was the special, and largely theoretical preserve of government foresters, conducted far from the scene of present operations. It was designed largely to ensure that the next wave of timber allocation was carried out in a more scientific and controlled manner than the previous one. Once timberholders had depleted their existing holdings under the current system of "cut and run," the forest industry would start to become more dependent on Crown reserves.<sup>37</sup> It was thus necessary to put these reserves, particularly the timber on important provincial watersheds, on some form of managed forestry programme. In 1922 and 1923, five reserves totalling 1.5 million acres were established in the Okanagan to protect timberland vital for irrigation purposes.<sup>38</sup> In 1924 and 1925, more reserves were proclaimed on the coast and in the interior, covering 2.5 million acres.<sup>39</sup> One of these was the Aleza Lake forest station where experimental sustained yield forestry was practised by government foresters in anticipation of extensive industrial development taking place in the spruce forests of the Upper Fraser River and throughout central British Columbia.<sup>40</sup> By 1927, sixteen provincial forests had been established, totalling over 5.8 million acres, in almost every timbered section

of the province south of 55° north latitude. The goal of the Forest Branch was to reserve one million acres per year to a total of 25 million acres by 1950.<sup>41</sup>

Under pressure from the industry members on the Forest Protection Committee to reinvest more forest capital on the protection and perpetuation of the resource, the government, in 1925, finally established a forest reserve account equal to three percent of annual receipts from royalty and stumpage fees. This fund was to be used for surveys, timber classification, growth studies and forest protection improvements on Crown timber reserves.<sup>42</sup> At the same time, regulations were introduced providing the Minister with power to establish the maximum allowable cut in all provincial forest reserves in line with annual increment. All timber sales in these areas were to be made according to prescribed utilization standards, logging methods and forest protection practices conducive to natural reproduction.<sup>43</sup> In the spring of 1928, the first tentative application of the sustained yield principle to the private logging sector took place, with a timber sale to Penticton Sawmills Ltd., in the Little White Mountain Forest Reserve. Surveys had revealed that a maximum cut of three million feet could be sustained without depreciating the stand. The sale was for 50 million feet to be cut over a 25-year period at two million feet annually. Provision was made for careful fire protection and reforestation measures, both of particular significance on this important Okanagan watershed.<sup>44</sup>

Despite these enlightened efforts toward ensuring a perpetual timber supply for future industrial development, increasing public and political attacks over the related issues of forest fire protection, log exports, excessive timber allocation and forest depletion, forced the government, in 1928, to conduct a special investigation of the province's timber resources through its standing committee on forestry. At the same time, the Forest Branch began its first comprehensive timber survey of the entire province which, when

finished, was supposed to allow the government to take steps toward limiting the total yearly provincial cut to an amount equal to annual reproduction.<sup>45</sup> This survey, completed in 1935 and published in 1937,<sup>46</sup> eventually formed the foundation upon which a sustained yield system was instituted in the late 1940's.

But from the point of view of the 1920's, such extensive changes in forest policy were far in the future. As the Liberals moved falteringly toward timber allocation based on sustaining the timber supply of existing operators, as well as providing for the legitimate needs of new entrants to the industry, very little was actually done in the way of imposing a sustained yield policy upon timberland previously, or currently, being alienated. The most remarkable example of this one-sided forest policy was the allocation of timber to the pulp and paper industry.

The early allocation of pulp timber, as in the case of saw timber, was accompanied by very little regulation or control. Under the 1901 Land Act amendment, pulp leases were made available at an annual rent of two cents per acre, renewable for 21-year periods. Royalty was to be charged at 25 cents per cord, or 35 cents per thousand feet. The appurtenant mill had to be constructed within a time specified by the Chief Commissioner of Lands and Works. When completed, it was to produce daily, for six months per year, either one ton of pulp or one-half ton of paper per square mile.<sup>47</sup> However, neither of these last provisions was enforced. After the new McBride government repealed the pulp amendment in 1903, the pulp and paper industry was characterized by recurring financial difficulties necessitating continual extensions for both construction and operation of required mills.

Ultimately, four leases covering 354,000 acres, were allotted from among the timber reserved under the amendment.<sup>48</sup> But many of the early promotions were clearly speculative.<sup>49</sup> It took anywhere from 8 to 15 years, depending

on the particular lease, before mills actually began producing. At the same time, the government had no real idea of the timber supply needs of the industry. Neither did Lands and Works officials have independent data on timber species and quantities contained in the leases. In effect, they had to rely on the information and judgement of the companies involved. Being in such a position left both the government and the pulp firms open to attacks like the one launched by J. S. Emerson, president of the BCLA, against the Western Canada Pulp and Paper Company. Emerson, operating a thriving log export business through a loophole in the Lands Act, happened to have several hundred handloggers working under contract on the same timberland included in the company's pulp lease.<sup>50</sup> But Emerson's self-interest aside, the BCLA had a legitimate concern that a significant proportion of the timber allotted was more suitable for shingle or lumber manufacture than for pulp.

Upon receiving the loggers' request for an investigation of the lease, Chief Commissioner of Lands and Works, R. F. Green, replied only that he was certain that the firm in question had been organized chiefly for the manufacture of pulp and paper. Timber areas reserved "were carefully selected on account of their supply of spruce" on the basis of cruises carried out at great expense to the applicants. It was obvious, Green continued, that nowhere in the province could areas of timber be located containing only pulpwood. The 1901 law accounted for this condition by providing that all timber cut under pulp leases and used as saw timber, would be subject to saw timber licence charges.<sup>51</sup>

While Green was technically correct, his defence had little practical meaning. Not for years afterward was the government's forestry bureaucracy efficient enough to enforce charges according to use. Nor was it beyond question that use, rather than the intrinsic value of timber, was the most

suitable method of assessing fees. And, lastly, the 1901 provisions provided no direction as to the most efficient and beneficial utilization of timber that was suitable both for pulp and paper, and saw products.

In short, previous to 1912, an effective pulp timber policy was virtually non-existent, the main concern of the government being rapid development of a large-scale pulp and paper industry with as little administrative interference as possible. That was, indeed, the conclusion of the Fulton Commission, whose report expressed great alarm at the emphasis in the prospectuses of some of the proposed pulp companies on the greater profitability of their sawmill operations.<sup>52</sup> In their final report, the Commissioners made no specific recommendations for further allocation of pulp timber, but neither did they advise against it.

In drafting the subsequent Forest Act, the government seemed to take heed of the Commission's strong condemnation of previous pulp timber policy. In the case of any future sales of Crown pulpwood, a \$50,000 bond was to be posted, guaranteeing completion of a mill valued at not less than \$350,000, within three years of the sale. Timber allocated to any mill was not to exceed a 30-year supply, and was to be cut according to specific silvicultural requirements contained in each contract. Rentals and royalties remained the same as those on old pulp leases. But, apparently, quality of timber rather than use was to govern whether saw or pulp rates were charged.<sup>53</sup> This issue was confused, however, by a provision in the royalty section of the Forest Act stipulating that all timber suitable for manufacture of pulp would bear the lower rate.<sup>54</sup> Charges on timber that could be used for either lumber or pulp thus remained ambiguous.

Pulpwood administration during the final four years of Conservative rule was characterized by a laxity similar to that which marked saw timber sale policy during that period. For example, when the 1914 Timber Royalty



Act was passed, holders of old pulp leases were given the opportunity to renew their leases for an additional 30 years at fixed royalty and rental rates.<sup>55</sup> Thus, hundreds of thousands of acres of timber, obtained at no initial stumpage cost, were to be held at an insignificantly low fixed annual rate for 30 years without any chance of the government obtaining a portion of stumpage increment.

But despite such generous incentives, only one of the four original pulp leases, that at Powell Lake, actually spawned a successfully operating company before the Tories left office. A joint American-British venture at Ocean Falls went into receivership during the crash of 1913, to be resurrected only in 1917 as Pacific Mills, a Canadian subsidiary of Crown Willamette. The other two leases, at Swanson Bay and Quatsino Sound, passed through various hands before becoming part of the Whalen brothers' short-lived British Columbia pulp and paper empire in 1917. Also included in their 1917 takeover was the British Columbia Sulphite Fibre Company at Mill Creek (Woodfibre), established on Howe Sound in 1912.<sup>56</sup>

The latter company, without access to any old pulp lease timber, had been the first to take advantage of the pulp sale provisions of the Forest Act. The eight pulp sales it applied for in 1912 and 1913, though drawn up by the Conservatives, were not completed until after the war and the Whalen takeover. They covered 14,134 acres, and all but one were for 30 years. Stumpage price was fixed for the first 10 years, but was to be revised every five years thereafter in accordance with changes in the timber royalty schedule.<sup>57</sup> While these terms were an improvement, from the government's standpoint, over those in previous leases, prices assessed were considerably below market value.<sup>58</sup> And, moreover, royalty was to be charged according to use, not value.<sup>59</sup>

Upon taking office in 1916, the Liberals made a careful re-assessment of existing pulp policy. Pattullo decided that, as in the case of timber sales, British Columbia need not force pulp timber on the market by preparing limits for sale in advance of application. According to the Minister, the early pulp-wood concessions had "led more directly to promotion activities than to industrial development." It would take, believed Pattullo, "solid commercial reasons" rather than "the further sacrifice of Crown interests in pulp timber" to develop a full-scale pulp and paper industry in the province.<sup>60</sup>

Chief Forester Grainger briefed the new Minister on the conflicting clauses in the Forest Act concerning royalty on timber suitable for both saw and pulp purposes. The Forest Branch had given serious consideration to this matter after the sales to British Columbia Sulphite, and had reached the conclusion that there was no legislative authority exempting material suitable for lumber from ordinary royalty charges simply because it was also suitable for pulp. But, in order to clarify the point, Grainger recommended the new government pass an amendment establishing royalty according to value rather than use. Several pulp concerns had argued that lower rates were warranted, particularly in the north, where companies like Pacific Mills, at Ocean Falls, were using timber that had no present value as sawmill material and would not have until the area had been further developed. Nevertheless, Grainger advised that northern timber was an important part of a public asset upon which provincial revenue would always depend, and should, therefore, not be "forced upon the market prematurely or too cheap (sic)." Like Pattullo, he believed that genuine pulp development depended more on "powerful commercial reasons" than on stumpage concessions.<sup>61</sup>

Thus, judging from the attitudes of the new Lands Minister and his Chief Forester, it appeared that the change in provincial administrations would bring about a tightening up of timber allocation policy as it pertained

to the development of the pulp and paper industry. However, a significant departure from previous departmental practices did not, in fact, materialize.

Shortly after establishing a policy that timber would not be prepared for sale in advance of demand, Pattullo succumbed to protests from various lumbermen and promoters that under a competitive bidding system it was unfair for the original applicant to have to bear the initial survey and cruising costs. Such added risk only discouraged investment.<sup>62</sup> Pattullo, who himself was not terribly enamoured of the competitive system,<sup>63</sup> saw the point and, soon after, in April 1918, put through an amendment providing for the reimbursement of all such expenses in the event that the original applicant subsequently lost in the bidding.<sup>64</sup>

The following year, a further amendment was passed providing for the exchange, by any pulp company whose existing holdings fell short of a 30-year supply, of a special timber licence for a pulp licence, should the Department deem the timber therein to be more valuable for pulp than for lumber.<sup>65</sup> Thus, a number of pulp firms that had been holding cheaper pulp lease timber for future use while operating from regular timber licences, could now continue to do so at reduced cost. Providing the Lands Department was able to assess royalties according to timber value rather than use, this measure appeared fair, both to the government and to the companies. As it turned out, under subsequent royalty legislation and lax supervision discussed below, conversion of licences really only bonused the pulp companies at the expense of the public.

These concessions were only minor, however, compared to those which followed over the succeeding eight years. Despite the intention of the government to restrict allocation, maintain a competitive system, and assure a fair return to the treasury, the economic and political importance of attracting large amounts of capital into northern pulp development quickly undermined

the best efforts of the Forest Branch.

In 1914, with the mill at Ocean Falls in receivership, Minister of Lands W. R. Ross, had agreed to allocate additional lumber in order to induce Crown Willamette, of San Francisco, to take over and expand the existing operation. Timber sufficient to bring the expanded mill's reserves up to a 30-year supply was to be granted at prevailing royalty and stumpage rates.<sup>66</sup> The only previous sales of pulp timber, to British Columbia Sulphite and Fibre Company, had been at stumpage prices ranging from 50¢ to \$1.00 per thousand for spruce, and 10¢ to 50¢ for hemlock.<sup>67</sup> In his letter of agreement to Ocean Falls' receiver, A. B. Martin, Ross failed to stipulate exact prices, though he later contended, in a personal letter to Martin in 1919, that the government had understood stumpage would be on terms as favourable as those granted to British Columbia Sulphite. But by 1919, his memory perhaps a little clouded, Ross somewhat downgraded these prices to a flat 10¢ and 15¢ per thousand for hemlock and spruce.<sup>68</sup> Pacific Mills was by that time negotiating with the Liberal government for fulfillment of the 1914 agreement. The company contended that, as it had doubled mill capacity, it was entitled to an additional two billion feet of timber over and above that contained in its original pulp lease. Moreover, it now claimed, using Ross's 1919 letter as evidence, that in negotiations with the previous administration, only the Whalen sales, appraised at 10¢ per thousand, were mentioned, and upon that figure the new financial backers had become involved.<sup>69</sup>

Unfortunately, Pacific Mills' demands went directly against the underlying principles of timber allocation policy established in 1912. The Forest Act required separate appraisal of individual sales, public advertising and formal tender procedures, and it limited total pulpwood holdings to a 30-year supply. Pacific Mills, on the other hand, wanted, without competitive bidding, and at a blanket sumpage price, a straight allocation of timber that would

have put its total holdings far above the 30-year maximum. Since such concessions required an alteration of existing statutes, the Liberals, though clearly hamstrung by the previous government's actions, were reluctant to act.

At the same time, pressure was also coming from the Whalen Pulp and Paper Company for additional timber on Moresby Island. Prince Rupert District Forester, E. C. Manning, estimated that the company had more than sufficient timber for its present operations and was "simply following a policy of trying to grab up all the vacant crown timber easily accessible to the water," being under "the illusion that priority of application gives them some claim to the timber." Manning advised the Chief Forester, in May 1920, that with two other prominent companies showing interest in the same timber, the Whalens were attempting to get as much as possible that summer so as to avoid competition the following year.<sup>70</sup>

It was quite clear, then, to the Lands Minister, that the pulp companies were chafing under the confines of existing legislation. Yet the government, as Caverhill pointed out, was still clearly committed, in its position as public trustee, to dispose of public assets in such a way as to realize maximum benefits to the Crown. At the same time, according to the new Chief Forester, the government was also responsible for the perpetuation and stabilization of the industry. But these goals were apparently not contradictory. Permanent industrial development would be achieved "not by forcing stumpage on the market at speculative prices," but by holding timber until private stumpage was being depleted or becoming excessive in price. At that point, reserves could be distributed, he advised the Minister, in order "to assist failing industries." Thus, to encourage and sustain industrial growth, Caverhill saw the need for a regulated system of pulpwood allocation, particularly in the

isolated and underdeveloped north coast, where timber species were most suitable for pulp production.<sup>71</sup>

Responding to the current active demand, as well as to the commitments made to Pacific Mills by the Conservatives, the Liberals, in March 1921, passed legislation instituting a pulp district system. This amendment gave the Minister power to declare any area a pulp district in order to "secure the establishment or the continuance in operation of a mill for the manufacture of wood-pulp or paper, and ... thereby aid in the development of any area of lands in the Province and in the conservation and perpetuation of the timber thereon... ." Timber within any such district, tributary to an established pulp mill or pulp licence, and forming part of the existing logging unit, could be reserved for that operation's use and was to be sold as required at current stumpage rates. But, within any such reservation, provision was to be made, also, for the needs of established local industries dependent on Crown timber.<sup>72</sup>

Under this legislation, then, Pulp District Number One was established, appurtenant to Pacific Mills, from which sales were to be made at 25¢ per thousand, up to a total of one billion feet, in order to ensure a continuous 30-year supply of raw material.<sup>73</sup> This action was somewhat of a compromise both ways. The company got only half the timber it wanted at more than twice the price. Yet the rate of 25¢ was substantially below even the present prices for hemlock, balsam and spruce, which averaged \$1.08, 98¢ and \$1.60 respectively in 1921.<sup>74</sup>

This first district operation was a rather special case, the original negotiations having been initiated by the previous government. The ultimate success of the pulp district legislation which seemed on the surface to be fair and reasonable, would depend greatly, however, upon the future working out, between the companies and the Minister, of just such details concerning stumpage and royalty. Moreover, there were no statutory provisions specifying

what silvicultural responsibilities were to be borne by the licencees in return for the privilege of guaranteed access to a sustained timber supply. Caverhill had recommended that all pulp licences contain requirements for conservative cutting and close utilization in order to leave the land in good condition for a future crop.<sup>75</sup> But the Forest Branch was woefully lax in its enforcement of such regulations, and the Minister, as noted above, was overly sympathetic to economic exigencies working against proper forestry. While, in the long run, the pulp district legislation would perhaps serve as the basis for a sophisticated sustained yield system in British Columbia, in the immediate future, its main effect was to give the Minister unmitigated authority to bonus the development of the pulp and paper industry in whatever way he saw fit.

At the same time that the pulp district policy was being devised, Pattullo had entered into negotiations with an eastern Canadian group of pulp and cement interests, operating under the name of the Fraser River Syndicate, who were attempting to launch a large-scale pulp and paper enterprise near Prince George. The Syndicate maintained that, to obtain financing, all timber allocated to it would have to be classified as pulpwood for royalty purposes. Only logs put through its auxiliary sawmill should pay normal royalties. In addition, it demanded that stumpage and royalty be fixed for 30 years.<sup>76</sup>

In answer to the Syndicate's contention that British Columbia spruce was not suitable for sawn lumber, Caverhill provided Pattullo with evidence from various foresters and operating lumbermen testifying to the superiority of mountain spruce over the eastern Canadian variety.<sup>77</sup> These opinions made little impact on the Minister, however, particularly against the weight of his Deputy Minister's strong plea for development. Naden called into question Caverhill's assertion that 68 percent of spruce in the area was sawmill material, believing the figure closer to 50 percent. Citing a number of recent mill failures as evidence that current Prince George stumpage prices were highly

unrealistic, he called for "a new stocktaking" to determine the viability of a straight sawmill business in the northern interior. The Syndicate had based its demands on the assumption that sawmilling alone was not a profitable venture there. Naden tended to agree. But to grant the Syndicate's demands, Naden noted, would be to admit that every timber licence holder and sawmill operator in the area had made a bad investment. Should that become the general belief, according to Naden, the Fraser River Syndicate would then be able to purchase most alienated timber at its own price. "It may as well be granted," he conceded to the Minister, "that, if the Syndicate erect their mill at Prince George, they will have a monopoly, as far as the Upper Fraser is concerned." But that prospect did not seem to disturb the Deputy Minister, who could think only of the advantage to the province, and the Prince George district in particular, in getting "such influential men into such a project of large capital expenditure.":

It would mean everything to the people living in Prince George, and to the pre-emptors and ranchers on either side of the Upper Fraser River. You know all this as well as I, and will appreciate the necessity of the Government doing everything in their (sic) power to try and get an industry of such magnitude established.<sup>78</sup>

Pattullo did indeed appreciate the significance of the proposed project and was prepared to do all he reasonably could to promote it. Despite his disgruntlement at the Syndicate's rude impatience with the Department's bureaucratic procedures, Pattullo, nevertheless, in November 1921, agreed to fix for 30 years the stumpage price established by the Forest Branch.<sup>79</sup> He did this, even though the price had been set artificially low for the start-up period, under the assumption that it would be increased once the mill was functioning.<sup>80</sup>

Since, under the pulp district amendment, stumpage price was to be set at the discretion of the Minister, a 30-year fixed rate required no



amendment. Fixing royalties for 30 years, however, as the Company wanted, would have meant a messy political battle and would have seriously affected the government's ability to defend the 1914 royalty schedule then under heated attack from all other sectors of the forest industry.<sup>81</sup> But the basis upon which royalties were to be assessed on pulp licences still had not been clarified in law, despite Grainger's recommendation to the Minister in 1917 that timber quality, not use, should be the determining factor.<sup>82</sup> Now, in order to attract much needed development to the Prince George area and the proposed route of the faltering Pacific Great Eastern Railway, Pattullo agreed to charge the Syndicate on the basis of use. In order to put the issue beyond dispute, the Minister introduced an amendment, in the second session of 1921, which defined pulpwood as any timber so designated by the government upon evidence that it was below the standard of utilization for sawmilling purposes in the district from which it was cut.<sup>83</sup>

According to the Forest Branch, most Prince George spruce, strictly speaking, was of sawmill calibre. But it was clearly Pattullo's intention, as he explained to the Syndicate, for this amendment to ensure that only timber put through the company's sawmill would pay saw timber rates.<sup>84</sup> Thus, as in 1905 with the Western Canada Pulp and Paper Company, it was up to the company rather than the government to determine standards of utilization.

However, not only did Pattullo use his power to create operating conditions satisfactory to the Syndicate. He also used the general authority of his pulp district legislation to hold in reserve a huge amount of timber covering much of the area around Prince George, while the Syndicate procrastinated. Although, according to Caverhill's estimate, the royalty reduction would save the company at least \$11,000 annually in operating costs,<sup>85</sup> the pulp men held out for a fixed royalty charge.<sup>86</sup> Pattullo remained firm, however, conceding only the possibility of a sliding royalty scale tied to stumpage value.<sup>87</sup> As the

negotiations dragged on into 1923, it became apparent that, as Grainger and Pattullo had both predicted much earlier, the development of a pulp and paper industry in British Columbia depended much less on government concessions than on financing and general commercial conditions. Pattullo tried to goad the Syndicate into action. "In case an agreement were arrived at with you," he informed one of the principals, "it had not been intended to advertise longer than the statutory allowance, which would mean no competition." But now, with negotiations stalled, the Minister threatened to advertise the pulp sale extensively throughout the United States and Great Britain.<sup>88</sup>

It was not long before the Prince George Lumber Manufacturers' Association sent a resolution to the Minister demanding that the government, in light of the breakdown of negotiations with the Fraser River Syndicate, set aside adequate reserves of commercially accessible timber for the lumber plants established in the region, and survey the balance for the development of pulp and paper operations.<sup>89</sup> In particular, the United Grain Growers' mill at Hutton was anxious to undertake certain extensions which were being held up pending the resolution of the pulp sale.<sup>90</sup>

But, despite the expressed local demand for access to new sources of saw timber, Pattullo kept the pulp reserve bottled up until 1928. The Syndicate continued to invent new areas of disagreement with government regulations in order to conceal the essentially insubstantial nature of its financing,<sup>91</sup> and the Minister continued to threaten to open the sale to general competition.<sup>92</sup> But though the government was prepared to bend over backward to meet the demands of the pulp syndicate, in the process inhibiting the growth of local industry in the region, Naden and Pattullo's dream of a Prince George pulp and paper empire failed to materialize before the Liberals fell from power in 1928. Similarly, in other areas of the province, the pulp industry was almost as slow to expand despite the full cooperation of the Lands Department in the

allocation of new timber supplies.

Pacific Mills having been the original catalyst for the institution of a pulp district system in 1921, made, over the succeeding six years, very few applications for timber within its reserve, apart from the conversion of  
18 special timber licences to pulp licences.<sup>93</sup> In the meantime, while the company postponed selection, it held a virtual monopoly over a vast area of Crown timber for which it paid nothing at all. Yet, in 1922, it had actually acquired 90 square miles of additional timber in a private deal on Graham Island.<sup>94</sup> By 1927, though, Pacific Mills reached the conclusion that it could not obtain the agreed upon one billion feet within Pulp District Number One, and so made representation to the Department for a large tract nearby, where an additional 300 million feet was available. This new unit, however, was tributary to the currently idle pulp mill at Swanson Bay, by then under the ownership of British Columbia Pulp and Paper Company.<sup>95</sup> That new Canadian company had reorganized all three Whalen mills in 1926. Though it was, at the time, operating only two of the mills, the Swanson Bay plant, which in fact was within 100 miles of Ocean Falls, was still a viable proposition provided it had a sufficient timber supply.<sup>96</sup> In addition, there was the possibility of a new pulp and paper development at Kitimat, which would also be dependent upon timber supplies within the same area. Nevertheless, when Pacific Mills persisted in its claim for additional timber, Pattullo finally agreed to create Pulp District Number Two, providing the company with 300 million feet. But this action was taken on the understanding that no more timber would be sought outside of the two districts, and that the company would immediately proceed to take up all the remaining desired timber in Pulp District Number One.<sup>97</sup>

However, Pacific Mills was evidently committed to a policy of quickly amassing as much timber as possible without regard to Departmental conditions,

in order to avoid future competition and higher prices. By 1929, Forest Branch estimates put its total inventory, including 500 million feet still unappropriated in District One, at 3.2 billion feet, equal to a 40 to 45-year supply. Over one-third of this reserve, or 1.2 billion feet, was still in the form of old pulp leases which had been held by the company for over 25 years. Yet, in that same year, the company, having decided that much of the timber in District Two was commercially inaccessible, began negotiations with the new Conservative Lands Minister, in direct violation of the agreement made with the previous administration, for an additional 100 million feet scattered widely outside the two pulp districts.<sup>98</sup>

Quite clearly, each one of Pattullo's concessions, apparently intended to provide Pacific Mills with the stability it supposedly required to continue, and perhaps expand its operation further, had only encouraged the company to seek more and more timber, regardless of its actual needs. The existence of a fairly sophisticated forestry bureaucracy under the leadership of a government that had assumed power in 1916 with the intention of preventing any further sacrifice of the Crown's interest in pulp timber,<sup>99</sup> had done very little to alter the pattern of pulp timber holding established at the turn of the century. In the early 1920's, Pattullo had become intent on using the assurance of a guaranteed supply of pulpwood on reasonable terms to attract new industrial development. But, in fact, the Liberal government presided over an increased allocation of timber with very little new industrial capacity to accompany it. Although the Whalen interests were very busy throughout the early 'twenties acquiring timber through regular timber sales,<sup>100</sup> their operations all failed in 1923 and 1924.<sup>101</sup> The only new development at Ocean Falls, after the Liberals attained power, was the construction, in 1927, of a small converting plant for the manufacture of wrapping paper and similar products.<sup>102</sup>

Actual pulp and paper production grew only minimally until 1926, when Powell River undertook a major expansion of capacity based upon an agreement with Pattullo for increased timber supplies.<sup>103</sup> That was the only successful instance of industrial development in the pulp and paper sector based directly upon timber allocation initiated by the Liberals. Unfortunately, it occurred in the midst of a general controversy over the government's "mismanagement" of the timber resource and, because of the way it was handled, resulted only in more criticism rather than plaudits.

The Powell River expansion, adding 200 tons to daily plant capacity, apparently did not warrant the creation of a separate pulp district. Indeed, such a coherent area of timber probably did not exist contiguous to the mill. At the outset of negotiations, in fact, Pattullo informed mill manager Norman Lang that, with 200 of 230 billion feet of standing timber on the coast already alienated, he was not too anxious to allocate further large blocks. Nevertheless, at the same time, Pattullo was trying to hold the price at which Powell River sold newsprint to local newspapers to the level of eastern Canadian prices. Lang was thus able to use newsprint price as leverage to acquire more timber. In addition, he threatened to shelve expansion plans if no additional timber was allotted. Pattullo, therefore, agreed to allow the company to locate whatever suitable timber it could on the Queen Charlotte Islands, for which it could then apply through the normal timber sale procedure.<sup>104</sup>

The government naturally intended the sale to go to Powell River and, so, upon application from the company, kept advertising to the legal minimum. Opposition members of the legislature immediately jumped on Pattullo demanding to know how, if Powell River spent the entire summer cruising the sale, anyone else could examine such inaccessible tracts in the dead of winter within the 60 days allowed for the tendering of bids.<sup>105</sup> In addition, it was charged that the stumpage price was improperly low.<sup>106</sup>

Pattullo, in reply, claimed that the sale had been advertised according to statutory provisions, while stumpage price was commensurate with high logging and transportation costs characteristic of such an inaccessible site. But these points were incidental to the crux of Pattullo's defence of this transaction, and of the government's overall pulp timber sale policy. Since coming to office, the Minister proudly boasted that his administration had succeeded in making timber allocation procedures more flexible and less risky in order to promote investment. "I believe," he plainly admitted in a public statement, "that the competitive feature has retarded the development of the industry in the Province." In the more highly industrialized eastern provinces, the competitive principle was, perhaps, no deterrent. British Columbia, at a more rudimentary level, according to Pattullo, could not afford such rigid adherence to it. Moreover, in the present case, the Minister was certain that no company could possibly have started a new pulp operation based on the area in question. Yet, the public interest was amply protected, he asserted, through assessment of stumpage price, royalty, taxes and rental fees, not to mention wages and other economic benefits.<sup>107</sup>

Pattullo's argument against a purely competitive system would have been more credible had the public interest in the value of timber been protected as ably as the Minister claimed. In reality, stumpage prices on pulp sales were tremendously undervalued to promote development. At the same time, royalties on pulp timber had remained unchanged since 1912, while saw timber royalty had increased three times since then. Yet, as Caverhill maintained, the pulp mills were using "virtually the same class of material" as were the sawmills.<sup>108</sup> However, only in 1927 was pulpwood royalty raised to 40¢ a cord, or 57¢ per thousand feet, on timber cut from all Crown land, excluding that covered by the original 1901 leases.<sup>109</sup> Royalty on these had been frozen in 1914 for 30 years. If the Chief Forester's assessment was correct, though, this

new rate continued to undervalue pulpwood. Furthermore, in 1926 the Forest Branch was still in the process of trying to collect overdue royalties on saw timber cut from pulp limits.<sup>110</sup> And, according to Caverhill, though saw timber had been cut continually on pulp leases and licences held by Powell River, Whalen Pulp and Paper, and Pacific Mills between 1914 and 1927, none of these companies had ever applied for a special timber licence to cover sawmill operations.<sup>111</sup>

It is apparent that part of the development strategy of the Liberal government, as it had been for the Tories, was not only guaranteed access to almost unlimited amounts of timber without fear of competition but, also, on terms that were unnecessarily conducive to the investment of capital. These terms, of course, excluded stringent enforcement of silvicultural practices. Although the government was apparently concerned to keep the pulp and paper industry perpetually supplied with raw material, it was not prepared to impose conditions on the holding of pulp timber that would, in any way, be a discouragement to development, and might, perhaps, compensate for the almost reckless manner in which it was allocated. There had been much progress since 1912 toward building up an effective forestry bureaucracy and establishing administrative procedures to protect the most important public asset in the province. But, by 1928, the government had still not moved significantly away from the liquidation forestry that had characterized a provincial timber policy dictated by the imperatives of rapid economic development since the turn of the century.

From 1912 onward, the allocation of Crown timber had been based upon a few fundamental principles. All unalienated Crown land best suited for the growth of timber was to remain in the possession of the Crown. The public was to be assured of a fair share of the value of any timber sold for private use. Speculative holding, which had characterized the previous decade, was

no longer to be encouraged. And as much as possible, government sales were to be used to prevent a monopolization of timber supplies by a few large companies. In fact, only the first of these four principles actually remained intact by the end of the Liberal reign in 1928.

Crown ownership of productive timberland had been an integral part of provincial policy since 1896. It was unthinkable for any government to recommence selling off this most important public asset. But the value of adherence to this fundamental principle really lay in how scrupulously the other important policy components were followed. That value, as we have already seen in previous chapters, was seriously eroded by failure of the government to apply its administrative authority to maximum benefit in the areas of forest protection, royalty assessment and log exports. And it was further undermined by the laxness with which timber allocation policy was implemented.

Neither in saw timber nor pulp timber sales was the public share in the present and future value of Crown forests properly protected through accurate appraisal and assessment of stumpage prices. It was further neglected through a gradual process of compromise with the principle of allocating saw timber sales for immediate operation only. And, in the case of pulp sales, where there was an obvious argument for allocation of timber on a more permanent basis, the public interest was again abused through the willingness of the government to allow large pulp companies to engross excessive amounts of timber to avoid future competition and higher prices. Had the government been more diligent in its assessment of stumpage prices and royalties, the erosion of the competitive system would, perhaps, have been more justifiable. But, clearly, there was little attempt made to recover the true value of timber allocated under pulp licence.

In many cases, particularly in the awarding of fractional timber sale areas to the nearest operating company, competition was considered an



unnecessary and costly formality. But, again, the readiness of district foresters to alter stumpage prices in accordance with the economic condition of individual operators meant that there was no safeguard at all to ensure that timber was allocated at its true value. And the increasing willingness of the Forest Branch to allow operators to hold timber under sale contracts until it suited them to cut, while it might have enabled certain marginal companies to stay afloat a little longer, also had the effect of undermining the important principle of allocation for immediate use. Once timber sale limits became transferrable, there appeared to be very little difference between the old special timber licence and the new timber sale licences. Indeed, the unfortunate logic of the situation seemed to dictate sale of Crown timber in large blocks to well-capitalized operators who could both pay a fair price, and afford to continue operating during downturns in the market.

During the period under study, large operators were certainly not favoured in the allocation of timber to the complete exclusion of smaller concerns. But there was certainly a tendency to protect the timber supply interests of the dominant firms in any given area, particularly in the pulp sector of the industry. The needs of smaller operators were still being met, especially those in the north who built up a thriving business during the 1920's cutting railroad ties. But, by 1925, it had become evident that the allocation of timber from Crown reserves had by no means served to offset the concentration of timberholdings in a few hands. According to Timber Industries Council estimates, by that date, 66 logging operators produced 88 percent of the total cut, while the remaining 12 percent of the cut was logged by 890 other concerns.<sup>112</sup> The total number of logging companies in operation indicates that access to either private or Crown timber was still relatively easy. This fact, nevertheless, had little effect on the pattern of consolidation which had emerged from the original staking spree of 1906-07.

Some foresters of the time had, however, come to see consolidation of timberholdings as the only way that enlightened silvicultural policy could ever be implemented. Thus, the concentration of the logging industry into fewer hands might have been justifiable had anything close to a sustained yield system been implemented with it. Certainly, various elements of a sustained yield system were present in the timber sale system itself, the pulp district policy and the various forest reserves and experimental stations established by the Forest Branch. But a general and persisting ignorance of the actual status of remaining timber supplies, combined with an overall laissez-faire policy of liquidation forestry intended to impede as little as possible the economic success of the existing industry, prevented the integration of these elements into a sophisticated system of forest management during the 1920's.

Clearly, then, by the end of the period under study, while the principle of Crown ownership of timber was firmly entrenched in the statutes of British Columbia, it was bereft of any real significance by the failure of the government or its forestry bureaucracy to implement rigorously and in a coherent manner the important subsidiary principles which might have given it meaning and substance. It was the sincere belief of the Lands Minister that the day would eventually come when a more sophisticated and scientific administration of Crown forests would be possible. But, according to Pattullo, that could only happen in its proper sequence. The first priority was industrial development. There was no point in enforcing policies which might only kill the very industry they were intended to regulate.

## Chapter 7

### CONCLUSION

With the Royal Commission of 1909-10, the passage of the Forest Act and creation of the Forest Branch in 1912, a new era was supposed to have dawned in British Columbia. The "epoch of reckless devastation" of the province's forests had ended, according to W. R. Ross. A scientific and farsighted timber administration was predicted under legislation that the Minister believed was "not only for ourselves and for the needs of this day and this generation, but also, and no less, for our children's children, and for all posterity--that we may hand down to them their vast heritage of forest wealth, unexhausted and unimpaired."<sup>1</sup>

In less than one generation the pattern of relations that developed between government and the forest industry seriously undermined Ross's noble vision. Ultimately, despite the rhetoric of 1910 and 1912, large-scale capitalist development of the forests was not compatible with conservationist goals and scientific resource management. The provincial state, as proprietor of the forest resource, deferred to the immediate needs of the business class in most areas of policy and administration. That is not to say that other alternatives were not present. There were quite definite areas of contention and conflict between lumbermen and forestry officials under both Conservative and Liberal regimes. However, the political and economic significance of the forest industry in British Columbia during these early years clearly circumscribed the degree of governmental autonomy. <sup>2</sup>In the end, Crown ownership failed to protect the people's present and future interest in the resource, as can be seen from a brief recapitulation of the condition of

forest policy and administration in each of the areas considered above.

The 1914 Royalty Act was devised by the most advanced forestry experts of the day and, on the surface appeared to recapture for the government some of the unearned increment that had previously been relinquished. Only unprecedented wartime inflation obscured the vacuity of a Conservative policy that provided the long-term fixed charges required by the forest capitalists, without really ensuring an equitable return to the Crown.

The subsequent revenue sharing formula worked out with the Liberals in 1923-24 indicated the extent to which the lumbermen were successful in generalizing their version of the so-called "timber partnership." The interests of the people of British Columbia, according to this scenario, would be served most favourably through policies that entailed the least regulatory and fiscal burden for the forest companies. The forest bureaucracy did prevent a total capitulation to the demands of the lumbermen. But in the final outcome, the provincial state, under a pragmatic, as well as politically and financially weakened Liberal administration, was unable to impose far-reaching principles of timber management on an industry of such clear economic significance to the province.

The same holds true for forest protection policy. There was an inherent contradiction in the industry's desire for long-term royalty concessions and its irresponsible, short-sighted stand on the issue of protecting the resource base upon which it depended. Even after the passage of the 1914 Royalty Act, which appeared to provide stability of tenure, lumbermen first became involved in the issue of forest protection administration only out of a fear that their tax dollars were being squandered on political appointments.

As it happened, they were right. The Tories were prepared to create the conditions necessary for large-scale industrial development, but not at the expense of their local party machinery.

After the Liberals came to power, the lumbermen found a government more in tune with the idea of civil service reform and elimination of patronage. But economic difficulties and the persistence of an individualistic business philosophy on the part of industry members put a quick end to cooperative efforts. Using the joint committee structure established for more progressive and efficient forest management, the lumbermen were able to impose their own business priorities, and greater responsibility for forest protection, on the state.

During the period under study, the industry was concerned less with forest protection than with the demand for its finished products. The importance of the forest industry to the health of the provincial economy and treasury insured a government interest in market extension work as well. Within the context of world war, and under a Tory administration, the nature of this "business partnership" was never questioned. In fact, the government often proved to be the more aggressive sales agent. After 1916, however, with the Liberals in power, there was a continuing tension over the responsibilities of the two partners. The Department's intention was to disengage itself from such close identification with the strict concerns of business. Again, political and economic "reality" intervened, resulting in renewed government involvement. A resolution of this conflict between government policy and industry demands, reached by 1927, rested rather precariously on improved market conditions. The depression that followed soon after plunged the provincial bureaucracy back into the thick of marketing activities.

At the heart of government policy lay the principle of domestic manufacture. Yet, within the context of a frontier forest liquidation economy,

immediate and mandatory home manufacture was regarded by all sectors of the industry, their suppliers and related businesses, as an impediment to profit accumulation and industrial development. That contention, the alleged fire menace created by incomplete cutting, and the circumstances of war and economic disruption, provided the Tories with a reasonable justification for a temporary modification of their manufacturing policy. Having one foot already in the door, at war's end the lumbermen were able to use the quasi-official structure of the Export Advisory Committee to impose their idea of rapid liquidation logging on Liberal politicians and government foresters. With a seemingly endless supply of timber and an overexpanded logging sector upon which large segments of the population were dependent for their livelihood, the Liberals institutionalized log exports as a permanent and integral part of the forest economy. The level of domestic manufacture would be determined by market forces, not government policy.

If home manufacture lay at the heart of the Forest Act, the procedures laid down for future allocation and administration of Crown timber reserves were its very essence. It was here that the vacuity of the principle of Crown proprietorship was revealed most blatantly. Mistakes had been made previously in designing tenure conditions, and it was clearly the duty of politicians and public servants to correct them in the formation of new policy and administrative procedures. Yet, during the final Conservative term in office, government foresters stretched the rules as far as possible to accommodate the greed of private timberholders for local monopolies. And precedents were set in the allocation of pulp rights that seriously restricted the freedom of action of the succeeding administration.

Where their hands were not already tied by Tory commitments, however, the Liberals succeeded in outdoing even the pre-Forest Branch McBride

government in their willingness to let the pulp companies write their own policies. Crown ownership of timber was used to facilitate the process of private investment, regardless of the effects on other sections of society, or the future of the resource.

In all of these areas of policy and administration, then, British Columbia's forest capitalists were able to direct the course of government activity regardless of the political party in power, level of bureaucratic sophistication, or Crown ownership of the resource. Using the administrative and quasi-governmental structures established by conservationist and progressive-minded politicians and bureaucrats, businessmen succeeded in overcoming most resistance to their immediate needs by invoking the myths of competitiveness, investment, development and prosperity for all. The people were to benefit from the forest resource, not through meddlesome regulations, restrictions and taxes, but by allowing private enterprise free rein.

## ABBREVIATIONS

Add. Mss. 3	Thomas Dufferin Pattullo Papers. Add. Mss. 3. Public Archives of British Columbia
BCLA	British Columbia Loggers' Association
BCLSMA	British Columbia Lumber and Shingle Manufacturers' Association
COFI	Council of Forest Industries of British Columbia Papers. Special Collections Division, University of British Columbia Library
EAC	Export Advisory Committee
FPC	Forest Protection Committee
GR 271	British Columbia. Royal Commission of Enquiry on Timber and Forestry. GR 271. Public Archives of British Columbia
GR 441	British Columbia. Premier's Papers. GR 441. Public Archives of British Columbia
L/1912	British Columbia. Department of Lands. 1912 Series Correspondence Files. Public Archives of British Columbia
L/O	British Columbia. Department of Lands. O Series Correspondence Files. Lands Management Branch. Ministry of Lands, Parks and Housing
PABC	Public Archives of British Columbia
SCD-UBCL	Special Collections Division, University of British Columbia Library
SMID-PABC	Sound and Moving Images Division. Public Archives of British Columbia
TIC	Timber Industries Council of British Columbia



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29. See note 110, Chapter 5.

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45. James D. Lacey, Timber Land Factor, to George F. Atwood, McClure, Atwood Co., Stillwater, Minnesota, (copy to Department of Lands), 8 December 1913, L/O, roll 56, file 03873-1, #114-16. Enclosed in this letter were copies of letters to Lacy from F. A. Brewer and Co., bankers from Chicago, and from George B. Caldwell, vice-president, Continental and Commercial Trust and Savings Bank, to H. J. Scanlon, vice-president of Brooks-Scanlon Lumber Co., of Minneapolis, who had substantial British Columbia timber interests. Both letters testified to the inability to issue bonds on British Columbia timber licences on account of the unstable conditions of tenure. Lacey undertook to organize the attendance of various investors in British Columbia timber at the Western Forestry and Conservation Association conference held in Vancouver in December 1913 in order to inform the government of their views on the royalty matter. Also, see Walter G. Drummond, Vancouver timber broker, to McBride, 27 November 1913 and 3 December 1913, GR 441, vol. 53, file 3, #753. Drummond tried to get McBride to come to Chicago for a "quiet" and "friendly" conference with several potential investors in British Columbia timber on the matter of timber royalties. However, Ross felt such a meeting was unnecessary.
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58. TIC Royalty Committee memorandum for presentation at 6 March 1923 meeting with Lands Department officials, COFI, vol. 44, file 5; and Report of Royalty Committee by William McNeill to meeting of TIC directors, 9 March 1923, COFI, vol. 44, file 5.
59. See Chapter 4 below on market extension. Grainger served as Chief Forester, after the resignation of H. R. MacMillan, from 1917 to 1920. He was acting Chief Forester for approximately one year before that.
60. Timberholders' Association of B.C., circular letter no. 2, L/O, roll 238, file 028768, #2-3.
61. "ABC Directory, 1923, p. 112; and Basil Cleaver, The Story of Martin Allerdale Grainger, Add. Mss. 588, vol. 1, PABC. Cleaver refers to Grainger's company as Timberland Investigation and Management Co. Ltd. Later the name was changed to M. A. Grainger and Co. Ltd. He ran this in partnership with Aird Flavelle of Flavelle Cedar Co., and F. R. Pendleton of Straits Lumber Co.. The Alberni Pacific Lumber Co. was added to the company's investments in 1925 as were the Small and Bucklin limits around Pitt River. The company also held a lot of timber at the head of Jervis Inlet, and between 50 and 60 licences in the Kootenays ("A Condensation of the Recorded Interview with R. V. Stuart," January 1960, C. D. Orchard Collection, #1871, pp. 25-26, SMID-PABC).
62. Pacific Coast Lumberman, 7 (March 1923) : 24. After leaving government service, McNeill, through an association with John Hendry of B.C. Mills Timber and Trading Co., helped promote the Stave Lake Power Co., later the Western Canada Power Co., and became its manager until its acquisition by the B. C. Electric Co.
63. Minutes of the meeting of the TIC Royalty Committee, 26 March 1923, COFI, vol. 38, file 6.
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65. "Consolidated Statistical Tables," p. F 72, Table No. 13.



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66. "Consolidated Statistical Tables," p. F 60, Table No. 2, and p. F63, Table No. 5.
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70. Ibid.
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72. Ibid.
73. Minutes of meeting of TIC Royalty Committee (Battle, Hendry, Logan and McNeill) with Lands Department officials (Naden, Caverhill and Peterson), 12 April 1923, COFI, vol. 38, file 6. It is interesting to note that all four of the TIC representatives at this meeting were members of the Timberholders' Association.
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77. Minutes of meeting of TIC Royalty Committee with Lands Department officials, 12 April 1923, COFI, vol. 38, file 6.
78. TIC memo on Forest Branch draft of proposed royalty bill, enclosure in TIC to Pool, 12 December 1923, COFI, vol. 44, file 5.
79. Minutes of meeting with the Minister of Lands and his Royalty Committee, together with joint committee of the TIC and Mountain Lumber Manufacturers' Association, 28 November 1923, COFI, vol. 38, file 6. Figures submitted by P. Z. Caverhill.
80. Battle to McNeill, 13 December 1923, COFI, vol. 44, file 5.

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81. See, for example, reports of proceedings of the Legislative Assembly in the Victoria Daily Colonist from 15 November to 5 December 1923. In particular, Victoria Daily Colonist 24 November 1923 and 1 December, 1923.
82. After the 1920 election the Liberals held 26 of 47 seats, but lost one in a subsequent by-election in 1921 [J. Castell Hopkins, Canadian Annual Review, 1920 (Toronto: Annual Review Publishing, 1921), pp. 833-34 (hereafter cited as CAR); and CAR, 1921, p. 867].
83. McNeill to Poole, 28 December 1923, COFI, vol. 44, file 5.
84. T. D. Pattullo, address delivered during the 1923 throne speech debate, Add. Mss. 3, vol. 12, file 10, pp. 96-97.
85. 1923 was actually a year of marked recovery for the industry with both total scale and value of production up in contrast to the two previous years. 1923 was such a good year, in fact, that it helped precipitate a new wave of overcapitalization in the industry leading to another more serious slump by 1925 (see Table 4). Stumpage value also was up in 1923 over 1922. Based on government timber sales, Douglas fir was up 20%, cedar 36%, spruce 8% and hemlock 12% (see "Consolidated Statistical Tables, p. F 72, Table No. 13).
86. Minutes of Meeting of British Columbia Loggers' Association (BCLA) directors, 16 June 1922, COFI, vol. 1, file 6. In proposing the motion for the takeover to the BCLA directors, M. A. Grainger was cited in the minutes as saying "in return for the goodwill, prestige and general backing of the lumber industry, 52% of the stock was to be given to the Timber Industries Council, thus giving the Council control of the paper and virtually making it an industry paper."
87. Pacific Coast Lumberman, 7 (October 1923) : 21.
88. Minutes of meeting of TIC directors, 8 April 1924, COFI, vol. 38, file 6; and C. D. Orchard's transcription of minutes of meeting of British Columbia Loggers' Association, 14 April 1924, C. D. Orchard Papers, vol. 1, file 6, Special Collections Division, University of British Columbia Library (hereafter cited as SCD-UBCL).
89. McNeill to Poole, 25 July 1924, COFI, vol. 44, file 5.
90. British Columbia Lumberman, 8 (March 1924) : 24-25, 8 (April 1924) : 24-25, 8 (May 1924) : 24-25. A fourth article summarizing the royalty question was published to coincide with a public meeting held on the issue on 3 September 1924 British Columbia Lumberman, 8 (September 1924) : 20-21.
91. Ormsby, p. 423; Robin, p. 209; and Ian Parker, "The Provincial Party," B. C. Studies, 8 (Winter 1970-71) : 17-28.

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92. Russel R. Walker, Politicians of a Pioneering Province (Vancouver: Mitchell Press Ltd., 1969), pp. 139 and 157.
93. These were Chris McRae, Managing Director of Alberta Lumber Co. (Vancouver), A. E. Munn, Manager, Northern Pacific Logging Co. (Lillooet), and Sidney Leary, Manager, White Pine Lumber Co. (Kaslo-Slocan), [British Columbia Lumberman, 8 (June 1924) : 28, and 8 (July 1924) : 19].
94. "Facts and Figures concerning Forest Products Industries of British Columbia," British Columbia Lumberman, 8 (June 1924) : 30-31; and "Sidelights of a Great Industry," British Columbia Lumberman, 8 (July 1924) : 24-25, 8 (August 1924) : 24-25, 8 (September 1924) : 24-25, 8 (October 1924) : 24-25, 8 (November 1924) : 24-25, 9 (December 1924) : 24-25.
95. "Opinions Regarding the Timber Royalties Act, 1914," British Columbia Lumberman, 8 (November 1924) : 22-23.
96. McNeill's report to TIC directors on interview with Pattullo concerning public meeting, 7 August 1924, COFI, vol. 38, file 6.
97. "Public Meeting re Timber Royalty, 1914, Held at the Parliament Buildings, Victoria, B.C., On Wednesday, the 3rd day of September, 1924, at 10 a.m.," transcript of proceedings, GR 889, PABC.
98. Ibid.
99. Minutes of meeting of TIC Royalty Committee and Directors, 22 September 1924, COFI, vol. 38, file 6.
100. TIC memo on Forest Branch draft of proposed royalty bill, enclosure in TIC to Poole, 12 December 1923, COFI, vol. 44, file 5.
101. Memo of P. Z. Caverhill, "Department of Lands Case for Adjustment of Royalty," Add. Mss. 3, vol. 17, file 6, #77-78 (hereafter cited as "Department of Lands Case").
102. Minutes of meeting of TIC Royalty Committee and directors, 11 November 1924, COFI, vol. 38, file 6.
103. Minutes of meeting of TIC Royalty Committee with T. D. Pattullo, 9 October 1924, COFI, vol. 38, file 6; "Department of Lands Case," #84-85; and McNeill to Pattullo, TIC brief on royalty question, 24 October 1924, Add. Mss. 3, vol. 17, file 6, #63.
104. "Department of Lands Case," #76.
105. "Department of Lands Case," #85-88.
106. As an example, the Department was asking for royalties on the south coast of \$1.38, \$1.35 and 75¢. The TIC wanted \$1.30, \$1.30 and 75¢.

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107. Minutes of meetings of TIC Royalty Committee and directors, 17 November 1924, 29 and 30 November 1924, COFI, vol. 38, file 6.
108. Minutes of meeting of TIC Royalty Committee and directors with the Minister of Lands, 1 December 1924, COFI, vol. 38, file 6.
109. Ibid., and "Department of Lands Case," Exhibit #1.
110. TIC Annual Report, 1924, COFI, vol. 38, file 6.
111. Victoria Daily Times, 12 December 1924, and Victoria Daily Colonist, 12 December 1924.
112. Victoria Daily Times, 11 December 1924.
113. Parker, pp. 26-27. Parker claims that by December 1924, several Victoria members of the party had become disaffected over the support of the Liberal government by the Provincial Party's three MLA's and by McRae's failure to attend party meetings.
114. Had the 1914 Act remained on the books, the Liberals argued that McRae's Crown-granted holdings, subject to no royalty charge, would have increased in relative value to licenced timber (see T. D. Pattullo's open letter to John Oliver in response to McRae's open letter, Victoria Daily Colonist, 9 December 1924). In addition, the government had, in 1921, increased the tax rate on Crown-granted timberland from 2% to 3% and was in the process of reappraising the value of these lands for tax purposes. Charges on McRae's timber were going up appreciably while increases on licenced timber were being held to a minimum (see Memo of Surveyor of Taxes to the Hon. The Minister of Finance re Costs of Timber Cruises, 6 January 1927, Add. Mss. 3, vol. 25, file 2).
115. A. D. McRae testimony, GR 271, pp. 1160-87.
116. A. D. McRae, open letter to Oliver, Victoria Daily Colonist, 7 December 1924.
117. T. D. Pattullo, Address on Timber Royalties, Add. Mss. 3, vol. 23, file 1a, #22-34. See also Victoria Daily Colonist 10 February 1925.
118. Robin, pp. 202-06, 210-11, 216-17; and Ormsby, pp. 420-24.
119. Alfred E. Carlsen, "Major Developments in Public Finance in British Columbia, 1920-1960" (Ph.D. dissertation, University of Toronto, 1961), pp. 27-28.
120. Robin, p. 207; and Ormsby, pp. 416-18.
121. T. D. Pattullo, Address on Timber Royalties, Add. Mss. 3, vol. 23, file 1a, #31.

### Chapter 3

1. D. C. Cameron testimony, GR 271, vol. 2, p. 229; Peter Lund testimony, GR 271, vol. 2, pp. 866-67; and D. V. Mott to Royal Commissioners, GR 271, vol. 1, file 10.
2. "Final Report," p. D 65.
3. Nelles, pp. 199-200.
4. Hays, pp. 261-76.
5. George T. Morgan, Jr., "Conflagration as Catalyst: Western Lumbermen and American Forest Policy," Pacific Historical Review, 47 (1978) : 167-87.
6. Ibid., pp. 170-81.
7. Western Lumberman, 10 (November 1913) : 40-41.
8. C. D. Orchard, "Forest Protection," C. D. Orchard Papers, vol. 6, folder 9, SCD-UBCL.
9. Victoria Daily Colonist, 1 May 1910; F. A. MacDonald, "A Historical Overview of Forest Protection in British Columbia," Forestry Chronicle, 5 (December 1929) : 31; and Western Lumberman, 9 (October 1912) : 30.
10. "Final Report," pp. D 58 - D 73.
11. B.C., Statutes, 1912, 2 Geo. 5, c. 17, ss. 11, 21 and 123.
12. Victoria Daily Times, 14 February 1912.
13. See, for example, Chief Timber Inspector R. J. Skinner to F. J. Fulton, 3 August 1909, GR 271, vol. 1, file 2; John Stinson to Fulton, 19 August 1909, GR 271, vol. 2, file 1; Noel Humphreys, B. C. Land Surveyor to R. E. Gosnell, 27 September 1909, GR 271, vol. 1, file 4; and A. Haslam, Supervisor of Scalers, 31 July 1909, GR 271, vol. 1, file 2.
14. B.C., Statutes, 1912, 2 Geo. 5, c. 17, s. 12.
15. A. C. Flumerfelt, "The Forestry Commission of British Columbia," GR 441, vol. 42, file 21, #192.
16. Vertical File, A. C. Flumerfelt, PABC.
17. Cleaver, n.p.; and Rupert Scheider, "Woodsmen of the West: Martin Allerdale Grainger," Forest History, 2 (October 1967) : 6-12.
18. "Transcript of Recorded Interview by C. D. Orchard," 1960, C. D. Orchard Collection, #1887, SMID-PABC, p. 38.
19. Vancouver Sun, 23 May 1912.

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20. Pinckett, pp. 68-9.
21. Western Lumberman, 9 (February 1912) : 26.
22. British Columbia Forest Policy, p. 13.
23. "Report of the Forest Branch (1912)," B.C., Sessional Papers, 13th Parl., 1st sess., 1913, p. D 83.
24. C. D. Orchard, "History of Forestry in B.C.," Add. Mss. 840, vol. 31, file 4, p. 362, PABC; "Digest of the Recorded Interview with Major L. R. Andrews," C. D. Orchard Collection, #1882, p. 2, SMID-PABC; "Abridged Version of the Recorded Interview with Charles O. Marsten," 1958, C. D. Orchard Collection, #1861, pp. 3-5; Scheider, p. 10; H. R. MacMillan to C. D. Orchard, 15 January 1949, C. D. Orchard Papers, Add. Mss. 840, vol. 6, file 115, PABC; and H. R. MacMillan to Deputy Minister of Lands, 15 March 1913, British Columbia, Department of Lands 1912 Series Correspondence Files, roll 298, file 50324, PABC (hereafter cited as L/1912).
25. Western Lumberman, 9 (December 1912) : 37.
26. W. R. Ross, "The Guardianship of the Public Forests of British Columbia," address to the Fifteenth Convention of the Canadian Forestry Association, Victoria, B.C., 5 September 1912, L/1912, roll 296, file 47904.
27. W. R. Ross, cited in Vancouver Daily Province, 17 December 1913.
28. C. D. Orchard, "History of Forestry in B.C.," C. D. Orchard Papers, Add. Mss. 840, vol. 31, file 4, PABC; "Digest of the Recorded Interview with Charles R. Mills," C. D. Orchard Collection, #1876, pp. 1 and 8, SMID-PABC; and "Digest of the Recorded Interview with Major L. R. Andrews," 1961, C. D. Orchard Collection, #1882, p. 1, SMID-PABC.
29. "Report of the Forest Branch (1912)," B.C., Sessional Papers, 13th Parl., 1st sess., 1913, p. D 93; and "Consolidated Statistical Tables," p. F 93, Table No. 32.
30. "Report of the Forest Branch (1913)," B.C., Sessional Papers, 13th Parl., 2nd sess., 1914, pp. D 48, D 54, D 65, D 75, D 76, D 86, D 97 - D 99; and "Report of the Forest Branch (1914)," B.C., Sessional Papers, 13th Parl., 3rd sess., 1915, pp. I 7, I 8, I 12, I 32.
31. "Report of the Forest Branch (1913)," B.C., Sessional Papers, 13th Parl., 2nd sess., 1914, pp. D 76 and D 93 - D 94.
32. "Report of the Forest Branch (1914)," B.C., Sessional Papers, 13th Parl., 3rd sess., 1915, pp. I 39 and I 53. This reserve happened to be located in W. R. Ross's constituency.

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33. "Report of the Forest Branch (1914)," B.C., Sessional Papers, 13th Parl., 3rd sess., 1915, p. I 31.
34. H. R. MacMillan to W. R. Ross, 23 March 1914, L/1912, roll 334, file 82492, #3-4.
35. "Report of the Forest Branch (1915)," B.C., Sessional Papers, 13th Parl., 4th sess., 1916, pp. G 27 and G 30 - G 33.
36. Western Lumberman, 11 (January 1914) : 33.
37. Western Lumberman, 10 (March 1913) : 52.
38. Minutes of meeting of BCLA, 30 November 1915, COFI, vol. 2, file 1.
39. W. R. Ross to Ernest Hagg, 19 March 1913, L/1912, roll 299, file 50434.
40. W. R. Ross to John Nelson, 4 March 1913, L/1912, roll 299, file 50697.
41. H. R. MacMillan to Deputy Minister of Lands, L/1912, roll 300, file 51690; and R. E. Benedict to Deputy Minister of Lands, 11 April 1913, L/1912, roll 301, file 52629.
42. W. R. Ross to A. M. Beattie, 17 February 1914, L/1912, roll 301, file 52428.
43. Robin, p. 163; and Ormsby, pp. 393-94.
44. R.H.H. Alexander to Pattullo, 29 January 1917, GR 441, vol. 335, file 5.
45. Minutes of meeting of BCLA, 20 February 1917, as edited by C. D. Orchard, C. D. Orchard Papers, vol. 1, file 6, SCD-UBCL.
46. Western Lumberman, 14 (April 1917) : 32 and 38.
47. Ibid., p. 32.
48. Victoria Daily Times, 7 March 1917.
49. M. A. Grainger to Clyde Leavitt, Chief Forester, Commission of Conservation, 22 October 1918, C. D. Orchard Papers, vol. 1, file 22, SCD-UBCL.
50. "Digest of the Recorded Interview with Major L. R. Andrews," C. D. Orchard Collection, #1882, p. 5, SMID-PABC; "Transcript of Recorded Interview by C. D. Orchard," 1960, C. D. Orchard Collection, #1887, pp. 54-55, SMID-PABC; and Minutes of meeting of Forest Protection Committee (hereafter cited as FPC), 25 March 1918, L/O, roll 33, file 02002-1, #147-49.

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51. M. A. Grainger to Messrs. McRae, Rector and Sutherland, 30 December 1919, L/O, roll 34, file 02002-3, #6-11.
52. P. Z. Caverhill to H. R. Christie, 17 February 1920, L/O, roll 114, file 09042, #16-19.
53. "Transcript of Recorded Interview by C. D. Orchard," 1960, C. D. Orchard Collection, #1887, pp. 50-55, SMID-PABC.
54. Minutes of meeting of FPC, 9 January 1919, L/O, roll 33, file 02002-2, #102.
55. "ABC" Directory, 1920, p. 78.
56. "ABC" Directory, 1923, p. 89.
57. Ibid., pp. 37, 80 and 116; and "ABC" Directory, 1920, p. 47.
58. M. A. Grainger to Clyde Leavitt, n.d., C. D. Orchard Papers, vol. 1, file 22, SCD-UBCL.
59. "Report of the Forest Branch (1922)," B.C., Sessional Papers, 15th Parl., 3rd sess., 1923, p. L 40.
60. "Consolidated Statistical Tables," p. F 93, Table No. 32.
61. "Consolidated Statistical Tables," p. F 89, Table No. 28; Minutes of meeting of FPC, 30 October 1919, L/O, roll 33, file 02002-3; and Minutes of meeting of FPC, 15 December 1920, L/O, roll 34, file 02002-3, #126-27.
62. Minutes of meeting of FPC, 30 October 1919, L/O, roll 33, file 02002-3, #2-5.
63. Chief Forester to Messrs. McRae, Rector and Sutherland, L/O, roll 34, file 02002-3, #6-11.
64. Minutes of meeting of FPC, 11 October 1920, L/O, roll 34, file 02002-3, #65.
65. Forest Branch memo on FPC meeting of 11 October 1920, L/O, roll 34, file 02002-3, #96.
66. Minutes of meeting of FPC, 15 December 1920, L/O, roll 34, file 02002-3, #126-27.
67. "Consolidated Statistical Tables," p. F 93, Table No. 32.
68. Minutes of meeting of FPC, 31 March 1921, L/O, roll 34, file 02002-3.



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69. M. A. Grainger, "Forestry Progress in British Columbia," Pacific Coast Lumberman, 4 (November 1920) : 27 and 61.
70. "Consolidated Statistical Tables," p. F 60, Table No.2.
71. "Consolidated Statistical Tables," p. F 89, Table No. 28.
72. Pacific Coast Lumberman, 2 (July 1918) : 25.
73. A. F. Sutherland to FPC, 17 October 1922, L/O, roll 34, file 02002-3, #258.
74. Minutes of meeting of FPC, 18 October 1922, L/O, roll 34, file 02002-3, #259-61; minutes of meeting of FPC, 28 February 1923, L/O, roll 34, file 02002-4, #8; minutes of meeting of FPC, 8 March 1924, L/O, roll 34, file 02002-4, #50; C. S. Cowan to District Foresters, 8 March 1923, L/O, roll 35, file 02023-1, #17; and B.C., Statutes, 1922, 13 Geo. 5, c. 41.
75. P. Z. Caverhill to lumbermen, April 24, L/O, roll 35, file 02023-1, #328-30.
76. Minutes of meeting of FPC, 3 November 1925, L/O, roll 34, file 02002-4, #144-45.
77. Report of the Sub-committee on Forest Protection, 5 November 1925, L/O, roll 34, file 02002-4, #151-57.
78. Ibid.
79. P. Z. Caverhill's Minority Report, 5 November 1925, L/O, roll 34, file 02002-4, #173-77.
80. B.C., Statutes, 1925, 16 Geo. 5, c. 12, s. 2. (Victoria: Charles F. Banfield, 1925). (1924 Statutes and after printed by Banfield.)
81. Minutes of meeting of FPC, 20 January 1927, L/O, roll 34, file 02002-4, #103-04; and Caverhill to Pattullo, 26 January 1927, L/O, roll 34, file 02002-5, #108-11.
82. Workmen's compensation benefits were increased and expanded in 1918 and 1922 [British Columbia Lumberman, 2 (May 1918) : 16; and 6 (December 1922) : 20]. Controversial legislation implementing the 8-hour day severely upset the lumber industry, which claimed it could barely compete with Washington and Oregon anyway [British Columbia Lumberman, 8 (August 1924) : 26]. In November 1926 minimum wage legislation was introduced into the lumber industry on an experimental basis [British Columbia Lumberman, 10 (July 1926) : 23].
83. Carlsen, pp. 13-44.
84. British Columbia in the Canadian Federation, p. 247, Table 124.

Chapter 4

1. H. R. MacMillan, "Export Timber Trade," in Proceedings of the British Columbia Forest Club, 1916, vol. 2 (Victoria: The Forest Club, 1916).
2. Western Lumberman, 13 (September 1916) : 14.
3. W. R. Ross, speech to the Western Forestry and Conservation Association Convention in Vancouver, cited in Vancouver Daily Province, 17 December 1913.
4. Victoria Board of Trade, report of special committee on the export trade in lumber, 30 October 1914, GR 441, vol. 156, Lumber File 2, #838; Henry Pearse, "The Timber Export Trade of British Columbia," Western Lumberman, 9 (September 1914) : 33-35; J. D. McCormack, Canadian Western Lumber Co., cited in Western Lumberman, 12 (March 1915) : 15; H. J. Mackin, Canadian Western Lumber Co., cited in Western Lumberman, 12 (January 1915) : 20; and J. D. Cameron, Cameron Lumber Co., cited in Western Lumberman, 12 (January 1915) : 21.
5. Victoria Board of Trade, report of special committee on the export trade in lumber, 30 October 1914; E. J. Palmer to C. H. Lugin, 19 October 1914, GR 441, vol. 156, Lumber File 1, #838; and D. H. Ross, Dominion Trade Commissioner in Australia, cited in Western Lumberman, 11 (June 1914) : 43.
6. Minutes of the Lumber Committee of the Vancouver Board of Trade, 5 May 1914, Add. Mss. 300, vol. 143, #130, Vancouver City Archives (hereafter cited as VCA).
7. J. D. Taylor to McBride, 3 June 1914, F. H. Shepherd to McBride, 5 June 1914, H. Clements to McBride, 4 June 1914, R. F. Green to McBride, George Foster to McBride, 1 June 1914, GR 441, vol. 58, #462.
8. "Memo Prepared by The British Columbia Lumber and Shingle Manufacturers' Association in Regard to Lumber Trade with Australia and New Zealand," to McBride, 21 October 1914, GR 441, vol. 156, Lumber File 1.
9. H. R. MacMillan, memo to Forest Branch on brokerage, 10 June 1915, L/O, roll 14, file 01024.
10. H. R. MacMillan, report enclosed in M. A. Grainger's memo to British Columbia mills, 15 July 1915, L/O, roll 16, file 01168, #34.
11. Minutes of the meeting of the Lumber Committee of the Vancouver Board of Trade, January 1915, Add. Mss. 300, vol. 143, #138, VCA.
12. Ibid.
13. "Consolidated Statistical Tables," p. F 85, Table No. 24.

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14. British Columbia, Department of Lands, Forest Branch, Markets Bulletin, #1-19 (Victoria: William H. Cullin, 1915-16).
15. "Products - Ammunition Boxes," L/O, roll 14, file 01030, #1-49; and T. D. Pattullo to Olver, 24 November 1917, GR 441, vol. 335, file 6.
16. Grainger to Cameron Lumber Co., 14 July 1915, L/O, roll 14, file 01045, #143; W. B. Mitchell, Cameron Lumber Co., to Grainger, L/O, roll 14, file 01045, #149; and Grainger to Messrs. Peto Bennetts, 21 July 1915, L/O, roll 14, file 01045, #151.
17. Ross to Turner, 21 July 1915, L/O, roll 14, file 01045, #153.
18. Grainger to box manufacturers, 27 July 1915, L/O, roll 14, file 01045, #154.
19. MacMillan to Forest Branch, 5 June 1915, L/O, roll 14, file 01045, #112.
20. MacMillan to Grainger, 6 July 1915, L/O, roll 14, file 01045, #155
21. "Report of the Forest Branch (1915)," B.C., Sessional Papers, 1916, 13th Parl., 4th sess., pp. G 7 - G 8; also see Lawrence, pp. 104-108.
22. R.H.H. Alexander to W. R. Ross, 10 June 1915, L/O, roll 16, file 01168, #29; and Alexander to Ross, 10 June 1915, L/O, roll 16, file 01168, #30.
23. Grainger to millmen, 16 July 1915, L/O, roll 16, file 01068, #34.
24. Alexander to Ross, 16 July 1915, L/O, roll 16, file 01068, #48.
25. Ross to Alexander, 20 July 1915, L/O, roll 16, file 01068, #49.
26. Alexander to Ross, 20 July 1915, L/O, roll 16, file 01068, #51.
27. MacMillan to Ross, 28 October 1915, L/O, roll 24, file 01494, #88; and MacMillan to Grainger, 6 November 1915, L/O, roll 24, file 01494, #100-01.
28. Grainger to J. Lafon, 3 January 1916, L/O, roll 24, file 01494, #147; and W. W. Harvey, Dominion Creosoting Co., to Grainger, 10 January, 1916, L/O, roll 24, file 01494, #148.
29. Grainger to Dominion Creosoting Co., 22 December 1915, L/O, roll 24, file 01494, #104; Grainger to J. G. Woods, 22 December 1915, L/O, roll 24, file 01494, #105; and W. J. Egan to Grainger, 26 February 1916, L/O, roll 24, file 01494, #230.

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30. Grainger to Dominion Creosoting Co., 12 April 1916, L/O, roll 24, file 01494, #233; Balfour, Guthrie to Dominion Creosoting Co., 18 April 1916, L/O, roll 24, file 01494, #235; and Grainger to Egan, 26 February 1916, L/O, roll 24, file 01494, #237.
31. Egan to Grainger, 11 July 1916, L/O, roll 24, file 01494, #253; Egan to Grainger, 1 September 1916, L/O, roll 24, file 01494, #259.
32. R. Grigg, Commissioner of Commerce, to W. R. Ross, 31 December 1915, L/O, roll 19, file 01271, #18-20; and Grainger to Alexander, 10 January 1916, L/O, roll 19, file 01271, #22-23.
33. Ross to Woods, 15 January 1916, L/O, roll 19, file 01271; Woods to Grainger, 21 January 1916, L/O, roll 19, file 01271, #30; Grainger to Woods, 24 January and 26 January 1916, L/O, roll 19, file 01271, #31 and #40.
34. Alexander to Grainger, 15 January 1916, L/O, roll 19, file 01271, #29.
35. Grainger to Alexander, 10 January 1916, L/O, roll 19, file 01271, #22-23.
36. Grainger to MacMillan, 27 January 1916, L/O, roll 16, file 01168, #76; Western Lumberman, 12 (August 1915) : 14; and Hidy, et al., pp. 281-82.
37. MacMillan to Grainger, 31 July 1915, L/O, roll 16, file 01168, #55.
38. Grainger to MacMillan, 27 June 1916, L/O, roll 16, file 01168, #78.
39. Dockrill to McBride, 18 September 1915, GR 441, vol. 67, #469; F. M. Yorke, Canadian Supplies, to McBride, 11 March 1915, GR 441, vol. 156, Lumber File 2, #131; Wallace Shipyards to Premier, G. E. Mallory to Bowser, 29 December 1915, J. F. Gibson to Ross, 8 January 1916, Boyds Ltd. to Bowser, 2 March 1916, J. M. Hawthorne, president British Columbia Timber Owners' Association to Bowser, 30 March 1916, F. W. Shibley to Ross, 28 March 1916, British Pacific Engineering and Construction Co., to Premier, 17 January 1916 and 24 April 1916, GR 441, vol. 168, file 2, #6.
40. B.C., Statutes, 1916, 6 Geo. 5, c. 57.
41. H. B. Thomson, Superintendent, Shipping Credit Commission, to J. D. McLean, Provincial Secretary, 1 January 1917, GR 441, vol. 183, file 2; William Turnbull to A. S. Wallace, Manchester Guardian, 21 April 1920, L/O, roll 22, file 01465-2, #216-18; and Western Lumberman, 13 (October 1916) : 24-28, and 16 (January 1919) : 22.

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42. Between 1920 and 1927, foreign shipments of forest products from British Columbia increased approximately five times. Canadian Government Merchant Marine (CGMM) carriers were responsible for between one-quarter and one-half of all such shipments. The CGMM was instrumental in helping to build up the Australian and Oriental trade in the early 1920's. Almost all shipments to India and Egypt between 1921 and 1923 were made in CGMM carriers. And the revival of the United Kingdom and European trade after 1924 was assisted by the government shipping line. The influence of Canadian railway companies, however, apparently prevented the institution of a proposed service between Atlantic and Pacific coasts [British Columbia Lumberman, 6 (June 1922) : 20 and 11 (April 1927) : 44].
43. Western Lumberman, 12 (August 1915) : 13; and see Western Lumberman, throughout 1915 and 1916 for examples of reduced advertising.
44. "Consolidated Statistical Tables," p. F 85, Table No. 24.
45. "Report of the Forest Branch (1915)," B.C., Sessional Papers, 1916, 13 Parl., 4th sess., p. G 10 - G 13.
46. "Report of the Forest Branch (1916)," B.C., Sessional Papers, 1917, 14th Parl., 1st sess., p. N 5 - N 6.
47. John Hooper, British American Lumberman, to R. E. Benedict, 5 July 1916, L/O, roll 14, file 01009, #72.
48. "Products - Cooperation - Coast Manufacturing Association," L/O, roll 1181, file 01107, #2-27; and "Report of the Forest Branch (1916)," B.C., Sessional Papers, 1917, 14th Parl., 1st sess., p. N 6.
49. "Report of the Forest Branch (1915)," B.C., Sessional Papers, 1916, 13th Parl., 4th Sess., p. G 13.
50. L. B. Beale, "B. C. Lumber in Eastern Markets," Proceedings of The British Columbia Forest Club, vol. 2, 1916, pp. 121-30; and Grainger to Beale, 9 March 1916, L/O, roll 14, file 01023, #13.
51. Beale to Grainger, 21 June 1916, L/O, roll 14, file 01056; Grainger to Beal, 30 June 1916, L/O, roll 14, file 01056, #15; and Beale to Grainger, L/O, roll 14, file 01056, #7.
52. "Products - Bulletins - #19 Directory (B.C. Manufacturers of Forest Products)," L/O, roll 14, file 01055.
53. Minutes of Joint Market Extension Committee, 25 March 1916, L/O, roll 231, file 027531, #18-19; "Market Extension Committee Annual Report, 1916," L/O, roll 1181, file 01107, #52; and Alexander to Grainger, 5 January 1917, L/O, roll 1181, file 01107, #48.
54. Alexander to Grainger, 21 September 1917, L/O, roll 1181, file 01107, #62.

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55. Western Lumberman, 14 (June 1917 : 15, and 15 (May 1918) : 21; and Pacific Coast Lumberman, 1 (December 1917) : 10, and 2 (March 1918) : 21.
56. Western Lumberman, 12 (December 1915) : 11.
57. Pattullo to Alexander, 15 May 1918; and Alexander to Pattullo, 21 May 1918, L/O, roll 23, file 01465-2.
58. Western Lumberman, 14 (July 1917) : 30-31.
59. Grainger to Clyde Leavitt, Chief Forester, Commission of Conservation, 22 October 1918, C. D. Orchard Papers, vol. 1, file 2, SCD-UBCL.
60. Western Lumberman, 16 (January 1919) : 38-39; and "Report of the Forest Branch (1918)," B.C., Sessional Papers, 1919, 14th Parl., 3rd sess., pp. O 5 and O 6.
61. "Consolidated Statistical Tables," p. F 60, Table No. 2.
62. Pattullo to Oliver, memo, 17 November 1917, GR 441, vol. 336, file 8.
63. T. D. Pattullo, cited in Pacific Coast Lumberman, 2 (April 1918) : 20.
64. "Consolidated Statistical Tables," p. F 85, Table No. 24.
65. "Report of the Forest Branch (1918)," B.C., Sessional Papers, 1919, 14th Parl., 3rd sess., pp. O 5 - O 6; Western Lumberman, 15 (July 1918) : 25, and 15 (October 1918) : 37-38; and Pacific Coast Lumberman, 2 (October 1918) : 19. B.C. shingles found an important market in the eastern United States.
66. Western Lumberman, 15 (August 1918) : 42.
67. Western Lumberman, 16 (January 1919) : 21; J. O. Cameron, "Manufacturing Lumber for Export," Pacific Coast Lumberman, 5 (October 1921) : 29 and 46; F. C. Wade, "Orders for B.C. Timber and Lumber," Pacific Coast Lumberman, 5 (January 1921) : 45; C. E. Huddart to the Vancouver Harbour Commission, 6 November 1919, L/O, roll 22, file 01465, #135.
68. Pacific Coast Lumberman, 3 (May 1919) : 21 and 54.
69. Elliott to Pattullo, L/O, roll 106, file 08206, #5-6.
70. Elliott to Pattullo, 7 January 1919, L/O, roll 106, file 08206, #20-24; and British Columbia, Department of Attorney General, Registrar of Companies, 1910 Series Company Registration Files, roll 80, file 4080, PABC.
71. Minutes of meeting of Lumber Market Extension Committee, 2 April 1919, L/O, roll 122, file 09556-1, #4-7.

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72. Minutes of meeting of Lumber Market Extension Committee, 20 May 1919, L/O, roll 122, file 09556-1, #29-30.
73. Pacific Coast Lumberman, 4 (September 1920) : 53
74. "Report of the Forest Branch (1919)," B.C., Sessional Papers, 1920, 14th Parl., 4th sess. p. H 5; and "Report of the Forest Branch (1920)," B.C., Sessional Papers, 1921, 15th Parl., 2nd sess., p. I 8.
75. F. L. Nash, secretary, Shingle Agency of British Columbia, to Grainger, L/O, roll 15, file 01108-1, #201.
76. "Consolidated Statistical Tables," p. F 85, Table No. 24.
77. Minutes of meeting of British Columbia Lumber and Shingle Manufacturers' Association (BCLSMA), Lumber Mills Branch, 13 May 1920, COFI, vol. 5, file 3.
78. Pacific Coast Lumberman, 3 (June 1919) : 20.
79. Minutes of meeting of BCLSMA, Lumber Mills Branch, 8 July 1919, COFI, vol. 5, file 3.
80. Forest Branch memo, 1 December 1919, L/O, roll 122, file 09556-1, #379.
81. Pacific Coast Lumberman, 4 (March 1920) : 38.
82. Minutes of meeting of BCLSMA, Lumber Mills Branch, 21 January 1920, COFI, vol. 5, file 3.
83. Pattullo to Alexander, 5 September 1921, L/O, roll 122, file 09556-1, #145.
84. Report of Lumber Commissioner (W. A. Robertson), 13 June 1920, L/O, roll 122, file 09556-1, #93-94.
85. Alexander to Pattullo, 3 February 1921, L/O, roll 122, file 09556-1, #143-44.
86. Pattullo to Alexander, 5 February 1921, L/O, roll 122, file 09556-1, #145.
87. T. D. Pattullo, cited in Victoria Daily Colonist, 22 October 1921.
88. "A Condensation of the Recorded Interview with R. V. Stuart," 1960, C. D. Orchard Collection, #1871, pp. 24-25, SMID-PABC; and Pacific Coast Lumberman, 4 (November 1920) : 25.

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89. "Transcript of Recorded Interview by C. D. Orchard," 1960, C. D. Orchard Collection, #1887, p. 65, SMID-PABC; and "Digest of Recorded Interview with Charles R. Mills," C. D. Orchard Collection, #1876, p. 8, SMID-PABC.
90. Pacific Coast Lumberman, 5 (March 1921) : 31.
91. "Timber Industries Council of British Columbia, Circular #3," L/O, roll 238, file 028768, #4-6.
92. Minutes of meeting of directors of the British Columbia Loggers' Association (BCLA), 8 October 1921, COFI, vol. 5, file 1.
93. Grainger to Caverhill, 15 February 1922, L/O, roll 122, file 09556-1, #220.
94. Minutes of meeting of BCLSMA, Lumber Mills Branch, 15 February 1922, COFI, vol. 5, file 3.
95. Gordon R. Munro, "The History of the British Columbia Lumber Trade 1920 - 1945," (B.A. essay, UBC, 1956), p. 30.
96. Pacific Coast Lumberman, 5 (October 1921) : 21, 6 (July 1922) : 21, and 8 (June 1924) : 21; and "Consolidated Statistical Tables," p. F 61, Table No. 3.
97. Caverhill to Grainger, 27 February 1922, L/O, roll 122, file 09556-1, #222.
98. Minutes of meeting of BCLSMA, Lumber Mills Branch, 28 April 1922, COFI, vol. 5, file 3.
99. Annual Report of TIC, 1922, COFI, vol. 38, file 6.
100. Minutes of meeting of directors of TIC, 28 September 1923, and Annual Report of TIC, 1923, COFI, vol. 38, file 6.
101. Minutes of meeting of directors of TIC, 1 June 1923, COFI, vol. 38, file 6.
102. Annual Report of TIC, 1922, COFI, vol. 38, file 6.
103. Annual Report of TIC, 1923, COFI, vol. 38, file 6.
104. "Consolidated Statistical Tables," p. F 85, Table No. 24.
105. Pacific Coast Lumberman, 3 (January 1919) : 41.
106. Robertson to Turnbull, 17 June 1920, L/O, roll 24, file 01508, #138.



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107. Brown to Turnbull, 26 July 1920, L/O, roll 14, file 01023, #40; Turnbull to Brown, 5 February 1921, L/O, roll 14, file 01023, #44; and Brown to Turnbull, 26 February 1921, L/O, roll 14, file 01023, #48.
108. Brown to Lamar, 4 October 1922, L/O, roll 15, file 01108-2, #8; Pacific Coast Lumberman, 6 (August 1922) : 23.
109. Lamar to Brown, 7 October 1922, L/O, roll 15, file 01108-8, #9.
110. Report of Lumber Commissioner L. L. Brown, 9 November 1920, L/O, roll 122, file 09556-1, #133.
111. Alexander to Turnbull, 3 June 1921, L/O, roll 122, file 09556-1, #171.
112. Brown to Caverhill, 25 November 1921, L/O, roll 22, file 01440, #29; and Brown to Roberts, 15 December 1922, L.O, roll 22, file 01440, #33.
113. Brown to Roberts, 27 December 1922, L/O, roll 22, file 01440, #34; and Brown to Roberts, 28 December 1922, L/O, roll 22, file 01440, #37.
114. There were other such episodes between the province's lumbermen and the government-owned CNR with the Forest Branch acting as mediator, if not outright sales agent. In particular, when the CNR took over the Grand Trunk Pacific, it proved much more demanding in its specifications for railroad ties than had the private railroad company. Threats came from Caverhill to shut off all northern British Columbia timber supplies for CNR tie purposes unless the railroad accepted 15% of the inferior hemlock and spruce ties, but the CNR eventually won this battle over timber utilization (L/O, roll 1192, file 04002-3, #19, 21, 29-31, 113-14, 118 and 121-22).
115. Roberts to Brown, 1 June 1923, and 6 June 1923, L/O, roll 15, file 01108-2, #50 and #54.
116. Lamar to Brown, 3 July 1923, L/O, roll 15, file 01108-2, #77.
117. Pacific Coast Lumberman, 7 (April 1923) : 54.
118. Pacific Coast Lumberman, 8 (February 1924) : 46.
119. Wade to Pattullo, 13 January 1920, Oliver to Wade, 16 January 1920, Wade to Oliver, 17 January 1920, Wade to Oliver, 5 May 1920, GR 441, vol. 205, file 1, #8 and #62.
120. Turnbull to McConville, 1 March 1921, McConville to Turnbull, 2 March 1921, and 21 April 1921, and E. Cook, Secretary of Central Committee for Purchase of Timber, to F. C. Wade, 30 March 1921, L/O, roll 24, file 01492, #97-100, 105-6, and 108.

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121. Wade to Associated Timber Exporters of British Columbia, 17 September 1921, Wade to Col. Amery, Financial Secretary of the Admiralty, 17 September 1921, Wade to David Jenkins, Director of Contracts for the British Admiralty, 20 September 1921, and 6 October 1921, Jenkins to Wade, 5 October 1921, Wade to Grainger, Managing Director of TIC, 7 October 1921, Jenkins to Wade, 23 November 1921, GR 441, vol. 214, file 1; and Wade to Jenkins, 23 September 1921, GR 441, vol. 214, file 15.
122. Pattullo to Oliver, 6 September 1921, GR 441, vol. 345, file 6.
123. Wade to Pattullo, 18 May 1923, L/O, roll 14, file 01018, #110.
124. Ibid., Claude Hales, Chairman, Merchant Trading Co., to Wade, 16 May 1923, L/O, roll 14, file 01018, #109; and Wade to Brown, L/O, roll 14, file 01018, #97.
125. Brown to Wade, L/O, roll 14, file 01018, #100-01; Brown to Mackin, Manager of Canadian Western Lumber Co., 25 May 1923, L/O, roll 14, file 01018, #108; James Randolph, Merchant Trading Co., to Wade, 22 May 1923, L/O, roll 14, file 01018, #113; and Brown to Wade, 9 June 1923, L/O, roll 14, file 01018, #117.
126. See Department of Lands correspondence re sale of ties to Egypt, L/O, roll 24, file 01492.
127. "Consolidated Statistical Tables," p. F 63, Table No. 5, and p. F 60, Table No. 2.
128. Minutes of meeting of BCLSMA, Lumber Mills Branch, 3 November 1922, COFI, vol. 5, file 3.
129. "Consolidated Statistical Tables," p. F 63, Table No. 5, and p. F 60, Table No. 2.
130. "Consolidated Statistical Tables," p. F 61, Table No. 3.
131. British Columbia, Economic Council of British Columbia, Research Department, Statistics of Industry in British Columbia, 1871-1934 (Victoria: reproduced from typewritten copy, 1935) (hereafter cited as Statistics of Industry in British Columbia), Table FY 2.
132. "Consolidated Statistical Tables," p. F 63, Table No. 5, and p. F 60, Table No. 3.
133. Annual Reports of TIC, 1923 and 1924, COFI, vol. 38, file 6.
134. Annual Report of TIC, 1924, COFI, vol. 38, file 6.
135. Minutes of meeting of directors of TIC, 2 October 1925, COFI, vol. 38, file 6.
136. "Consolidated Statistical Tables," p. F 85, Table No. 24.

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137. "Report of the Forest Branch (1924)," B.C., Sessional Papers, 1925, 16th Parl., 2nd sess., p. E 8; and "Report of the Forest Branch (1925)," B.C., Sessional Papers, 1926-27, 16th Parl. 3rd sess., p. E 9.
138. "Report of the Forest Branch (1924)," B.C., Sessional Papers, 1925, 16th Parl., 2nd sess., p. E 8; and British Columbia Lumberman, 9 (November 1925) : 19. The British Columbia Lumberman became the official journal of the TIC in July 1922.
139. "Consolidated Statistical Tables," p. F 85, Table No. 24.
140. Brown to Turnbull, 12 March 1926, L/O, roll 15, file 01122, #48.
141. British Columbia Lumberman, 9 (December 1925) : 27; and "Consolidated Statistical Tables," p. F 59, Table No. 1.
142. "Consolidated Statistical Tables," p. F 61, Table No. 3.
143. Minutes of meeting of BCLSMA, Lumber Mills Branch, 22 April 1927, COFI, vol. 5, file 3.
144. British Columbia Lumberman, 12 (June 1928) : 24.
145. British Columbia Lumberman, 10 (March 1926) : 25; and minutes of meeting of BCLSMA, Lumber Mills Branch, 27 July 1928, COFI, vol. 5, file 3.
146. Minutes of meetings of BCLSMA, Lumber Mills Branch, 27 May 1928, 20 July 1928, 21 August 1928, 21 September 1928, 15 November 1928, 25 January 1929, COFI, vol. 5, file 3.
147. "Consolidated Statistical Tables," p. F 63, Table No. 5, and p. F 60, Table No. 2.
148. "Consolidated Statistical Tables," p. F 81, Table No. 20.

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1. B.C., Statutes, 1903-04, 3 & 4 Ed. 7, c. 30, s. 9.
2. B.C., Statutes, 1901, 1 Ed. 7, c. 30, ss. 6 and 7; and British Columbia Gazette, 24 July 1902 (Victoria: Richard Wolfenden, 1902), p. 1105.
3. "Aird Flavelle - A Century in the British Columbia Forest Industry," April 1957 (transcript of recorded interview), C. D. Orchard Collection, #1855, p. 17, SMID-PABC; Victoria Daily Times, 3 February 1906;

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3. (continued)  
Lumberman and Contractor, 2 (September 1905) : 9, and 3 (February 1906) : 10; W. G. Flavelle, A Cedar Saga And the Man who Made it Possible (Vancouver: Agency Press Ltd., 1966), p. 2; and Vancouver Daily Province, 29 August 1905.
4. B. C., Statutes, 1906, 6 Ed. 7, c. 42.
5. J. H. Turner to R. G. Tatlow, 4 January 1906, GR 441, vol. 27, #21; Vancouver Daily Province, 11 November 1905; Lumberman and Contractor, 3 (March 1906) : 10; and Canadian Industrial Company to McBride, 22 May 1906, GR 441, vol. 27, #21.
6. M. J. Scanlon testimony, GR 271, vol. 2, pp. 66 and 84-85.
7. John W. Coburn testimony, GR 271, vol. 2, p. 168.
8. Final Report, p. 73.
9. British Columbia Loggers' Association, written submission to the Royal Commission, 6 February 1908, GR 271, vol. 1, file 11.
10. Western Lumberman, 7 (June 1910) : 19.
11. F. J. Fulton quoted in John W. Coburn testimony, GR 271, vol. 2, p. 177.
12. Final Report, pp. 73-74.
13. B.C., Statutes, 1912, 2 Geo. 5, c. 17, ss. 100-103.
14. M. J. Scanlon to McBride, 14 September 1911, GR 441, vol. 43, file 4, #516; and John Norris to McBride, 21 November 1911, L/O, roll 56, file 03688, #18.
15. Scanlon to McBride, 26 January 1912, GR 441, vol. 44, file 4, #186.
16. Scanlon to McBride, 14 September 1911, GR 441, vol. 43, file 4, #516.
17. E. V. Bodwell, for M. J. Scanlon, to McBride, 24 February 1912, GR 441, vol. 44, file 4, #186.
18. Scanlon to McBride, 26 January 1912, GR 441, vol. 44, file 4, #186.
19. Scanlon to W. J. Bowser, 14 February 1912, GR 441, vol. 44, file 4, #186; and Scanlon to McBride, 14 September 1911, GR 441, vol. 43, file 4, #516.
20. B.C., Statutes, 1912, 2 Geo. 5, c. 17, s. 103.

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21. Bodwell to McBride, 10 July 1912, GR 441, vol. 45, file 2, #336.
22. Wilber J. Carr, for the acting United States Secretary of State, to Abraham F. Smith, American Consul in Victoria, 6 May 1913, L/O, roll 56, file 03688, #3; and Order-in-Council #810, 12 July 1912, for Ocean Falls Ltd., L/O, roll 50, file 03678-1.
23. B.C., Statutes, 1913, 3 Geo. 5, c. 26, s. 14.
24. Scanlon to Powell River Co., 15 June 1913, and Scanlon to Bodwell, Lawson and Lane, 17 January 1913, GR 441, vol. 51, file 5, #515.
25. Order-in-Council #895, 21 June 1913, cited in C. D. Orchard Papers, Add. mss. 840, vol. 16, file 2, PABC.
26. MacMillan to Ross, 24 August 1914, L/O, roll 50, file 03678-2; and Minutes of meeting of BCLA, 19 August 1914, COFI, vol. 2, file 1.
27. R.H.H. Alexander to MacMillan, 22 August 1914, L/O, roll 50, file 03678-2, #2.
28. Ibid; Alexander to J. R. McGrath, BCLA, 21 August 1914, L/O, roll 50, file 03678-2, #3; and Alexander to Ross, 21 August 1914, L/O, roll 50, file 03678-2, #4.
29. MacMillan to McBride, 10 September 1914, GR 441, vol. 59, #664.
30. MacMillan to Ross, 24 August 1914, L/O, roll 50, file 03678-2, #5-7.
31. MacMillan to McBride, 10 September 1914, GR 441, vol. 59, #664. The export schedule, inclusive of royalty charges, as first implemented, was as follows:

	<u>Grade 1</u>	<u>Grade 2</u>	<u>Grade 2</u>
Cedar	\$2.00	\$1.50	\$1.00
Fir	1.00	1.00	.50
Spruce	2.00	1.50	1.00
Pine	2.00	1.50	1.00
Hemlock	.50	.50	.50
Balsam	.50	.50	.50
Larch	.50	.50	.50

32. J. R. McGrath, BCLA, to MacMillan, 26 August 1914, L/O, roll 50, file 03678-2, #30.
33. J. H. Allen, Shingle Agency of British Columbia, to MacMillan, 2 September 1914, L/O, roll 50, 03678-2, #46.
34. MacMillan to Ross, 1 September 1914, L/O, roll 50, file 03678-2, #44-45.

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35. M. D. Rector, BCLA, to G. D. McKay, Vancouver District Forester, 5 February 1915, L/O, roll 50, file 03678-2, #109; and Bloedel, Stewart and Welch Ltd., to G. D. McKay, 8 February 1915, L/O, roll 50, file 03678-2, #93.
36. Bloedel, Stewart and Welch Ltd., to McKay, 8 February 1915, L/O, roll 50, file 03678-2, #93; Judson Clark to McKay, 2 February 1915, L/O, roll 50, file 03678-2, #107; J. M. O'Brien to McKay, 10 February 1915, L/O, roll 50, file 03678-2, #111; McKay to MacMillan, 9 March 1915, L/O, roll 50, file 03678-2, #121; and Charles R. Ash to J. M. Dempsey, BCLA, 5 April 1915, L/O, roll 50, file 03678-2, #150.
37. M. A. Grainger, memo on export of logs, April 1915, L/O, roll 50, file 03678-2, #195-97.
38. P. Z. Caverhill to Grainger, 23 April 1915, L/O, roll 50, file 03678-2, #204.
39. M. A. Grainger, memo on export of logs, April 1915, L/O, roll 50, file 03678-2, #195-97.
40. "Cedar Situation Report," L/O, roll 50, file 03678-2, #133-34.
41. McKay to Grainger, 19 April 1910, L/O, roll 50, file 03678-2, #185-87.
42. Grainger to Huntting-Merritt, 27 April 1915, L/O, roll 50, file 03678-2, #212-13
43. E. H. Bucklin to McKay, 26 March 1915, L/O, roll 50, file 03678-2, #176.
44. "Consolidated Statistical Tables," p. F 75, Table No. 16.
45. Ibid.; and "Report of the Forest Branch (1915)," B.C., Sessional Papers, 13th Parl., 4th sess., 1916, p. G 20.
46. "History of Log Export Question," L/O, roll 50, file 03678-3, #260-65.
47. Forest Branch summary of millmen's arguments presented in 1916, L/O, roll 50, file 03678-3, #277-80.
48. W. J. Van Dusen to Grainger, 4 January 1916, L/O, roll 50, file 03681-1, #12-15.
49. Minutes of meeting of BCLA, 23 March 1916, COFI, vol. 2, file 1.

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50. The following firms were among those that wrote letters of protest to Lands Minister Ross between 28 March and 4 April 1916: Kelly Douglas and Co.; Leeson, Dickie, Gross and Co. Ltd., wholesale grocers; W. H. Malkin Co. Ltd., importers and wholesale grocers; Vancouver Machinery Dept. Ltd.; Charles E. Frampton, wire rope importer; P. Burns and Co. Ltd., packers, exporters and provisioners; Wood, Valance and Leggat Ltd., hardware and ship chandlery; B. C. Marine Ltd., drydocking, marine and general repairs; Canadian Willamette Co. Ltd., logging engines and equipment; The All-Red Line Ltd.; A. MacDonald and Co., wholesale grocers; Damer Lumsden and Co., fine and staple footwear; Simon Leiser and Co., wholesale grocers and importers; Union Steamship Co.; Greer Coyle Co., steamship agents and brokers; Empire Manufacturing Co., logging engines.
51. Statistics of Industry in British Columbia, Table FY 3.
52. Minutes of special meeting of BCLA, 5 February 1916, COFI, vol. 2, file 1.
53. "History of Log Export Question," L/O, roll 50, file 03678-3, #260-65.
54. Grainger to Ross, 5 December 1916, L/O, roll 51, file 03681-2, #67-69.
55. Ibid.
56. Alexander to Ross, 4 May 1916, roll 51, file 03681-2, #58-59.
57. British Columbia, Statutes, 1916, 6 Geo. 5, c. 23, s. 9.
58. Grainger to Pattullo, 15 February 1918, L/O, roll 50, file 03678-3, #57-60.
59. Alexander to Pattullo, 20 December 1917, L/O, roll 50, file 03678-3, #40-41.
60. W.B.W. Armstrong to Pattullo, 22 January 1918, L/O, roll 50, file 03678-3, #50-54.
61. Forest Branch notes compiled from information on file, 1917-18, L/O, roll 50, file 03678-3.
62. Grainger to Pattullo, 15 February 1918, L/O, roll 50, file 03678-3, #57-60.
63. "Consolidated Statistical Tables," p. F 75, Table 16.
64. Statistics of Industry in British Columbia, Table FY 2.

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65. Several shingle manufacturers were among those who sent telegrams of protest to the Lands Department expressing fears about retaliation: B.C. Iowa Lumber Co., B.K. Shingle Co., Pioneer Shingle Mills, Dominion Shingle and Cedar Co., A. P. Allison and Co., Morse and Green Lumber Co., Huntting-Merritt Lumber Co., Shull Lumber and Shingle Co., Eburne Clear Cedar Mills (L/O, roll 50, file 03678-3, #107-171).
66. Minutes of meeting of Round Table Conference on Log Export held at the Parliament Building, 20 March 1918, L/O, roll 50, file 03678-3, #84-87; and Pacific Coast Lumberman, 2 (April 1918) : 24.
67. "Consolidated Statistical Tables," p. F 60, Table No. 2; and Statistics of Industry in British Columbia, Table FY 8.
68. "Consolidated Statistical Tables," p. F 60, Table No. 2.
69. "Consolidated Statistical Tables," p. F 75, Table No. 16.
70. British Columbia, Statutes, 1919, 9 Geo. 5, c. 45, s. 8.
71. British Columbia, Statutes, 1920, 10 Geo. 5, c. 45, s. 17.
72. Pacific Coast Lumberman, 4 (April 1920) : 30 and 73; and Victoria Daily Colonist, 10 March 1920.
73. Western Lumberman, 6 (April 1909) : 16.
74. British Columbia, Statutes, 1916, 6 Geo. 5, c. 23, s. 9.
75. St. Clair to F. A. MacDonald, Nelson District Forester, 1 September 1923, L/O, roll 51, file 03681-4, #245-46.
76. L. S. Hope, Assistant District Forester to MacDonald, 4 October 1923, L/O, roll 51, file 03681-4, #271-74.
77. Caverhill to Pattullo, 16 October 1923, L/O, roll 51, file 03681-4, #276.
78. C. S. Cowan, Assistant Forester, to Caverhill, 3 August 1921, L/O, roll 51, file 03681-4, #276.
79. Caverhill to Mr. Archibald, Kootenay Shingle Co., 21 July 1921, L/O, roll 51, file 03681-4, #66.
80. Caverhill to E. B. Prowd, Nelson District Forester, 11 August 1921, L/O, roll 51, file 03681-4, #75.
81. St. Clair to Caverhill, 20 March 1925, L/O, roll 51, file 03681-5, #123.
82. Caverhill to Naden, 2 April 1925, L/O, file 03681-5, #156-64.



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83. Caverhill to Archibald, 21 July 1921, L/O, roll 51, file 03681-4, #66.
84. Minutes of meeting of BCLA directors and Logging Agency directors, 23 February 1922, and minutes of meeting of Logging Agency directors, 27 December 1922, COFI, vol. 1, file 1.
85. "Consolidated Statistical Tables," p. F 75, Table No. 16.
86. L. R. Andrews, Vancouver District Forester, to Caverhill, L/O, roll 51, file 03681-3, #145-47.
87. See, for example minutes of meeting of Export Advisory Committee (hereafter cited as EAC), 18 April 1922, L/O, roll 65, file 04392-A, #108-10; and Minutes of meeting of EAC, 21 November 1922, roll 65, file 04392-A, #221-23.
88. Minutes of meeting of EAC, 24 January 1922, L/O, roll 65, file 04392-A, #15-17; and Minutes of meeting of EAC, 21 February 1922, L/O, roll 65, file 04392-A, #44-48.
89. Minutes of meeting of EAC, 13 June 1922, L/O, roll 65, file 04392-A, #153-56.
90. Minutes of meeting of EAC, 16 May 1922, L/O, roll 65, file 04392-A, #130-31.
91. Exports authorized by Export Advisory Committee, 14 June to 18 July 1922, L/O, roll 65, file 04392-A, #171.
92. T. D. Pattullo, transcript of speech on log exports delivered to the legislature, November 1923, Add. Mss. 3, vol. 60, file 16, #120-26.
93. Pacific Coast Lumberman, 6 (February 1922) : 60.
94. "A Condensation of the Recorded Interview with William McMahan, Vice President and General Manager of Canadian Forest Products Ltd.," October 1957, C. D. Orchard Collection, #1864, p. 1, SMID-PABC.
95. Minutes of meeting of EAC, 24 January 1922, L/O, roll 65, file 04392-A, #15-17.
96. Minutes of meeting of EAC, 21 February 1922, L/O, roll 65, file 04391-A, #44-48.
97. Minutes of meetings of EAC, 24 January and 10 February 1922, L/O, roll 65, file 04392-A, #15-17, and #35.
98. T. D. Pattullo, transcript of speech, 2 October 1924, Add. Mss. 3, vol. 12, file 10, #135-45.

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99. T. D. Pattullo, transcript of speech to "Ye Knights of the Round Table," 31 October 1927, Add. Mss. 3, vol. 23, file 14, #104-19.
100. Minutes of meeting of EAC, 22 December 1925, L/O, roll 65, file 04392-A1, #143-48.
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