

# City-Building in the Canadian West: A Case Study of Economic Growth in Early Vancouver, 1886-1893\*

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Both Canada and British Columbia were profoundly influenced by the process of urbanization that reshaped Canadian society during the late nineteenth and early twentieth centuries. The proportion of Canadians living in urban communities increased markedly, the number of urban places across the frontier areas of the north and west multiplied, and a fully articulated urban hierarchy centring on a handful of large metropolitan cities emerged to exert a predominant influence over the country's economic, social, cultural and political life. Between 1891 and 1911 B.C.'s urban population increased from 38 percent to 52 percent of the provincial total; a network of towns appeared throughout the interior and north of the province; and Vancouver replaced Victoria as the metropolitan centre of British Columbia. In the quarter century after 1886 Vancouver grew from a community of approximately 500 people into a large and complex society with a metropolitan population of almost 124,000.<sup>1</sup>

Generally speaking, urban economic theory explains the rapid growth of western cities by emphasizing the external demand for goods and services either produced within or distributed by them.<sup>2</sup> The central place and export base theories provide the two most widely accepted explanations that incorporate this approach. To locate the source of city growth, central place theory points to the "centre" work carried out by an urban

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<sup>1</sup> Population figures are taken from Canada, Royal Commission on Dominion-Provincial Relations, *British Columbia in the Canadian Confederation* (Victoria: 1938), p. 64; Norbert MacDonald, "The Canadian Pacific Railway and Vancouver's Development to 1900," *BC Studies*, no. 35 (1977), p. 7; and MacDonald "Population Growth and Change in Seattle and Vancouver, 1880-1960," *Pacific Historical Review* 39, no. 3 (1970): 303.

<sup>2</sup> For the application of this approach to the prairie west see Ruben C. Bellan, *Winnipeg First Century: An Economic History* (Winnipeg: 1978); and K. Lang, "Large Urban Places in the Prairie Provinces: Their Development and Location," in R. C. Genetlcore, ed., *Canada's Changing Geography* (Toronto: 1967), pp. 199-211.

place in supplying goods and services to the surrounding region. A city's growth thus is viewed as a function of its hinterland population and income level. The export base concept in explaining growth also stresses the links between city and region, but is more explicit about the impact of external demand on the city's economy and considers more than just the market function of service centres emphasized by central place theory. City-building functions, the export base thesis would argue, are those which bring purchasing power into the city from outside through the community's exporting activities. Such exports are defined as the "source or wellspring of urban economic growth," as "basic" to the city's economic expansion. They might include products manufactured within a city for distribution within an immediate or distant hinterland area; products channelled in or out between a hinterland region and an external market through a city that, in providing distribution and transportation services, would function as a commercial entrepot; or educational, cultural, governmental, business or other specialized services extended by a metropolitan centre into a peripheral region. Other functions generated within the city by this export sector, such as trade, construction, the manufacture of consumer goods for the purely local market or the production of manufactured inputs for, and the provision of services to, export sector businesses are seen as dependent or "non-basic" economic activities. According to both theories, a city prospers or declines in response to the stimulation induced within its economy by external demand for its products and services.<sup>3</sup>

The export base thesis has provided a particularly useful framework

<sup>3</sup> See K. J. Button, *Urban Economics: Theory and Policy* (London: 1976), pp. 72 and 75-84; Harry W. Richardson, *Urban Economics* (Harmondsworth, England: 1971), pp. 79-102; Edward Ullman, "A Theory of Locations for Cities," in Paul K. Hart and Albert J. Reiss, eds., *Cities and Society*, 2nd ed. (Glencoe, Ill.: 1957), pp. 227-36; Wilbur R. Thompson, *A Preface to Urban Economics* (Baltimore: 1965), pp. 27-60; Ralph W. Pfouts, ed., *The Techniques of Urban Economic Analysis* (West Trenton, N.J.: 1960), essays by Richard B. Andrews, "Mechanics of Urban Economic Base: Historical Development of the Base Concept," pp. 5-17; John W. Alexander, "The Basic-Nonbasic Concept of Urban Economic Functions," pp. 185-212; and Hans Blumenfeld, "The Economic Base of the Metropolis," pp. 229-77. In addition to the central place and export base theories which stress demand as the key to urban expansion or decline, a second category of explanations for urban growth emphasizes supply. This approach stresses the availability within the city itself of factors such as labour, capital, specialized services or markets as crucial to urban economic development. The supply approach focuses in particular on the growth-generating qualities of cities that have already developed a broad and complex economic base. See Button, Richardson and Blumenfeld, *op. cit.*; and Alan Pred, "Industrialization, Initial Advantages, and American Metropolitan Growth," *Geographical Review* 55 (1965): 158-85.

for the examination of both regional economic growth and the emergence of a metropolitan hierarchy in British Columbia. Ronald Shearer's analysis of the B.C. economy has shown that the province's economic base historically has been relatively narrow and simple, involving a small number of staple resources, principally those of the forests, mines and fisheries. Other service or manufacturing activities have been and continue to be either largely oriented to local consumer demand or "auxiliary to basic extractive activities." "The central thrust of economic development in British Columbia," Shearer concludes, has come "from the growth of export-oriented resource-extractive industries." Any study of cities in B.C. obviously must take into consideration the intermediary role of urban places in servicing and, in cases such as Victoria and Vancouver, directing the development of this resource hinterland. This connection has been drawn out explicitly in a recent essay by L. D. McCann, whose application of the export base model to British Columbia has led to conclusions that follow logically from Shearer's. The "emergence of an urban system in a frontier region" like British Columbia, McCann argues, is directly related to the expansion of the area's economy. The emergence of Vancouver as the metropolitan centre of B.C. likewise is "undeniably related to the expansion of the provincial staple economy and to the intermediary role the city performed" in it.<sup>4</sup> Together the Shearer and McCann hypotheses provide the only available theoretical model of Vancouver's economic development.

The following paper sets out to test the export base interpretation of Vancouver's economic growth by examining the city's development during one period of its early history, from the founding of the city in 1886 to the end of its first expansion phase in 1893. It argues that, while the export base model may explain the long-term development of Vancouver,

<sup>4</sup> For British Columbia see Ronald A. Shearer, "The Economy of British Columbia," in Shearer et al., *Trade Liberalization and a Regional Economy* (Toronto: 1971), pp. 3-38; and L. D. McCann, "Urban Growth in a Staple Economy: The Emergence of Vancouver as a Regional Metropolis, 1886-1914," in L. J. Evenden, ed., *Vancouver: Western Metropolis* (Victoria: 1978), pp. 17-41. For other applications of the export base model to regional economic analysis see James N. Tattersall, "Exports and Economic Growth: The Pacific Northwest 1880 to 1960," *Papers and Proceedings of the Regional Science Association* 9 (1962): 215-34; J. C. Stabler, "Exports and Evolution: The Process of Regional Change," *Land Economics* 64 (1968): 11-23; and Douglas C. North, "Location Theory and Regional Economic Growth," *Journal of Political Economy* 63 (1955): 243-58.

<sup>5</sup> The argument of this paper also differs from that advanced by N. H. Lithwick and Gilles Pacquet, "Urban Growth and Regional Contagion," in Lithwick and Pacquet, eds., *Urban Studies: A Canadian Perspective* (Toronto: 1968), pp. 31 and 37, who suggest that Canadian cities were largely dependent upon regional development for their initial growth.

it does not explain the city's initial expansion.<sup>5</sup> Rather than being a function of the resource-based economy of its regional hinterland, early Vancouver's economic development was more the product of two other factors: the supply of growth-producing agents (such as entrepreneurs, labour and capital) by a railroad company that created in Vancouver an entrepot for the movement of goods through British Columbia rather than into and out of the resource-based provincial hinterland; and the speculative pull of the city itself. Speculation during short-term economic booms was a common phenomenon in the early west, playing a particularly significant role in extending the size of new urban places during periods such as the railroad-building eras when the psychological climate of exaggerated expectations, combined with the ready availability of investment capital, served to fuel urban growth far beyond what the centring function of these towns or cities within neighbouring hinterlands would have suggested. Vancouver was one of many western communities that experienced considerable speculative growth during its early history.<sup>6</sup> In common with other western communities, its spectacular early growth was due more to self-generating expansion of the urban economy than it was to export-induced demands for its products or services.

Vancouver's economic development will be examined through an investigation of the economic role played within the city by its business elite. Whether in implementing the policies of an externally controlled corporation or in leading economic development in new directions through individual action, local businessmen played a decisive role in founding a city on Burrard Inlet in anticipation of, rather than in response to, the development of a market connection between the inlet and its regional hinterland. Each of the entrepreneurs in the business elite was either manager of an externally controlled company or an independent local entrepreneur who had been the top official of one of a group of the largest enterprises operating in the city during the period of rapid city growth from 1890 to 1893. Several businessmen who were obviously influential in the economic life of the city but who fall outside the defining criteria have also been included in the elite category for subjective reasons. On the basis of an extensive investigation of company records, newspapers, trade papers, biographical dictionaries and membership lists of business associa-

<sup>6</sup> See Paul Voisey, "The Urbanization of the Canadian Prairies, 1871-1916," *Histoire Sociale/Social History* viii (1975): 77-101; Bellan, *Winnipeg*; Charles N. Glaab and A. Theodore Brown, *A History of Urban America* (London: 1967), chap. 5; and Norbert MacDonald, "A Critical Growth Cycle for Vancouver, 1900-1914," *BC Studies*, no. 17 (1973), pp. 26-42.

tions, twenty-one businessmen have been identified as early Vancouver's leading entrepreneurs (see table 1).<sup>7</sup>

The eight-year period from 1886 to 1893 was one of dramatic growth for Vancouver and marked the beginning of its transition from a lumber village into a regional metropolis. Figures calculated from the *B.C. Directory* for 1884-85 indicate that a Burrard Inlet population of 950 included limited concentrations of 200 and 400 people at two lumber mill sites, one at Moodyville on the north shore and one near Hastings Mill on the south shore of Burrard Inlet.<sup>8</sup> The Moodyville and Hastings mills, which in 1863 and 1867 respectively had begun the production of lumber for Pacific Rim export markets, defined the economic base of the inlet area as one dependent on the extraction and limited processing of a staple resource. With the exception of commercial functions provided by saloon keepers, merchants and hotelmen in the small service community of Granville (or Gastown), near Hastings Mill, lumber mills of Burrard Inlet had stimulated little additional commercial or manufacturing enterprise in the area during the twenty years prior to the arrival of the transcon-

<sup>7</sup> The business elite which forms the focus of this study was chosen for the four-year period 1890-93, during which substantial business growth occurred in Vancouver. The elite was defined as the men holding the top positions in the biggest (and hence, in terms of their economic influence, presumably the most "important") business organizations operating within the local business community. "Top" officials were to include both owners of locally based firms and managers of branch enterprises (such as banks and railroads). "Important" primary business affiliations (those by which top officials were included in the "elite" category) were defined for Vancouver-based companies as those whose assets equalled \$100,000 or more for the 1890-93 period, and for externally controlled businesses those whose assets in Vancouver or controlled from it equalled similar amounts. The criterion for "important" subsidiary business affiliations (used to measure the extent of significant secondary affiliations) was set at half this level. Measurement of the local importance of businesses controlled outside the city was a difficult task, because businesses with head offices outside the city left no obvious record of the extent of their operations inside it; the task was almost as demanding for local businesses, the majority of which were unincorporated partnerships or single proprietorships; few had been organized as incorporated, limited liability companies. In both cases more subjective evidence, such as economic information about the scale of local operations found in newspapers or in biographical sketches of company officials, was used to judge whether businesses met the criteria for "important" primary or secondary affiliations. Four businessmen (three of the four officials of the CPR and R. H. Alexander) who did not meet the criteria used to define the elite were chosen for subjective reasons. Twenty-one businessmen were designated as members of the city's business elite. For a fuller discussion of the methods used to define Vancouver's business elite for the period from 1890 to 1893 see Robert A. J. McDonald, "Business Leaders in Early Vancouver, 1886-1914," unpublished Ph.D. thesis, University of British Columbia, 1977, chaps. 1 and 6.

<sup>8</sup> F. G. H. Brooks, "Vancouver's Origins," unpublished graduating essay, University of British Columbia, p. 60.

TABLE 1  
*Business Elite in Early Vancouver, 1890-93*

<i>Business Elite</i>	<i>Primary Occupation</i>
<i>CPR</i>	
1. Harry Abbott	General Superintendent, Pacific Division, CPR
2. J. M. Browning	Land Commissioner, CPR
3. W. F. Salisbury	Treasurer, Pacific Division, CPR
4. J. D. Townley	Assistant superintendent, Pacific Division, CPR
<i>Real Estate</i>	
5. H. T. Ceperley	Managing Director, Vancouver Loan, Trust, Savings and Guarantee Co. Ltd.
6. J. W. Horne	Private real estate investor and capitalist
7. F. C. Innes	Partner, Innes and Richards
8. Charles D. Rand	Partner, Rand Brothers
9. David Oppenheimer	President, Vancouver Improvement Co. Ltd. and Partner, Oppenheimer Brothers
<i>Finance</i>	
10. J. C. Keith	Manager, Bank of British Columbia
11. Edwin B. Morgan	Manager, British Columbia Land and Investment Agency Ltd.
12. Campbell Sweeny	Manager, Bank of Montreal
13. Johann Wulffsohn	Partner, Wulffsohn and Bewicke Ltd.
<i>Commerce</i>	
14. Thomas Dunn	Proprietor, Thomas Dunn and Company
15. H. O. Bell-Irving	Partner, Bell-Irving and Paterson
16. Isaac Oppenheimer	Partner, Oppenheimer Brothers
(9. David Oppenheimer	President, Vancouver Improvement Co. Ltd. and Partner, Oppenheimer Brothers)
<i>Lumber</i>	
17. R. H. Alexander	Manager, Hastings Sawmill
18. Charles M. Beecher	Assistant General Manager and Vice-President, British Columbia Mills, Timber and Trading Co. Ltd.
19. H. R. Morse Sr.	Proprietor, H. R. Morse and Company
20. J. H. Ramsdell	Manager, Moodyville Saw Mill
<i>Consumers' Goods Manufacturing</i>	
21. B. T. Rogers	Manager, British Columbia Sugar Refining Co. Ltd.

tinental railway.<sup>9</sup> The CPR was the catalyst that initiated a sharp break in this economic pattern and made possible the emergence by 1891 of a new urban concentration on the inlet of 13,000 people, a population sustained by an infinitely more complex economic base incorporating commercial, transportation, financial and residentiary service and manufacturing functions, as well as an expansion of the timber extraction and lumber manufacturing activities traditional to the area. More than any other factor, it was the CPR that created Vancouver's first phase of development as a city.

The four CPR officials listed among the twenty-one members of the city's elite of the early 1890s, Harry Abbott, J. M. Browning, William Salisbury and J. D. Townley, were together the most powerful group of businessmen in early Vancouver. The central figure among them was Abbott, a member of an eastern Canadian family with solid economic, social and political ties to the country's governing Conservative Party, and the man who, as General Superintendent of the CPR Pacific Division for the decade starting in January of 1886, served as the company's leading executive figure in Vancouver and B.C. Abbott's influence in Vancouver stemmed in part from the metropolitan function he exerted from the city as regional manager of the B.C. section of the transcontinental railway, a management function which, "owing to the nature of the Province, its extent, its varied interests, and its distance from the executive centre, [was] the most responsible of its kind on the entire line. . . ."<sup>10</sup>

The influence of the CPR elite was particularly crucial in directing the economic affairs of Vancouver itself. The rail company had made Vancouver an important equipment servicing centre by establishing there the terminus of its transcontinental rail system. Being a terminus, Vancouver also assumed the role of a breakpoint between two very different land

<sup>9</sup> For early lumber industry development on Burrard Inlet see Joseph C. Lawrence, "Markets and Capital: A History of the Lumber Industry of British Columbia (1778-1952)," unpublished M.A. thesis, University of British Columbia, 1957, pp. 17-29; J. E. Flynn, "Early Lumbering on Burrard Inlet, 1862-1891," unpublished graduating essay, University of British Columbia, 1942, pp. 3-29; and F. W. Howay, "Early Shipping in Burrard Inlet 1863-1870," *British Columbia Historical Quarterly* 1 (1937): 3-20. For the economic structure of settlements on Burrard Inlet see Brooks, "Vancouver's Origins," *passim.*, and R. T. Williams, comp., *The British Columbia Directory for 1884-85* (Victoria: 1885), pp. 173-77.

<sup>10</sup> J. B. Kerr, *Biographical Dictionary of Well-Known British Columbians* (Vancouver: 1890), p. 77; George Maclean Rose, ed., *A Cyclopaedia of Canadian Biography: Being Chiefly Men of the Times* (Toronto: 1886), p. 740; and *Vancouver Daily Province*, 16 February 1903, p. 1. The quotation is from E. O. S. Scholefield and R. E. Gosnell, *A History of British Columbia* (together with *Sixty Years of Progress*), Vancouver and Victoria, 1913, part 2 by R. E. Gosnell (hereafter cited as Gosnell, *Sixty Years of Progress*), p. 106.

and water transportation systems, a function that generated considerable economic activity in the city. Burrard Inlet's links with the Orient, established previously by the lumber trade, were expanded in 1887 through the initiation of the CPR's trans-Pacific steamship service to Vancouver and by the arrival in the port in 1891 of the first of the company's three *Empresses*.<sup>11</sup> Shipping required the construction of CPR wharves along the Coal Harbour waterfront, and the passenger traffic drawn into Vancouver from both land and sea led to the construction between 1886 and 1888 of the CPR's \$200,000 Hotel Vancouver, "the principal building in the town."<sup>12</sup> The income spent by the extensive CPR workforce to carry out these transportation-related functions undoubtedly broadened the city's economic base. For the year ending in November 1888, the CPR spent \$294,299.81 on operational maintenance and freight handling, \$134,934.84 on building projects and \$180,000 for labourers and stevedores to service its steamship business. The *News-Advertiser* calculated that between the regular maintenance service and building projects the expenditure represented a labour force employed by the CPR in 1888 of close to 800 men, and this in a community of 8,000 to 9,000 people.<sup>13</sup> Mayor David Oppenheimer's survey of the city economy two years later showed that the CPR employed 600 workers and paid out \$400,000 in wages in Vancouver at the beginning of 1891. This made the railway the largest single employer in the city and placed its annual wage bill behind only that of Vancouver's lumber and construction industries (see table 2). By 1898 the company's annual expenditure in Vancouver had risen to \$2,040,000, including a monthly payroll of \$88,000.<sup>14</sup>

As in other towns of the Canadian and American wests,<sup>15</sup> real estate, whether in the form of land or improvements, was fundamental to Vancouver's development and provided the city's second major focus of economic activity. What distinguishes early Vancouver's economic history among major centres in the Canadian context, although less so in that of the American Pacific coast,<sup>16</sup> is the extent to which the railway and real

<sup>11</sup> W. K. Lamb, "The Trans-Pacific Service, 1887-1891," *B.C.H.Q.* 1 (1937): 143-64, and "Empresses to the Orient," *ibid.*, 4 (1940): 29-47 and 76-106.

<sup>12</sup> W. N. Sage, "Vancouver, 60 Years of Progress," *B.C. Journal of Commerce, 1946 Yearbook*, Vancouver, p. 106; *Vancouver Daily World*, 31 December 1889, p. 5; and Mrs. Algernon St. Maur, *Impressions of a Tenderfoot During a Journey in Search of Sport in the Far West* (London: 1890), p. 135.

<sup>13</sup> *Daily News-Advertiser*, 1 January 1889, p. 2.

<sup>14</sup> *Ibid.*, 11 Oct. 1898, p. 5.

<sup>15</sup> Glaab and Brown, *A History of Urban America*, p. 126.

<sup>16</sup> N. MacDonald, "Canadian Pacific Railway," p. 11.

estate sectors in the Terminal City overlapped. In return for extending its line westward twelve miles from Port Moody at the head of Burrard Inlet to Coal Harbour, both the provincial government and private landholders in the Granville townsite area gave generous bonuses of land to the CPR. The ten square miles of land transferred to the railway was a much larger bequest than the company had received in other western Canadian cities and became yet another powerful agent by which the CPR stimulated local economic growth. The CPR sold its city holdings briskly, deriving revenues of \$868,059 from the sale of company lands in Vancouver during the years 1886 to 1888.<sup>17</sup> To enhance the value of its real estate, particularly on the peninsula between Burrard Inlet and False Creek, the company invested heavily in services and buildings. It spent \$235,000 on grades, forest clearings and street construction from April to December 1886 and continued to spend money to open new streets and roads, to build sidewalks and to make Granville Street a second focus (after the Water and Carrall Streets area) of commercial and residential development. Granville was levelled and planked, the Bank of Montreal (tied through interlocking directorships in eastern Canada to the CPR) was "influence[d]" in 1892 to accept the rail company's choice of a new bank site on Granville, and a \$100,000 Opera House and \$200,000 hotel were erected near the height of land on Granville at Georgia.<sup>18</sup>

From his family mansion three blocks west of the Hotel Vancouver along "Blue Blood Alley," as Georgia Street became known in the 1890s, business elite member J. M. Browning, successor in 1888 to Laughlin Hamilton as CPR Land Commissioner in Vancouver, presided over this extensive selling and improvement of company land. A pillar in St. Andrew's Presbyterian Church and a power in civic politics, at least in 1890 when he served as the CPR's Ward I Council representative,<sup>19</sup> the Scottish-born Browning exerted additional influence over the development of the local economy through his management of considerable private investment in local real estate. This growth-generating private capital came from CPR officials in Montreal, including Sir William Van Horne,

<sup>17</sup> *Ibid.*, pp. 7-12 and 17-19.

<sup>18</sup> *Ibid.*, pp. 12-13; *Vancouver News*, 10 December 1886, p. 1; Sage, "Vancouver, 60 Years of Progress," p. 106; Sweeny Diary, April 1892, Campbell Sweeny Papers, p. 10, Vancouver City Archives; *World*, 31 December 1889, p. 5, and 11 April 1891, p. 5.

<sup>19</sup> Major J. S. Matthews, "Early Vancouver: Narratives of the Pioneers in Vancouver, B.C.," unpublished manuscript, VCA, vol. 4 (1944), p. 343; for an example of his political influence see his role in the bonusing of B.C. Sugar (*Vancouver City Council Minutes*, 3 and 10 Feb. and 14 April 1890, vol. 3 (microfilm), VCA.

TABLE 2  
*Occupational Structure of Vancouver, 1891*

<i>Economic Sector</i>	<i>Annual Wages</i>	<i>No. of Employees</i>	<i>No. of Employees As % of Total</i>
Manufacturing	\$ 874,000	1,637	32.6%
Wood Products	462,000	885	17.7%
Salmon Canneries	12,000	200	4.0%
Foundries and Machine Shops	95,000	105	2.1%
Other Manufacturing	305,000	447	8.9%
Construction	\$ 480,000	750	15.0%
Transportation & Public Utilities	\$ 628,000	960	19.1%
CPR	400,000	600	12.0%
Steamship Companies	75,000	150	3.0%
Utilities	108,000	110	2.2%
Other Transportation	45,000	100	2.0%
Service	\$1,102,000	1,669	33.3%
Professions	77,000	97 <sup>a</sup>	1.9%
Hotels and Boarding Houses	257,000	425	8.5%
Grocery Trade: Retail	143,000	195	19.2%
Wholesale	20,000	25	
Other Commerce	492,000	742	
Other Services	49,000	116	2.3%
Miscellaneous	64,000	69	1.4%
Totals	\$3,084,000	5,016	100.0%

<sup>a</sup> Includes 18 "Medical Men" listed in the Vancouver Board of Trade's publication of the survey; no figures for "Medical Men" were given in the *World* newspaper report used for this table.

SOURCE: Mayor David Oppenheimer's statistical survey of the Vancouver economy presented to the Vancouver City Council on 5 January 1891, and reprinted in the *Vancouver Daily World*, "Souvenir Edition," 11 April 1891, pp. 3 and 4. The survey was also reproduced in the *Annual Report* of the Vancouver Board of Trade in the spring of 1891 (pp. 40-41); some of the statistics in this second publication of the survey differed from those in the newspaper; for the most part they were higher. In the case of salmon canning the difference was dramatic, and the higher figures questionable. In his essay, "Urban Growth in a Staple Economy: The Emergence of Vancouver as a Regional Metropolis, 1886-1914," in L. J. Evenden, ed., *Vancouver: Western Metropolis* (Victoria: 1978), p. 30, L. D. McCann uses the Board of Trade statistics; I have chosen to use the less inflated figures from the newspaper.

Sir Donald Smith and Lord Mount Stephen, and from investors in Great Britain; it also included capital from the principal CPR executives in Vancouver. In 1889 the Smith and Van Horne Blocks, estimated at \$50,000 and \$40,000 respectively, were the two largest buildings in Vancouver owned by private individuals. B. T. Rogers' sugar refinery, which by 1893 could boast a substantial paid-up capital of \$270,000, had been initially capitalized in 1890 by CPR directors from Montreal, and Browning as the representative of this capital had been named the company's first president. Browning's connections with two hydraulic mining companies in the Cariboo during the 1890s were likewise a product of close ties with Montreal capital.<sup>20</sup>

No less important to the early growth of Vancouver was the CPR's role in shaping the business climate of the city. Like Vancouver, new urban communities in the west of the U.S. and Canada grew to a substantial degree ahead of the development of their surrounding areas.<sup>21</sup> Factors of production such as capital, entrepreneurs and labour were often drawn into new boom towns in anticipation of, rather than in response to, the need to service hinterland regions. Much of the growth-generating activity in new towns, which centred on the development of real estate and the expansion of business services to the community, thus occurred because factors of production were attracted into the community in anticipation of the latter's future metropolitan role. Expectations were crucial here, and for Vancouver during its first phase of development as a city the CPR provided this "indirect and intangible" element of growth. As Norbert MacDonald has noted,

the very existence of its rail and steamship facilities shaped a whole set of expectations about the city's future. Thousands of migrants reasoned that with such transportation facilities Vancouver was destined for inevitable prosperity. The city would surely become the depot for grain exports, as well as the processing and export point of the province's lumber, fish, ores and manufactured products. The fact that grain shipments were negligible in the early 1890's, that the trans-Pacific trade was modest, and that no major national demand existed for B.C.'s raw materials could be ignored. People were convinced about Vancouver's future, and as long as these convictions were sustained, migration continued. In time, Vancouver would become

<sup>20</sup> For his ties to Montreal and British investors see the *World*, 20 June 1896, p. 28; for the Smith and Van Horne Blocks, *ibid.*, 31 Dec. 1889, p. 5; for his role in B.C. Sugar, *British Columbia Gazette*, 27 March 1890, p. 291 and 11 May 1893, p. 376, and the *World*, 20 June 1896, p. 28; for his role in Cariboo mining, see the *B.C. Gazette*, 3 Dec. 1893, p. 945, *The British Columbia Mining Record*, vol. 1 (June 1896), p. 31, R. T. Williams, *The Williams' Official British Columbia Directory*, 1895 (Victoria: 1895), p. 540, and the *News-Advertiser*, 11 March 1897, p. 7.

<sup>21</sup> See Richard Wade, *The Urban Frontier* (Chicago: 1959), and Voisey, *op. cit.*

more integrated and dependent on national economic trends. But in its early years, images and expectations were of critical importance, and basic to this entire set of expectations was the C.P.R.<sup>22</sup>

Without these expectations town promoters could not have succeeded during the 1886-93 period in encouraging into Vancouver so extensive an influx of people and money.

Real estate entrepreneurs joined railroad executives as the businessmen best able to exploit these expectations. Vancouver could boast some thirty real estate firms in the late 1880s, and from these five real estate businessmen, the largest number of elite members in any one economic category, emerged after 1890 as members of the city's twenty-one man commercial elite. When J. M. Browning of the CPR and J. C. Keith, Edwin Morgan and Johann Wulffsohn, three financiers whose investment interests tied them closely to the local real estate market, are also taken into consideration, the proportion of the city's early business elite whose primary business concerns were linked to Vancouver real estate increases to 9 of 21, or 43 percent. The fact that the first two presidents of the Vancouver Board of Trade and first two mayors of the city were also land promoters likewise reflects the prominence of the real estate businessmen during the city's first major period of expansion.

This prominence stemmed from two economic functions by which the real estate entrepreneurs significantly broadened the economic base of the community. Real estate boosters were primarily interested in profiting from the sale or improvement of land and worked towards the creation of a real estate market characterized by quick turnovers and increased property values. With such an interest in promoting urban growth the real estate agent became the leading advocate of the kind of business development that would broaden the community's service base and enhance the town's attractiveness to immigrants and capital. This function meant that in early Vancouver local real estate businessmen formed the most active entrepreneurial group in the city. An examination of the secondary business affiliations of sixty-eight leading entrepreneurs in Vancouver between 1890 and 1893, and of the number of important companies promoted by these businessmen,<sup>23</sup> shows clearly that up to the depression of the mid-1890s it was the real estate promoter who led all

<sup>22</sup> N. MacDonald, "Canadian Pacific Railway," p. 16.

<sup>23</sup> As noted in fn. 7, secondary affiliations with businesses having or assumed to have assets of \$50,000 or more were defined as "important." For a more detailed discussion of this study of entrepreneurship among early Vancouver's leading businessmen see MacDonald, "Business Leaders in Early Vancouver, 1886-1914," pp. 55-58 and Appendix A.

other entrepreneurs in furthering business development. Between 1890 and 1893 leading real estate businessmen served more frequently as the head, as directors and as promoters of major businesses operating in Vancouver than did any other type of businessmen. Vancouver lumbermen, in contrast, took virtually no part, besides the one company with which they were affiliated, in furthering new business development in the city.

David Oppenheimer and Charles Rand are the two members of early Vancouver's commercial elite whose business ties best illustrate this entrepreneurial drive by real estate promoters. Oppenheimer, the son of a Bavarian vintner, had left Germany in the 1840s, and after stops in Louisiana, California and both the B.C. gold rush town of Yale and the Vancouver Island city of Victoria had moved in 1886 to Vancouver.<sup>24</sup> Though engaged with his brother Isaac in the largest wholesale firm in Vancouver during the 1880s and 1890s, David's attention focused on the family's considerable real estate interests in the city. David served as president of the Vancouver Improvement Co. Ltd., a Victoria-based syndicate formed in 1886 to control the largest block of land in Vancouver outside the holdings of the CPR.<sup>25</sup> While the Canadian Pacific Railway controlled the west side of the city the Vancouver Improvement Company controlled the east. Oppenheimer divided his attention between his public duties as mayor of Vancouver (from 1888 to 1891) and the promotion of Vancouver Improvement Company land. By the 1890s his holdings east of Carrall Street had become the industrial heart of the city, serving as the location for such industries as a sugar refinery, a lime company and a foundry. David's ancillary business interests served to enhance his primary real estate and commercial concerns: he served as head of the New Westminster-based syndicate that built an interurban tramline between New Westminster and Vancouver and as director of the Vancouver City Foundry and Machine Works Co. Ltd., located on the east side of town. Isaac's role as president of the Vancouver street railway utility and as director of a small fruit canning company and a coastal steamship firm also bolstered the Oppenheimer family's influence in the utility and commercial sectors of the economy.<sup>26</sup>

<sup>24</sup> *News-Advertiser*, 1 January 1898, p. 5.

<sup>25</sup> Gosnell, *Sixty Years of Progress*, fn. 3, p. 194; *World*, 11 April 1891, p. 15; and M. Picken, comp., *City of Vancouver, Terminus of the Canadian Pacific Railway, British Columbia Handbook* (Vancouver: 1887), p. 29.

<sup>26</sup> Sources for the ancillary business interests, listed in order of mention, are: *World*, 30 June 1890, p. 1; *News-Advertiser*, 7 February 1892, p. 8, and 5 April 1892, p. 5; *ibid.*, 9 October 1890, p. 8; *ibid.*, 20 January 1892, p. 8; and *ibid.*, 5 March 1890, p. 2 and 10 Feb. 1892, p. 1.

Charles Rand was undoubtedly the Terminal City's most active entrepreneur. Born the son of a Nova Scotia shipbuilder, he settled in Vancouver in September 1887 to take charge of the local branch of the family real estate business founded three years earlier in New Westminster. Rand Brothers soon carried out "numerous large and extensive real estate transactions" in the city and also became agents for David Oppenheimer's Vancouver Improvement Company, of which Charles Rand was secretary.<sup>27</sup> Charles Rand initiated more new business in early Vancouver than any other business leader of the 1890-1893 period. He promoted both the city's gas and street railway utility companies; he helped organize a local candy manufacturing company and a wholesale confectionery business; he served in 1891 and 1892 as chairman of the board of the B.C. Ironworks Ltd.; and he promoted Vancouver's first important shipping company, along with a local delivery business. His interests extended to railways: in 1891 he first incorporated and then in 1893 became president of the ill-fated Burrard Inlet and Fraser Valley Railway Company, formed by its backers to provide competition in the lower mainland with the railroad monopoly of the CPR.<sup>28</sup> Real estate, shipping, producers' and consumers' goods manufacturing, utilities, railways — Rand's role as an entrepreneur ranged across a broad spectrum of business activity. The fact that the *San Francisco Call* selected Charles Rand as its source for a story on Vancouver in December 1888 is a measure of the stature of this representative early Vancouver entrepreneur whose energies,<sup>29</sup> while they did extend to a land company in the Okanagan and a railway for the Fraser Valley, focused primarily on expanding the economic base of the city itself.

In addition to promoting new businesses, David Oppenheimer and Charles Rand also broadened the economic base of the city by organizing outside financial capital for investment in Vancouver. Frontier societies are characteristically short of development capital, and companies or individuals which meet this deficiency by encouraging outsiders to invest in, or by investing their own capital resources in, the new community play a

<sup>27</sup> Kerr, *Biographical Dictionary*, p. 271, and *World*, 11 April 1891, pp. 11 and 15.

<sup>28</sup> Sources for his secondary business connections in order of mention, starting with the gas company, are: British Columbia, Attorney-General, Companies Office, Company Registration File (hereafter cited as B.C. Reg. of Cos.), File 29 (1878), Roll 1, microfilm; *B.C. Gazette*, 3 January 1890, p. 14; *News-Advertiser*, 26 November 1890, p. 8; B.C. Reg. of Cos., File 89 (1890), Roll 1, microfilm; *News-Advertiser*, 27 March 1892, p. 8; Jessie M. Van der Burg, "A History of the Union Steamship Company of British Columbia, 1889-1943," unpublished manuscript, University of British Columbia, 1943?, p. 7; *B.C. Gazette*, 3 April 1890, p. 312; and the *News-Advertiser*, 16 Sept. 1892, p. 1, and 29 March 1893, p. 7.

<sup>29</sup> Quoted in *ibid.*, 8 December 1888, p. 3.

critical role in determining the extent to which economic development there is possible. The more capital invested, either in land or businesses, the greater the multiplier effect of economic growth throughout the urban economy. David Oppenheimer channelled money into Vancouver by heading syndicates of Victoria and New Westminster capitalists who invested money in city real estate and an interurban railway company. More important was Charles Rand, who in partnership with his brother Edward established an office in London to facilitate the flow of British capital to the west coast. While Edward presided over the English branch of the real estate firm from 1887 to 1891, Charles travelled widely in search of investment.<sup>30</sup> In addition to being very successful in encouraging English capitalists to invest extensively in Vancouver property, the Rands attracted three major businesses to the Pacific Coast between 1886 and 1892: the Ross-McLaren Lumber Company from the Ottawa Valley and two financial companies, one specializing in loans and real estate investment, from Britain.<sup>31</sup>

The high economic status of real estate entrepreneur and business elite member J. W. Horne also stemmed from his combined role as business promoter and capitalist. Having already participated in one real estate boom in Brandon, Manitoba, in the early 1890s, the Toronto-born Horne moved to Vancouver in March 1886 to capitalize on the business prospects of yet another instant railway town. Because he brought with him the consolidated capital resources generated from his earlier prairie enterprises, Horne's influence in Vancouver far surpassed his initial speculation in city real estate. J. B. Kerr suggested that by 1890 his investments in Vancouver were equal to \$1.5 million.<sup>32</sup> He promoted and became president of two of the city's first indigenous financial enterprises, the Vancouver Loan, Trust, Savings and Guarantee Co. Ltd. and the Pacific Coast Fire Insurance Company, and for a time he had financial control of the Vancouver Electric Railway and Light Co. Ltd. In addition, in 1891 the *Vancouver Daily World* claimed that Horne was "the heaviest individual property owner in Vancouver," having "several large business blocks on Cordova, Granville and other streets. . . ."<sup>33</sup>

<sup>30</sup> *World*, 11 April 1891, pp. 5 and 11.

<sup>31</sup> *Loc. cit.*; *News-Advertiser*, 12 October 1888, p. 8; *ibid.*, 24 July 1890, p. 8; and E. O. S. Scholefield and F. W. Howay, *British Columbia from the Earliest Times to the Present* (Vancouver: 1914), vol. 4, p. 844.

<sup>32</sup> *World*, 11 April 1891, p. 19, and Kerr, *Biographical Dictionary*, p. 197.

<sup>33</sup> For the loan and fire insurance companies see the *News-Advertiser*, 3 September 1890, p. 1 and 1 January 1891, p. 1, B.C. Reg. of Cos., File 9 (1890), Roll 1,

The link between the financial sector and the land market in the city also emphasizes the extent to which urban land rather than hinterland resources was the important source of economic growth in early Vancouver. While the city had not by 1893 developed the functions of a financial metropolis, it did serve as the host for several financial institutions, three of which had been established by local entrepreneurs.<sup>34</sup> Three banks channelled money into the local economy, including in particular the Bank of Montreal and the more important of the two British banks established in Vancouver in the 1880s, the Bank of British Columbia. While the banks financed a broad range of enterprises in the town, the non-banking financial institutions either were organized by capitalists like J. W. Horne with money derived from the real estate market or were intended primarily to make funds available for investment in mortgages. Such was the case with Horne's locally organized Vancouver Loan, Trust, Savings and Guarantee, a company capitalized through a subscription of stock worth \$200,000 and mainly interested in the sale of real estate and in mortgage lending. The largest British non-banking institution in the city, the British Columbia Land and Investment Agency Ltd., headed by business elite member Edwin B. Morgan, had been organized for similar purposes. By 1896 it had become the largest business house of its kind in the province, having invested between \$2.5 million and \$3 million in B.C., including large investments in Vancouver.<sup>35</sup>

The promotional activities of two members of the elite, Johann Wulffsohn and J. C. Keith, reveal that even the city's bankers were actively involved with mortgage financing and real estate. The German-born Johann Wulffsohn had arrived in Vancouver in 1887, after a career in the import-export business in Hamburg, Germany, to found a banking, stock brokerage, real estate, loan and insurance business.<sup>36</sup> Like the Rands he actively pursued both British and European investment capital for the Terminal City during the 1890s and succeeded during a four-month overseas trip in 1891 in completing deals that were to bring \$5 million worth of investment to B.C. Some of this, including the \$80,000 paid by English

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microfilm, and the *World*, 11 April 1891, p. 4; for the street railway company, *ibid.*, 3 March 1890, p. 1, *News-Advertiser*, 5 April 1892, p. 5 and the *Province*, 22 Feb. 1922, p. 1; and for his property holdings, *World*, 11 April 1891, p. 19.

<sup>34</sup> The Vancouver Loan, Trust, Savings and Guarantee Co. Ltd., Pacific Coast Fire Insurance Co. Ltd. and British Columbia Building Association were each formed in 1890.

<sup>35</sup> *World*, 20 June 1896, p. 27.

<sup>36</sup> *Ibid.*, 11 April 1891, p. 5.

investors for the Dunn Block, was directed into the local real estate market.<sup>37</sup> While Wulffsohn's function as a financier and private banker was undoubtedly his most important in Vancouver, he was also an ardent land speculator and business promoter. In 1890 he promoted a major land company in North Vancouver and in 1893 became president of the Okanagan Land and Development Company, the business through which Vancouver entrepreneurs G. G. MacKay, Charles Rand and F. C. Innes had three years earlier founded the town of Vernon.<sup>38</sup>

The urge to speculate in urban land during the initial boom phase of city expansion helped to make additional growth-generating investment funds available to local city-builders, as the liberal lending practices of the Bank of British Columbia's Vancouver manager from 1886 to 1892 indicate. The Scottish-born J. C. Keith was essentially a promoter rather than a conservative banker, and his outlook meshed perfectly with the speculative interests of the early Vancouver business community. Keith went beyond the already generous guidelines set down by the British head office in making loans secured only by real estate assessed at highly inflated prices. "The business of the new branch [in Vancouver]," argues Bank of British Columbia historian Victor Ross,

appeared to be so profitable that the manager was given a fairly free hand by the London directors, even though it was well-known that a large portion of the advances he was making were secured directly or indirectly by real estate. The rapid increase in the advances at last alarmed the directors. Repeated instructions were given to take in sail and to secure material reductions in some of the accounts, but these instructions were not heeded. The inspector then took matters in charge, insisting on reductions, with consequent consternation and many threats as to the consequences. Investigation revealed the fact that the manager had a large personal interest in the shares of several of the most speculative concerns, and had in one such case given a guarantee in the bank's name without consultation or report.<sup>39</sup>

<sup>37</sup> *News-Advertiser*, 23 June 1891, p. 1, and *World*, 29 May 1891, p. 2.

<sup>38</sup> For the North Vancouver Land and Improvement Co. Ltd. see the *B.C. Gazette*, 1891, p. 609; for the Okanagan Land and Development Co. Ltd. see *ibid.*, 30 Oct. 1890, p. 907 and the *News-Advertiser*, 19 Nov. 1890, p. 8 and 8 Feb. 1893, p. 3. The Mercantile Development Co. Ltd. of London, which had invested in Wulffsohn's bank after the latter's trip to Britain in 1891, also put capital into the Okanagan Land and Development Co. Ltd. (*News-Advertiser*, 23 June 1891, p. 1 and David R. B. Dendy, "One Huge Orchard: Okanagan Land and Development Companies Before the Great War," unpublished Honours Paper, Dep't. of History, University of Victoria, 1976, p. 10).

<sup>39</sup> Victor Ross, "The Bank of British Columbia," *A History of the Canadian Bank of Commerce* (Toronto: 1920), vol. 1, p. 334. Ross is unclear about when Keith left the bank (p. 334), but a newspaper story places his departure in 1892 (*News-Advertiser*, 23 June 1892, p. 8).

For his defiance of company advice Keith was dismissed as manager in 1892.<sup>40</sup>

Only one of Vancouver's four leading financiers, the Bank of Montreal's Campbell Sweeny, was not an active entrepreneur. His secondary business ties were limited to a single company between 1890 and 1893, the New Westminster-based parent firm of the Hastings Sawmill Company. Sweeny was a career businessman whose place in the bureaucracy of one of Canada's largest corporations precluded the kind of entrepreneurial activity characteristic of independent entrepreneurs, or of managers of more loosely organized business bureaucracies such as the Bank of British Columbia. Sweeny's place as a member of the business elite was secured by other means, including the close corporate links between the Bank of Montreal and the CPR and his own familiar social ties with the railway company's powerful superintendent in Vancouver.<sup>41</sup>

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Massive log booms, screaming saw blades and the aromatic fragrance of freshly cut lumber reminded visitors to the Vancouver waterfront in the 1890s that Burrard Inlet's heritage as centre of the British Columbia sawmill industry continued to survive despite changes created on the inlet by the arrival of the CPR. Sixty-four percent of the timber cut in B.C. in 1891 was logged by mills located there.<sup>42</sup> The two traditional export mills of the inlet continued to dominate the lumber industry of the region after 1886, the Moodyville Sawmill and Hastings Sawmill employing together more than half of the total sawmill workforce in Vancouver at the beginning of 1891 (table 3). Hastings Mill in particular was a large, heavily capitalized plant during this period, and it became even larger in 1891 and 1892 when capacity was increased to ninety million feet of lumber per year. Thirty percent of Vancouver's lumber production was shipped by sea to Pacific Rim markets in 1891, providing a small but important

<sup>40</sup> Exceptionally generous lending policies by local bank managers had similarly served in 1881-82 to encourage the local real estate-based economic boom in Winnipeg. See Bellan, *Winnipeg*, pp. 27-28.

<sup>41</sup> Sweeny Diary, 20 December 1889, p. 15. The Bank of Montreal was banker for the B.C.M.T. and T. CO. in 1896 (*ibid.*, 2 April 1896, p. 15), and had probably been earlier as well. The suggestion of a close social relationship between the Sweenys and Abbots is based on several references to Abbott in the Sweeny Diary.

<sup>42</sup> Of a provincial total of 83,108,335 feet of timber, 53,938,529 feet were cut at Vancouver and Moodyville in 1891. ("Timber Inspector's Report," British Columbia, Legislative Assembly, *Sessional Papers*, 1892, pp. 344-45).

TABLE 3  
*The Lumber Industry in the Vancouver Area, 1891*

<i>Sawmills and Lumber Products: Manufacturing Units</i>	<i>Invested Capital</i>	<i>Annual Wages</i>	<i>No. of Employees</i>
1. Hastings Mill	\$ 500,000	\$150,000	300
2. Moodyville Mill	250,000	80,000	185
3. Royal City Planing Mills	185,000	72,000	90
4. Commercial Mills (Leamy and Kyle)	100,000	36,000	70
5. Morse and Boggs (H. R. Morse)	150,000	40,000	70
6. Vancouver Mill	50,000	24,000	50
7. Cassady and Company	50,000	20,000	40
8. Vancouver Shingle Mill (Slater and Co.)	20,000	22,000	40
9. Vancouver Manufacturing and Trading Co.	35,000	18,000	40
Totals	\$1,340,000	\$462,000	885

SOURCE: See table 2.

export base for a city dominated by speculative and promotional economic development.<sup>48</sup>

While the two Vancouver sawmilling companies of 1886 had become nine by 1891, these new mills appear to have been built primarily in response to a local rather than export demand. "Steadily growing local demand," for instance, had "practically prevented" the George Cassady and Company mill from exporting any of its product by sea in 1890. Although the Vancouver Sawmill Company claimed that its 1891 business was "principally a foreign one," 80 percent of its production that year was sold in the Vancouver area. The seven new mills were all relatively small, each employing less than one-third the number of loggers or mill hands engaged in 1891 by the Hastings Sawmill Company (see table 3). The annual wages paid out by the largest export mill were more than double those provided by the smaller local firms. At least seven of the nine mills in the Vancouver area were also involved in the secondary manufacturing of wood products such as sashes, doors and frames, again for a

<sup>48</sup> For Hastings Mills see R. T. Williams, comp., *Williams' British Columbia Directory, 1892* (Victoria: 1892), p. 780; for Vancouver lumber exports see the *World*, 11 April 1891, p. 9.

local rather than export market. The first shipments of lumber and especially shingles to the prairies began in the early 1890s; for instance, the relatively small George Cassady mill sent 75 percent of its production of five million shingles to markets in Manitoba and the Northwest Territories in 1891,<sup>44</sup> although this prairie demand remained insignificant until the later 1890s. Thus, despite the fact that at the end of 1890 the wood products industry employed a substantial 17.7 percent of the Vancouver workforce (see table 2), the rapid expansion of the Vancouver economy after 1886 cannot be explained by a growing lumber products export base. Even though Hastings Mill did increase its production capacity in 1890-91, and even though a prairie market for coastal shingles had been established, the expansion of the city's lumber industry did not occur in response to new external markets. The new mills were a product rather than a cause of Vancouver's population explosion between 1886 and 1892.

The identities of the four members of the lumber elite in early Vancouver underline the point that by 1893 Vancouver's later role as a management centre for the hinterland resource economy of B.C. had not yet been achieved. Much of the financial capital and entrepreneurship in Vancouver's lumber industry in the 1880s and early 1890s came from outside the city, mainly from New Westminster. Of nine lumber products manufacturing plants in the Vancouver area in January 1891, five were either controlled outright in New Westminster or were the products of considerable New Westminster capital.<sup>45</sup> The most important connections with New Westminster were those between Vancouver's Charles M. Beecher and R. H. Alexander and the Royal City's John Hendry, the leading figure in the B.C. lumber industry from the time of his 1889 takeover of Hastings Sawmill on Burrard Inlet to his 1910 election as president of the Canadian Manufacturers' Association. The Indiana-born Beecher had joined Hendry in the mid-1880s to form the Royal City Planing Mills and came to Vancouver in 1891 as second-in-command to Hendry in the larger umbrella organization, the British Columbia Mills, Timber and Trading Company, which he founded that year with the New Westminster entrepreneur. The Alexanders were one of the Terminal

<sup>44</sup> Sources for this paragraph include *ibid.*, pp. 9-10 and *Williams' British Columbia Directory, 1892*, pp. 780-82. The limited evidence available suggests that of the nine mills listed in table 3, all but the Moodyville mill and the small Vancouver Shingle Mill manufactured secondary wood products.

<sup>45</sup> The five were the Royal City Planing Mills and Hastings Sawmill plants, the Vancouver Sawmill Co. mill, the factory of the Vancouver Manufacturing and Trading Co. and the Leamy and Kyle mill (Commercial Mills); see the *News-Advertiser*, 13 September 1889, p. 8 and 19 October 1887, p. 1, and the *World*, 11 April 1891, pp. 9-10.

City's first families in the truest sense, having settled on Burrard Inlet in 1870 after trekking to British Columbia with the Overlanders in 1862. While an influential force in the Vancouver Board of Trade and active in Vancouver "society" circles, R. H. Alexander, as manager of the Hastings Sawmill, served in a subsidiary capacity after 1889 to the outside control of Hendry. The little-known J. H. Ramsdell, general manager and local head after 1890 of the externally controlled Moodyville Sawmill Company, also worked for outside capital interests since ownership of the Moodyville mill centred in Victoria and San Francisco before 1891, and in Britain after. Only the Michigan-born H. R. Morse among the four members in the lumber elite retained full control of a substantial lumber enterprise within the city of Vancouver.<sup>46</sup>

The Terminal City's limitations as a regional management centre are also highlighted by the business functions of two additional members of the Vancouver economic elite, F. C. Innes and H. O. Bell-Irving. The Ontario-born Innes is reputedly the first man to have engaged in real estate speculation in Vancouver, having arrived there in 1884, two years before the incorporation of the city. Upon forming a partnership in 1887 with S. O. Richards, a native of Toronto and son of the late Sir William B. Richards, the first Chief Justice of the Supreme Court of Canada, Innes became a specialist in the promotion of lands outside the Terminal City. Innes and Richards were agents for Vancouver's principal land promotion venture in the interior, the Okanagan Land and Development Company, and marketed a large proportion of the townsite of Nelson. The interest in marketing hinterland resources shown by men like Innes and William Shannon, a twenty-five year resident of the province whose firm specialized in the sale of regional farm lands and timber limits, was, however, uncharacteristic of the myopic concentration by most Vancouver real estate dealers on land within the city.<sup>47</sup>

Commission merchant H. O. Bell-Irving's prominence in Vancouver business circles stemmed from his reorganization in April 1891 of nine coastal B.C. salmon canneries into one large company, the Anglo-British Columbia Packing Co. Ltd., incorporated in England with an authorized capital limit of £200,000. Bell-Irving had been the moving spirit behind

<sup>46</sup> For Beecher see Scholefield and Howay, *British Columbia*, vol. 4, p. 934; for Alexander, Kerr, *Biographical Dictionary*, pp. 80-82, the *News-Advertiser*, 25 July 1888, p. 8 and 18 July 1889, p. 8, and the Vancouver Board of Trade, *Annual Reports*, 1888-1892; and for Ramsdell and Morse, the *World*, 11 April 1891, pp. 9-10.

<sup>47</sup> *Ibid.*, pp. 12-13 and *Williams' British Columbia Directory*, 1892, p. 1188.

the consolidation, acquiring options on the nine original canneries for a total of \$330,000 and organizing the required capital from affluent relatives and wealthy friends in Britain. But, despite the fact that this British-financed and Vancouver-managed firm by 1892 had "become the largest producers of sockeye salmon in the world," Victoria continued to control the coast salmon canning industry of the province. Of the five different groups that controlled the salmon canning industry of the lower B.C. coast after 1891, three centred in Victoria, and the fourth, the Ewen group of canneries, had ties with Victoria through the group's agent, Robert Ward and Company. Anglo-B.C. Packers alone had ties with Vancouver. Victoria, not Vancouver, remained the metropolitan centre of coastal B.C. into the 1890s. Only with the rapid expansion of the canning industry later in the decade and with the consolidation in 1902 of more than half the salmon canneries on the Fraser River into one large corporation, the Vancouver-based British Columbia Packers Association, would Vancouver's destiny as a regional centre of the coast's salmon canning industry be realized.<sup>48</sup>

One of the measures of a city's metropolitan status is the size and function of its commercial sector. According to G. S. B. Gras' analysis of metropolitanism, the development by a city of regional dominance as a wholesale trading centre is one of the two most important criteria of metropolitan status; financial control of a hinterland area is the other.<sup>49</sup> With the coming of the CPR Vancouver's commercial base diversified and broadened to encompass a much wider range of services than previously provided by merchants in the waterfront village of Gastown. By 1891, more than 900 Vancouver citizens engaged in trade; they constituted almost one in every five members of the local workforce (see table 2) and marketed products that ranged from drygoods and food to specialized items such as jewelry, glassware and building supplies.

In addition, two members of the city's commercial elite, Thomas Dunn and Isaac Oppenheimer, had developed wholesale businesses large enough to tap hinterland markets. The more important firm was Oppenheimer Brothers, a wholesale grocery business headed by Isaac. Oppenheimer

<sup>48</sup> Sources for the paragraph include H. K. Ralston, "The 1900 Strike of Fraser River Sockeye Salmon Fishermen," unpublished M.A. thesis, University of British Columbia, 1965, pp. 25-27; Henry Doyle, "Rise and Decline of the Pacific Salmon Fisheries," unpublished manuscript, Special Collections, UBC, vol. 1, pp. 191-92; and the *Province*, 19 February 1931, pp. 1-2.

<sup>49</sup> N. S. B. Gras, *An Introduction to Economic History* (New York and London: 1922), p. 294.

Brothers was strictly a wholesale business — “Vancouver’s leading and most prominent wholesale house,” as one boosterist publication in 1891 proclaimed. While the company professed to sell throughout British Columbia, the actual extent of its contacts with coastal and interior markets is unknown. However, Oppenheimers in 1889 did employ Robert Kelly, later one of the city’s leading merchant princes, as its representative on the road. As a measure of the success of the city’s two leading commercial firms, the prosperous Oppenheimer Brothers reorganized in 1893 into a limited liability company with a substantial capital limit of \$1 million, and Thomas Dunn and Co., a retail as well as wholesale hardware business, incorporated the following year at \$250,000.<sup>50</sup>

Despite these achievements early Vancouver had not yet become a commercial metropolis. The majority of the city’s commercial establishments were small, employing less than ten workers. In 1891 T. Dunn and Company had only eight employees. The comparatively small number of workers and limited annual wage bill in the wholesale, as opposed to the retail, sections of Vancouver’s grocery trade in 1891 (see table 2) suggests that Vancouver’s merchants were primarily supplying a service to the local community rather than to the hinterland staple economy. In addition, as the small number of wholesalers in the 1890-93 business elite indicates, Vancouver had yet to establish a significant number of prominent wholesale enterprises. It would be 1897 before the *Year Book of British Columbia* could rightfully claim that a large number of wholesale firms had established themselves in Vancouver and were “competing successfully for a share of the business of the province.”<sup>51</sup> With the residual strength of its established commercial ties the Victoria merchant community retained its hold on the trade of the Fraser Valley, the Okanagan, the Cariboo and Vancouver Island during the decade after 1836. Vancouver’s destiny as a commercial metropolis was delayed until the opening of the prairies, increased immigration into B.C. and the extension of Canadian businesses into the Pacific province reoriented British Columbia’s economic system away from the sea and towards the transcontinental

<sup>50</sup> The quotation is from the *World*, 11 April 1891, p. 17; for Oppenheimer Brothers, also see the *News-Advertiser*, 13 Nov. 1889, p. 8 and 1 January 1893, p. 5 and the *B.C. Gazette*, 21 December 1893, p. 1002; for T. Dunn and Co. see *ibid.*, 25 January 1894, p. 90 and the *World*, 11 April 1891, p. 20.

<sup>51</sup> R. E. Gosnell, *The Year Book of British Columbia, 1897*, Victoria, 1897, p. 200. One source had noted as late as 1895 that Victoria was still “the chief centre of wholesale supply for the province” (G. R. Parkin, *The Great Dominion* (London: 1895), p. 169. Also see *The British Columbia Mining Record*, vol. 1 (October 1895), p. 22.

economies of the U.S. and Canada,<sup>52</sup> reinforcing the advantages of a mainland location, natural harbour and CPR connections.

Vancouver's manufacturing industries other than lumber were generally small, employing few workers and having low capitalization. The reason for Vancouver's failure to become a major manufacturer of producers' or consumers' goods was pointed out by Sir William Priestley, a noted British woollen goods manufacturer, before the First World War: the size of the market in British Columbia was simply too small to provide the economies of scale required for a much more extensive secondary manufacturing capacity in B.C.<sup>53</sup> Some backward linkages occurred from the resource industries of the hinterland to the manufacturing and service sectors in Vancouver. Two percent of the city's labour force was employed in foundries and machine shops at the end of 1890, the same year that the most successful such enterprise, The B.C. Ironworks Company, was formed. Producing boilers and engines for sawmilling and mining companies, by 1896 B.C. Ironworks had increased its capital to over \$175,000 and employed more than 100 men. Vancouver also began to assume the function of a machinery distribution point with the establishment in 1891 of a sales branch of the Hamilton Manufacturing Co. of Peterborough, Ontario.<sup>54</sup> Also linked to the staples resource hinterland was the salmon canning industry, but as the low annual wages paid by the canneries to Vancouver workers indicate (see table 2), canning was located mainly on the Fraser River and not in Burrard Inlet, was controlled more in Victoria and New Westminster than in Vancouver, and did not aid appreciably to the growth-producing income of the Terminal City. Other industries in early Vancouver, employing 9 percent of the labour force, reflected the lowest level of specialization characteristic of places that could be defined as urban.<sup>55</sup> Ranging from canned fruit, bakery products and beer to candy, baking powder and tailored clothing, these products, either because of their bulk, their perishability or their need for local servicing, were manufactured in small-scale operations at the market rather than imported.

<sup>52</sup> To be discussed more fully in Robert A. J. McDonald, "Victoria, Vancouver and the Economic Development of British Columbia, 1886-1914," in Alan F. J. Artibise, ed., *Town and Country: Aspects of Western Canadian Urban Development*, forthcoming.

<sup>53</sup> Fred W. Field, *Capital Investments in Canada*, 3rd ed. (Montreal: 1914), pp. 134-35.

<sup>54</sup> For the B.C. Ironworks Co. Ltd. see the *News-Advertiser*, 4 Sept. 1890, p. 8, 20 Feb. 1891, p. 5, 31 Dec. 1891, p. 8 and 9 June 1896, p. 6; for the Hamilton Manufacturing Co. Ltd. see *ibid.*, 10 June 1891, p. 8.

<sup>55</sup> See J. Brady Foust, "Ubiquitous Manufacturing," *Annals of the Association of American Geographers* 65, no. 1 (March 1965): 13-17.

Only one industrialist emerged at the head of a substantial secondary manufacturing enterprise in early Vancouver, a telling commentary on the fact that economic expansion in the city stemmed more from Vancouver's short-term supply of manpower and capital, made available primarily by the leadership of railroad and real estate interests, than it did from the demand by hinterland areas for city products and services. Born the son of an American sugar refiner and educated at the prestigious Phillips Andover Academy of Massachusetts, business elite member Benjamin T. Rogers combined his own technical expertise with financial capital from New York and Montreal to form Vancouver's British Columbia Sugar Refining Co. Ltd. Incorporated initially in 1890 with an authorized capital limit of \$500,000, B.C. Sugar was to process raw sugar imported from the South Pacific and market the refined product throughout the interior of British Columbia, and ultimately across western Canada. While the staff of B.C. Sugar had increased to seventy-five within months of the company's initial production, the important period of company growth came later with the opening of the prairie market at the turn of the century.<sup>56</sup>

Rounding out the Vancouver economy were a number of service businesses that had emerged primarily in response to the growth-inducing forces created by real estate promotion and railroad development. At the beginning of 1891, 15 percent of the local labour force was engaged in construction (see table 2), a reflection of the town-building boom in Vancouver from 1886 to 1890, when the total assessed value of buildings in the city jumped from \$2.6 million to \$12 million.<sup>57</sup> The major utility company in the town, the Vancouver Electric Railway and Light Co. Ltd., was controlled by the town-boosting commercial and real estate interests. Three newspapers promoted city growth through the use of editorial and advertising. Hotels and boarding houses, employing a significant 8.5 percent of the workforce, housed tourists, transient resource industry workers and the large and as yet unsettled population of migrants who had come west in search of employment and fortune in Vancouver.

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How applicable, then, to the initial phase of Vancouver's history is the export base model of economic growth? The outline of Vancouver's future

<sup>56</sup> M. I. Rogers, *B.C. Sugar* (Vancouver: 1958), pp. 5-18; Scholefield and Howay, *British Columbia*, vol. 4, pp. 22-23; *News-Advertiser*, 20 January 1891, p. 8; and the *B.C. Gazette*, 27 March 1890, p. 291 and 11 May 1893, p. 376.

<sup>57</sup> *World*, 11 April 1891, pp. 2 and 11.

role as a metropolitan centre for the resource economy of British Columbia was clearly discernible by 1893 in the economic functions carried out by Terminal City businessmen. The CPR directed its important regional operations from Vancouver, thereby anticipating the city's much expanded role after the mid-1890s as a management centre; the rail company had established Vancouver as a commercial entrepot linking Pacific Ocean points with centres in eastern Canada and Britain; H. O. Bell-Irving had begun the reorganization of the coast salmon canning industry which was eventually to bring its control to Vancouver; some commercial ties had been established with the hinterland, as had additional linkages to the resource sector through the creation of an equipment distribution function in Vancouver and the beginning of a machinery modification and manufacturing capacity in local foundries and machine shops; development of Vernon and of the hydraulic mining industry of the Cariboo had been directed from Vancouver; and the export lumber mills on Burrard Inlet remained two of the largest job-producing enterprises in the area.

But, while the Terminal City did acquire some functions before the mid-1890s as an intermediary between the hinterland economy and external markets, the growth-producing regional connections that later propelled Vancouver to metropolitan status were not yet the principal agents of city expansion. The evidence presented in this paper suggests that Vancouver's role before 1893 as an exporter of products and services to the resource economy of the surrounding region was a much less important source of its economic growth than was the attraction to it of production factors such as labour, capital and entrepreneurship independent of any direct inducement from the export sector. Vancouver served as its own magnet for growth-producing factors during this early period, a condition dependent upon their ready availability and upon the psychological climate of exaggerated expectations for the city's future. These expectations had been established by the CPR and were fuelled by the rail company and town-building boosterist elements, primarily those involved in the marketing and financing of real estate. Economic expansion in early Vancouver far surpassed the growth-inducing potential of its linkages with the resource economy of the B.C. hinterland. City businesses remained essentially inward-looking in the 1886-1893 period, feeding on the community's own physical expansion. Railroad and real estate interests rather than wholesale merchants, lumbermen or salmon canners were Vancouver's initial city-builders.