

# Laying the Golden Egg: The Coalition Government's Role in Post-war Northern Development

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A major source of British Columbia's economic growth after World War II was the expansion of resource industries into the territory lying north of the 53rd parallel. New mines, sawmills, pulp and paper plants, petroleum and natural gas operations, and huge hydro-electric power projects were established in northern B.C. during the three decades after 1945. Their development was fuelled mainly by economic conditions (receptive markets and high resource prices) and technological improvements that made northern resource use more viable than before. But northward industrial expansion was also greatly facilitated and guided by provincial government policies and promotional incentives. The governments of the post-war period in B.C., perceiving great economic, social, and political benefits that might be gained from northern development, took the lead in promoting and assisting new industrial activity on the northern frontier. By providing infrastructure (mainly transportation and hydro facilities) and framing resource regulation and management policies that would encourage companies to enter the north and utilize its rich potential, they did much to stimulate interest and investment in the region and to shape the economic development that unfolded in northern British Columbia throughout those expansionary years.<sup>1</sup>

The first post-war government to undertake the challenge of promoting new economic activity in northern B.C. was the Liberal-Conservative coalition administration that ran the province from 1941 to 1952. Led by Premier John Hart and, after 1947, by Premier Byron (Boss) Johnson, the Coalition government worked diligently to foster northern resource use and transportation development throughout its term in office. In so doing, it launched a post-war governmental assault on the north that would proceed without interruption for nearly twenty-five years. Yet despite its large involvement, historians have tended to overlook the Coalition's role

<sup>1</sup> For a larger treatment of this subject see John R. Wedley, "Infrastructure and Resources: Governments and their Promotion of Northern Development in British Columbia, 1945-52," unpublished Ph.D. thesis, University of Western Ontario, 1986.

in northern development. Few studies deal with that government and those that do have been distracted by the political problems that undermined the Coalition and led to its downfall in 1951-52. The first article to appear on the Coalition, for example, dealt exclusively with its effects on party structure and organization, while the most recent is solely concerned with hospital insurance, an unpopular plan that contributed substantially to the Johnson government's political decline.<sup>2</sup> General works on the period, notably Martin Robin's *Pillars of Profit*, similarly focus on political events and have not made northern development a major theme of their investigations.<sup>3</sup> The political significance of the Coalition's demise, which ended traditional Liberal and Conservative party hegemony in B.C. and paved the way for a new era of party politics dominated by Social Credit and the CCF/NDP, would appear to have deflected attention from its successful handling of northern and economic development concerns.

The Coalition's role in northern development has also been overshadowed by the high level of activity that took place during the ensuing Social Credit administration of Premier W. A. C. Bennett. The greatest increases of post-war industrialization in the north occurred during the long period of Social Credit rule between 1952 and 1972, when the Bennett government adopted northern development as a central ingredient of its economic strategy for B.C. and zealously expounded a vision of northward expansion like no other provincial government before it had done. Because the Bennett government was so extremely active and effective in promoting northern development, little attention has been afforded to the activities of its predecessor.

Thus, Bennett's biographers, whose works provide much of the writing on the Social Credit regime, greatly underestimate the Coalition's involvement in northern development.<sup>4</sup> In general, they perpetuate a myth Bennett himself created — that the year 1952 heralded a decisive turning point in the history of post-war northern development affairs. Premier Bennett often boasted of his government's great achievements in the north and deliberately fostered the impression that all governments prior to his

<sup>2</sup> Donald Alper, "The Effects of Coalition Government on Party Structure: The Case of the Conservative Party in B.C.," *BC Studies* 33 (Spring 1977): 40-49; Douglas Turnbull, "Memoir: Early Years of Hospital Insurance in British Columbia," *BC Studies* 76 (Winter 1987/88): 58-81.

<sup>3</sup> Martin Robin, *Pillars of Profit: The Company Province, 1934-1972* (Toronto: McClelland and Stewart Ltd., 1973), 63-154.

<sup>4</sup> Paddy Sherman, *Bennett* (Toronto/Montreal: McClelland and Stewart Ltd., 1966); Ronald B. Worley, *The Wonderful World of W. A. C. Bennett* (Toronto/Montreal: McClelland and Stewart Ltd., 1971); David J. Mitchell, *W. A. C. Bennett and the Rise of British Columbia* (Vancouver/Toronto: Douglas and McIntyre, 1983).

own had treated northern B.C. like "darkest Africa," ignoring or failing to address effectively the needs and interests of the upper half of the province. Bennett's biographers cast a similar impression by readily praising Social Credit's accomplishments in the north while not examining more closely the developmental successes of earlier administrations. They credit Bennett and his government with turning British Columbia's eyes northward,<sup>5</sup> when in fact considerable interest and attention was already focused on the north when Social Credit came to power.

This paper does not dispute the important role played by the Bennett government in promoting northern development during the 1950s and 1960s. But it argues that much greater continuity occurred between the Coalition and Social Credit eras than these historical writings suggest. The initial stages and early groundwork of the industrial development boom in the north that would accelerate during the Bennett years had already been organized and set in motion by the Coalition before Social Credit took office. And many of the policies and programmes the Bennett government adopted to promote northern economic expansion after 1952 were planned and introduced by the Hart and Johnson administrations. The Coalition government, in other words, performed a significant "forerunner" role in post-war northern development, which helped to establish a solid foundation for the Bennett government's subsequent success in northern development affairs.

This continuity has not been unnoticed entirely: both Paddy Sherman and Martin Robin acknowledge that post-war northern development began during the Coalition period and that the Bennett government was able to capitalize on its predecessor's initiatives. "Boss Johnson laid a golden egg . . ." Robin asserts in that context, ". . . and W. A. C. Bennett was there to warm and hatch it."<sup>6</sup> But neither writer examines adequately the methods by which the Hart and Johnson administrations promoted northern development, nor do they demonstrate the extent to which their policies were continued by the Bennett regime. This paper will redress that shortcoming, and in so doing provide a more accurate portrayal of this early period of post-war provincial history and northern development affairs.

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Northern British Columbia, as perceived by the Coalition politicians who sought to develop it, was never a clearly defined region. But it encom-

<sup>5</sup> Sherman, *Bennett*, 231; Mitchell, *W.A.C.*, 353.

<sup>6</sup> Robin, *Pillars of Profit*, 174; Sherman, *Bennett*, 97, 99.

passed broadly the territory lying north of the 53rd parallel or, roughly, the region north of Quesnel. Quesnel in 1941 was the northern terminus of the provincial railway, and the overall thrust of the Coalition's northern policies was to expand the transportation and resource development frontiers beyond that point. Realizing the north's rich, untapped potential was the fundamental aim of such policies. Northern B.C. in 1941 was still sparsely populated, underdeveloped, and relatively isolated from the remainder of the province. Though comprising over half the land area of the province, the region was inhabited by only some 47,000 people (5.7 per cent of the provincial population), and northern communities were typically small, usually owing their existence to localized farming, small-scale sawmilling, or short-lived mining operations.<sup>7</sup> The major centres of population in B.C. and all the large-scale industrial enterprises were located in the southern half of the province. The Coalition's goal was to redress that situation — to push population and industry into the north and to develop the province closer to its full capacity. A further, related goal, was to ensure that northern B.C. (and the province as a whole) benefited from the large-scale economic expansion that was predicted for the entire Canadian northwest after World War II.

The Coalition's interest in northern development as such began during the war, when several defence-related activities in the north inspired it to pay particular attention to that region in the post-war period. During the war, the United States Army, fearful of a Japanese invasion of Alaska, undertook several military defence projects in the Canadian northwest (the Alaska Highway, Northwest Staging Route, and Canol Pipeline) which provided new infrastructure for the region and drew attention to its future economic possibilities.<sup>8</sup> The various surveys conducted by the U.S. Army in conjunction with these projects helped reveal in greater detail what had been suspected for decades — namely, that the northern parts of the province harboured an abundance of rich natural resources. That realization, plus the construction achievements, convinced the Coalition government that northern British Columbia was on the verge of

<sup>7</sup> The actual combined total population of B.C.'s three northern census divisions (8, 9, 10) in 1941 was 51,808, but census division #9 included three subdivisions that were not entirely within the study region. The figure of 47,000 is thus a rough (likely generous) estimate of the region's population, calculated by subtracting half of those subdivision's totals and rounding to the nearest thousand. Of the several communities in the region, only Prince Rupert (6,714), Prince George (2,027), Smithers (759), Quesnel (653), and Dawson Creek (518) had populations over 500. Dominion Bureau of Statistics, *Eighth Census of Canada*, Vol. II, 1941, 145-46.

<sup>8</sup> For a discussion of these projects see Morris Zaslow, *The Northward Expansion of Canada* (Toronto: McClelland and Stewart Ltd., 1988), 209-21.

unprecedented economic expansion. The Alaska Highway in particular, by opening up thousands of square miles of previously inaccessible territory and furnishing the first real transportation artery in the province's Peace River district, seemed to afford the key to unlocking latent resources in northern B.C. and attracting widespread industrial activity to that region in the post-war period.<sup>9</sup>

The Coalition's interest in the north was also aroused by a comprehensive northern resources survey, begun in 1943 by a special U.S.-Canada Economic Committee, called the North Pacific Planning Project. Its aim was to develop on a joint basis a huge territory encompassing northern B.C., Alaska, northern Alberta, the Yukon, and the Mackenzie region of the Northwest Territories.<sup>10</sup> Both the United States and Canada eventually lost interest and withdrew from the project, but the North Pacific Planning Project in its early phase, around 1943-44, caused considerable excitement in the province and (along with the other wartime events) encouraged the Coalition to believe that the time was ripe for industrial expansion on the northern frontier. At Attorney-General R. L. Maitland explained in 1943:

This war has brought forth this northern land as one of importance such as never before predicted . . . the great wheat areas of the Peace, the uncovering of new minerals, rich and rare, the knowledge that there is great possibility for excellent development, and the accepted proposition that there will be great immigration after the war, together with the tourist attractions, makes this territory a prize which British Columbia cannot afford to pass up.<sup>11</sup>

Inspired by these and other predictions, the government began making northern development plans of its own, to ensure that B.C. would not be excluded from the great economic events that were expected to occur in the north as soon as the war was over.<sup>12</sup>

World War II not only stimulated interest in the north, it created new and improved conditions under which dreams of northern expansion could be realized. The Coalition, to be sure, was not the first British Columbia government to be lured by the north's rich economic potential. Developing the north had long been an objective of provincial politicians, but before World War II efforts to open that region to industrial expansion had been

<sup>9</sup> B.C., Premier, *Statement of Government Policy* (Victoria, 1943), 11-15.

<sup>10</sup> See North Pacific Planning Project, *Canada's New Northwest* (Ottawa, 1947).

<sup>11</sup> R. L. Maitland, "Speech to the Primrose Club," 28 May 1943, in R. L. Maitland Family Papers, Add. Mss. 781, Box 10, File 20, PABC.

<sup>12</sup> Ultimately, these wartime developments had a lesser impact on the northern economy than anticipated. Nevertheless, they spurred the Coalition's interest in the north, which was thereafter sustained by the resource development prospects of that region. See Wedley, "Infrastructure and Resources," 47-54.

frustrated by poor economic circumstances and the fiscal limitations of the provincial government. Two former governments in particular had been highly concerned with northern expansion — Premier Richard McBride's (1903-15) and T. D. (Duff) Pattullo's (1933-41). McBride took office during a period of unprecedented interest in the north, not long after the Klondike gold rush had focused Canadians' attention on that region and had kindled schemes of railway expansion to tap the wealth of the Yukon and other promising northern territories.<sup>13</sup> One such territory was the Peace River district of northeastern B.C. which (along with its counterpart in northwestern Alberta) was considered an area of future commercial and agricultural importance.<sup>14</sup> The McBride government, in addition to the many other rail plans it promoted, hoped to have a railway built linking the lower mainland with the Peace River district as a means of capturing the future commercial wealth of that region and developing the resources en route in central and northern B.C.<sup>15</sup> The Pacific Great Eastern (PGE) railway was sponsored for that purpose, but it became mired in financial difficulties during World War I and was unable to reach its destination.<sup>16</sup>

Completing the PGE and developing the wealth of the Peace River country remained objectives of northern development in B.C. after that war. But governmental attention towards northern expansion declined generally during the 1920s and 1930s until Duff Pattullo became Premier.<sup>17</sup> Like McBride, Pattullo was a former resident of the north and an en-

<sup>13</sup> Sporadic interest in the north had also been generated by earlier gold rushes in B.C. The Cassiar gold rush of 1872-76, for example, had received governmental attention in the form of expenditures on transportation improvements (trails, roads, and bridges), continuing a legacy of such assistance that began during colonial times with the construction of the Cariboo Wagon Road. See Morris Zaslow, *The Opening of the Canadian North, 1870-1914* (Toronto: McClelland and Stewart Ltd., 1971), 44.

<sup>14</sup> The importance of the Peace River country was demonstrated by the original intentions of the two new transcontinental rail systems — the Canadian Northern and Grand Trunk Pacific Railways — to enter that region. Ultimately, neither railway did so, but the Grand Trunk Pacific did traverse other parts of northern British Columbia en route to its terminus at Prince Rupert, helping to stimulate settlement and resource development in the districts it crossed. See Zaslow, *The Opening of the Canadian North*, 199-206.

<sup>15</sup> Patricia E. Roy, "Progress, Prosperity and Politics: The Railway Policies of Richard McBride," *BC Studies* 47 (Autumn 1980): 17-18.

<sup>16</sup> The PGE's problems are discussed more thoroughly below, pp. 69-74.

<sup>17</sup> The decreased provincial preoccupation with northern development during these years reflected unfavourable economic trends. The province did proceed with several road-building projects in the north during the 1920s: for example, the road from Fort George to Hazelton was completed in 1925 and construction was started at both ends to finish the gap between Hazelton and Prince Rupert. But such activity declined dramatically with the onset of the depression. See B.C. Transportation and Highways, Public Information Office, "History of Roads in B.C., Vol. 3, 133, unpublished manuscript, GR 1460, Box 2, File 3, PABC.

thusiastic spokesman for the potential of that region.<sup>18</sup> His early years in office were devoted to other matters, but after 1936 he looked to development of the north as a way to overcome the problems of the depression and embarked on an ambitious programme that included incorporation of the Yukon into British Columbia, the construction of the Alaska Highway, and the fostering of oil development in the province's Peace River district.<sup>19</sup> Yet Pattullo was also unable to achieve his goals, owing largely to financial restraints and a lack of federal support.<sup>20</sup> When the Coalition took over from Pattullo in 1941, then, a vision of northward development was well established in the province's history, but little had been accomplished in realizing B.C.'s long-standing northern dreams.

The Coalition's northern policies were to some extent continuations of these earlier efforts to develop the north. But the capability of realizing and augmenting those efforts improved dramatically as a result of World War II. The war removed former obstacles to northern expansion by rapidly ushering in a new era of prosperity that continued well into the post-war period. The global economic recovery of the war and post-war years created a seemingly insatiable demand for B.C.'s resources, and because that demand could not be met entirely from more southerly areas, would-be developers were soon enticed to look to the untapped wealth of more distant northern regions. For the first time in decades, a situation favourable to vigorous economic expansion policies in the north was created.

Northern development prospects were also enhanced by increased government spending power, as the rejuvenation of industrial activity in the province caused revenues to swell. By the end of the war the Coalition was financially better prepared than any previous administration to direct huge expenditures towards a northern development programme. No major projects could be undertaken before 1945 because of shortages of labour and materials drained by the war effort, but from 1942 onwards the Hart government began accumulating revenue surpluses (amounting to some

<sup>18</sup> McBride practised law briefly in Atlin before entering politics. Pattullo worked in Dawson City as a federal civil servant and later entered real estate and politics in Prince Rupert. See S. W. Jackman, *Portraits of the Premiers* (Sidney, B.C.: Grays Publishing, 1969), 156, 220.

<sup>19</sup> Robin Fisher, "T. D. Pattullo and the British Columbia to Alaska Highway" in Kenneth Coates, ed., *The Alaska Highway: Papers of the 40th Anniversary Symposium* (Vancouver: University of British Columbia Press, 1985), 12-22.

<sup>20</sup> Owing mainly to financial concerns, the federal government resisted Pattullo's appeals for an Alaska Highway. In the case of annexing the Yukon, Pattullo encountered considerable opposition to the plan both in the Yukon and B.C. *Ibid.*, 12, 17.

\$16,386,000 in 1945) which it set aside for post-war use.<sup>21</sup> Those surpluses (paid into the Revenue Surplus Appropriation Account) later provided much of the funding needed to construct roads and other public works on the northern frontier, and allowed the government to undertake a greater number of such projects than would have been the case had only public borrowing been available to finance them.

An urgency to promote economic growth, which had slowed during the inter-war years, and the need for post-war reconstruction provided further motivations for northern development. The war effort accustomed British Columbians to expect high levels of government spending to promote industrial activity and prepared the public — weary of the years of depression and the sacrifices of war — to support and encourage expansionary measures for the post-war period. The new era of economic well-being was also accompanied by a significant growth in the province's population, as large numbers of workmen from the prairies and the east migrated to the west coast seeking employment in the ship-building, airplane construction, and other war-related industries. Returning veterans added to the growth, so that the Coalition government, like others of the period, had to confront the problem of providing employment opportunities for a growing work-force. To that end, an all-party post-war rehabilitation council, headed by H. G. T. Perry, Minister of Education, was appointed in March 1942 to study problems associated with returning veterans and their assimilation into peace-time conditions. Its interim report, submitted to the legislature in January 1943, recommended comprehensive measures of social and economic improvement that became the basis of the Coalition government's post-war reconstruction programme.<sup>22</sup>

The Coalition's efforts to develop the northern regions of the province in the immediate post-war years emerged as a major ingredient of this programme. Province-wide industrial expansion was the overall goal, but to attain it the programme stressed a need to speed up settlement and development in the north and other hinterland regions. H. G. T. Perry was a northerner from Prince George, as was another member of the committee (E. T. Kenney, MLA for Skeena), and it was perhaps owing to their influence that the council's report had a strong northern or hinterland focus.<sup>23</sup> But for the most part its recommendations favouring hinterland

<sup>21</sup> B.C., Department of Finance, *Budget Speech*, 1944, 8; 1945, 7. For details of these surpluses and the annual appropriations from them see *Budget Speech*, 1952, 47.

<sup>22</sup> See B.C., Post-war Rehabilitation Council, *Interim Report* (Victoria, 1943).

<sup>23</sup> W. A. C. Bennett, then still a Conservative/Coalition MLA from South Okanagan, also served on the committee and (considering his well-known northern views) may have been influential in that regard.



development (and the policies the government followed) were not exceptional. They reflected a then widely held view that industry and settlement should be spread more evenly across the province, so as to ease overcrowding in the cities and the traditional over-concentration of population in the southwest corner of the province.<sup>24</sup> Agricultural settlement was largely the aim of reconstruction policies designed to make locating in the hinterlands more attractive.<sup>25</sup> But steps also were taken to promote other resource sectors (forestry, mining, hydro, and fossil fuels) as part of the same strategy of redressing the imbalance between the urban lower mainland and the sparsely populated interior regions. Northern British Columbia came to play a major role in fulfilment of that strategy, owing to its vast reserve of natural resources, the increasing interest in their utilization, and the government's belief that economic development should be fostered in that region as soon as the war had ended.

Improved transportation constituted a central element of this reconstruction strategy aimed at opening up new resource areas in northern B.C. to industrial expansion. Building better transportation facilities on the northern frontier was considered an ideal means of providing employment for returning veterans and displaced workers, as well as the key to encouraging settlement and resource industries to locate in the province's underdeveloped northern regions. Poor access to the north was long the main hindrance to its development, and the improved financial picture after 1942, combined with ever-increasing demand for northern resources, gave the Coalition the confidence to tackle a number of projects that had been planned before the war but had yet to be realized. Those projects, involving expansion of the northern highway system and the provincially owned Pacific Great Eastern railway, became the principal focus of the govern-

<sup>24</sup> This overcrowding resulted from the rapid influx of workers and discharged veterans during and immediately following the war. For a discussion of its problems and recommendations to address it see Citizens Rehabilitation Council of Greater Victoria, "Brief to John Hart on Rehabilitation Problems," 13 November 1945, 2-3, Premiers' Papers, GR 1222, Box 180, File 9, PABC; also "Manifesto of the Coalition Government as outlined in a Radio Address delivered by Premier John Hart on Tuesday, October 2nd, 1945," 3, PABC; R. L. Maitland, speech to the Junior Chamber of Commerce, reported in the *Vancouver Province*, 21 June 1943, 16.

<sup>25</sup> Policies to foster agricultural settlement included improved roads to the interior, rural electrification, land grants to returning veterans (the province allocated a million acres under the Dominion Veterans' Land Act, some of which was located in northern B.C.), reduced farm taxation, and better rural education. For the hinterland biases of these policies see B.C., Legislative Assembly, *B.C. Legislative Assembly Sessional Clipping Books: Newspaper Accounts of the Debates* (Victoria, 1944), Part I, *Vancouver Province*, 23 February; also, *Statement of Government Policy*, 1944, 6; "Speech by R. L. Maitland re; Bill No. 10, An Act to provide for improving the Availability and Supply of Electrical Power," n.d., R. L. Maitland Family Papers, Add. Mss. 781, Box 9, File 15, PABC.

ment's attention to northern economic expansion in the immediate post-war years.

Northern highway development under the Coalition reflected to some extent the influence of the Conservative party, which had strongly advocated increased road-building prior to joining the government.<sup>26</sup> But at the time it was generally recognized that the construction of new highways and the upgrading of older ones was urgently needed in any case, because many of B.C.'s roads had deteriorated through neglect and heavy usage during the war.<sup>27</sup> For that reason, as well as to stimulate employment and open up new resource areas, a 1943 public works department report (prepared in conjunction with the post-war rehabilitation council programme) recommended that work be undertaken on nine main roads in B.C., four of them in the north.<sup>28</sup> That plan formed the basis of the Coalition's northern road-building efforts, as considerable work was done to improve the Cariboo Highway linking Prince George to the lower mainland, the North Thompson Highway from Kamloops to Tête Jaune Cache, and the Northern Trans-Provincial Highway stretching from Jasper to Prince Rupert. A new road, constructed as a joint federal-provincial undertaking, also was begun in 1949 in the extreme northwest, to link Atlin with the Alaska Highway.<sup>29</sup> These projects were considered necessary to improve access to northern communities and facilitate the movement of population and industry into the north.

Similar functions were afforded by the Coalition's most important road-building programme in the north — the Peace River highway, constructed from Prince George to Dawson Creek between 1945 and 1952. The Peace River road was a good example of how the events of the war encouraged the Coalition government to become involved with northern development.<sup>30</sup> The justification for building the road initially was fear that the

<sup>26</sup> See "Radio Speeches by R. L. Maitland," September/October, 1941, R. L. Maitland Family Papers, Add. Mss. 781, Box 10, Files 1, 2, 10, PABC.

<sup>27</sup> *Sessional Clipping Book*, 1944, Part I, *Vancouver Province*, 23 February.

<sup>28</sup> B.C., Department of Public Works, "Post-war Rehabilitation Programme, Construction and Reconstruction of Main Highways" (Victoria, 5 April 1943), Premiers' Papers, GR 1222, Box 254, File 5, PABC.

<sup>29</sup> *Sessional Clipping Book*, 1949, Part I, *News-Herald*, 18 March; also B.C., Department of Public Works, *Reports*, 1943-52. For a descriptive account of the Coalition's road-building programme see Robert J. C. Stead, "Highways of British Columbia," *Canadian Geographic Journal* 35 # 2 (August 1947): 69-85.

<sup>30</sup> A highway connecting northeastern B.C. with the remainder of the province had been advocated by residents of the Peace River district since the 1930s, but had been impossible during the depression because of limited government resources and a backlog of still unfinished roads and bridges throughout the province. See Morris Zaslow, "The Struggle for the Peace River Outlet: A Chapter in the Politics of

benefits of post-war commercial and economic activity resulting from the Alaska Highway would fall to Alberta. The Americans' selection of a route for the Alaska Highway located east of the Rocky Mountains, with a southern terminus at Dawson Creek, meant that B.C.'s existing highway system would not be connected to the new road and those benefits would be lost.<sup>31</sup> As Premier Hart explained to the Legislature in 1943: "Unless British Columbia connects with that highway the business of Alaska and the northern part of British Columbia, including the Peace River district, will naturally flow east."<sup>32</sup> But the government also acquired during the war a better appreciation of the vast and varied resources of the Peace River country, convincing it that a road connection was warranted regardless of the influence of the Alaska Highway. Premier Hart toured the Peace River district in late July 1943 and returned with glowing praise for the "vast unexploited territory" he was confident would "one day form the industrial backbone of B.C." The trip convinced Hart that north-eastern B.C. was ripe for industrial expansion and that a Peace River road should be proceeded with at the earliest opportunity:

... an outlet to the coast must be and will be given the Peace River District . . . this area is so rich in natural resources, such as coal and oil, agrarian products, timber and water power that every effort will be made to complete the link between British Columbia's network of highways and the Peace River Block and contiguous territory.<sup>33</sup>

Over the next two years the government also became increasingly informed of the resource potential of the territory that would be traversed

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Canadian Development," in Carl Berger, ed., *The West and the Nation: Essays in Honour of W. L. Morton* (Toronto: McClelland and Stewart Ltd., 1976), 292.

<sup>31</sup> Possible routes for the Alaska Highway had been debated for several years before the Coalition took office. The Americans had traditionally favoured Route A, a coastal route that would best serve the Alaska Panhandle communities, while Canadians had generally preferred Route B, running north of Prince George via the Rocky Mountain Trench, which offered easier terrain and better economic prospects. Eventually, both were rejected in favour of Route C, running from Dawson Creek to Fairbanks via Fort Nelson, Watson Lake, and Whitehorse, which was chosen for military reasons — to serve the airfields along the Northwest Staging Route to Alaska. See Zaslow, *Northward Expansion of Canada*, 211-12, 216-17.

<sup>32</sup> *Statement of Government Policy*, 1943, 11. For a time it appeared the project might be built as a military undertaking: the U.S. Army in 1943 formulated plans to connect the Alaska Highway with B.C.'s highway system, and conducted reconnaissance surveys of possible routes for a road link between Prince George and Dawson Creek. It later declined to undertake the project, but those plans inspired the Coalition government to decide that a road linking Prince George with the Peace River district had to be constructed, even if outside support was not forthcoming. *Ibid.*, 12.

<sup>33</sup> Press Release, Premier's Office, 6 August 1943, Premiers' Papers, GR 1222, Box 261, File 1, PABC.

by the highway connection. It conducted surveys of possible routes for a new road in 1943 which revealed in greater detail the considerable forest, coal, and petroleum wealth of the area between Prince George and the Peace River.<sup>34</sup> Those revelations strengthened its decision to proceed, and in 1945 the estimated \$6 million project was formally launched as part of a province-wide, \$30 million post-war public works programme.<sup>35</sup>

The Peace River road — officially named the John Hart Highway — gave the lower mainland its first direct link with northeastern B.C., offsetting the pull of Edmonton and partly satisfying Peace River residents' long-standing demands for a direct outlet to the coast. It also helped to promote exploration and discovery of coal, oil, and natural gas deposits, and to increase the rate of settlement in the previously neglected sections of the Peace River district west and southwest of Dawson Creek. In that regard, the Peace River road was successful in advancing the Coalition's goal of spreading industry and settlement away from the lower mainland and of linking a hitherto isolated region with the province's existing highway system.

Railway-building — in particular, extending the Pacific Great Eastern railway northward to the Peace River district — comprised the second major component of the Coalition's transportation programme for northern B.C. As previously noted, the PGE had long been associated with the province's northern ambitions. It was originally chartered in 1912 by a private firm to connect Vancouver with the Grand Trunk Pacific Railway at Prince George, with plans to extend it eventually to the Peace River district.<sup>36</sup> Those goals proved unattainable, however, when the PGE company collapsed under the financial pressures imposed by World War I, after completing only 163 miles of the line from Squamish to Clinton. The province took over the bankrupt railway and completed it as far as Quesnel in 1921, and a tug-and-barge system was instituted to handle traffic over the unfinished southern link between Squamish and North Vancouver. But construction was halted at that time due to the railway's poor financial

<sup>34</sup> The eventual selection was the Pine Pass route, running from Prince George via Summit Lake, Tudyah Lake, thence through the Pine Pass to Commotion Creek and Dawson Creek. That route was chosen because it was the approximate mean of the three routes being considered and would best serve all the communities concerned. It was also selected because of its comparatively light engineering obstacles and the known resources it would provide access to en route. See Highway Board, "Memorandum for the Honourable Herbert Anscomb, Minister of Public Works," 21 January 1944, Premiers' Papers, GR 1222, Box 45, File 2, PABC; also *Statement of Government Policy*, 1944, 18.

<sup>35</sup> *Statement of Government Policy*, 1945, 18.

<sup>36</sup> Bruce Ramsey, *P.G.E.: Railway to the North* (Vancouver: Mitchell Press, 1962), 43-60.

performance and the reluctance of the provincial government to pump more money into a losing proposition. Lacking resources of its own, the province strove repeatedly throughout the 1920s and 1930s to have the PGE incorporated into the national railway system. But all efforts to convince the federal government and the two transcontinental railways — the Canadian National (CNR) and Canadian Pacific (CPR) railway companies to take over the PGE and extend it to the Peace River district proved fruitless.<sup>37</sup>

Plans for completing the PGE were re-awakened in 1942-43 when the U.S. government, along with the Alaska Highway, considered constructing a military railroad through northern British Columbia to Alaska. The Americans' plans encouraged the Coalition to hope for some time that the PGE might be extended as a war measure to link with the proposed railway at Prince George or Dawson Creek, depending upon which route was selected.<sup>38</sup> Throughout 1942-43, the Hart government attempted to induce the Americans to take over the PGE as part of their plans for an Alaska railroad, a move that would give the province a share in the anticipated post-war commercial activity in the north and also recover some of the debts the line had accumulated over the years.<sup>39</sup> The idea of the military railway slowly dissolved as the war threat declined and the U.S. Army lost interest, and the defence project never materialized. But the possibility of extending the PGE survived as a major element in the Coalition government's post-war expansion plans.

The government's foremost objective for the PGE was to extend it to the Peace River district, a move recommended by the post-war rehabilitation council.<sup>40</sup> But that policy was not undertaken in as forthright a fashion as the John Hart Highway. A rail link with the Peace River region was considered essential, Hart told a CBC radio audience in 1944, because a highway by itself "will not suffice for development of its great resources."<sup>41</sup> But a rail extension was a much more expensive and risky proposition and the government was not as anxious to undertake its construction until all possibilities for outside assistance had been exhausted. Hence, after the U.S. military authorities lost their enthusiasm for the project, the govern-

<sup>37</sup> Zaslow, "Struggle for the Peace River Outlet," 285-86.

<sup>38</sup> *Statement of Government Policy*, 1943, 13.

<sup>39</sup> *Daily Colonist*, 8 May 1942, 2. In Vancouver, the PGE/Alaska railroad connection was strongly urged to make that city the chief trading centre of the north. See *Vancouver Sun*, 1 September 1942, 10.

<sup>40</sup> Post-war Rehabilitation Council, *Interim Report*, 124.

<sup>41</sup> John Hart, "Accomplishments of the Coalition Government," Radio Address, CBC, 12 July 1944, 2843-1, PABC.

ment resumed the old policy of trying to persuade Ottawa and the two transcontinental railways to take over the PGE and extend it to the Peace River district, or to join the province in such a programme. The Coalition was more optimistic than earlier administrations of securing such an arrangement; the uncovering of sizeable coal deposits in northeastern B.C. during the war seemed to provide the added ingredient needed to convince Ottawa and the national railways of the merits of a Peace River extension. The government conducted extensive surveys of possible routes and of the size and quality of the Peace River coal fields during 1946-47, hoping to use the latter as "bait" to lure the eastern parties into an expansion scheme.<sup>42</sup> The results of those surveys, incorporated into a 1947 Department of Railways report,<sup>43</sup> indicated that profitable operation could be achieved through a two-stage expansion plan, but the report's findings were insufficient to sway the federal government and the eastern railways. After three years of sporadic talks on the matter, the federal government and the heads of the CNR and CPR informed Premier Johnson in early 1948 that they would not join in the plan at that time, and it was never revived during the remainder of the Coalition's term in office.<sup>44</sup>

The failure to enlist eastern support in 1948 was a serious blow to the government's hopes of extending the railway to the Peace River district. But unlike earlier rebuffs, it did not end completely the Coalition's efforts to resolve the PGE problem. The government, in fact, took an even more active role with regard to the PGE, a reflection of the tremendous faith it had acquired in the value of the provincial railway as a tool for northern economic development.<sup>45</sup> With the expansion of resource activity in cen-

<sup>42</sup> Press Release, 8 June 1945, Premiers' Papers, GR 1222, Box 261, File 4; also 15 October 1945, Box 261, File 5, PABC.

<sup>43</sup> See Government of the Province of British Columbia, "Proposal on a Northern Extension of the Pacific Great Eastern Railway to the Peace River Region" (Victoria, 6 November 1947), Premiers' Papers, GR 1222, Box 190, File 1, PABC. For a published version, see B.C., Department of Railways, *Pacific Great Eastern Railway, also Proposed Extensions and Potential Resources of Central Interior and Northern British Columbia* (Victoria, 1949), 17-20.

<sup>44</sup> *Statement of Government Policy*, 1949, 4. These events are examined more thoroughly in John Wedley, "The B.C.-Ottawa P.G.E. Talks, 1945-53: Final Chapter in the Struggle for the Peace River Outlet," in Kenneth S. Coates and William R. Morrison, eds., *For Purposes of Dominion, Essays in Honour of Morris Zaslow* (North York: Captus Press Inc., 1989), 139-56.

<sup>45</sup> Another demonstration of this faith was an increased reluctance to sell the PGE to private firms. During the later war and early post-war years, the province received several offers from south of the border to buy the railway, but they were usually promotional in nature, and the Coalition government refused to entertain any scheme that lacked a sound economic basis or involved large-scale alienation of resources. "The day of turning our resources over to private railway promoters has gone by," R. L. Maitland explained in 1945, and in that same year the government

tral and northern B.C. during the war and post-war years, the railway appeared more capable of becoming a successful enterprise and of finally fulfilling the development functions so long expected of it. "The government no longer views the railway as a 'white elephant'," Premier Hart explained in 1945. "It believes the railway is the key to important development of the northern interior."<sup>46</sup> Because of that changed outlook, the Coalition continued to pursue its railway-building goals in northern B.C. despite the federal rejection. In 1948, it launched a four-year rehabilitation programme to restore to good operating condition the PGE's main line (which had been allowed to deteriorate during the war)<sup>47</sup> and in the following year a new policy of extending the railway in stages as a public work was adopted, the first objective being its completion to Prince George.

The Prince George extension, formally launched on 12 February 1949 as part of an unprecedented \$90 million spending programme, was intended to assist, and to benefit from, expansion of the lumber industry in the Prince George Forest District.<sup>48</sup> Prior to 1949, the Railway Department had maintained that extending the railway only to Prince George would not provide enough additional freight to make the PGE profitable.<sup>49</sup> But with the rapid growth of sawmilling in the Prince George Forest District since World War II and the prospect of that city becoming an important lumber-shipping centre, the government was compelled to revise its calculations. By linking the PGE with the Canadian National Railway's transcontinental line at Prince George, it was expected that the lumber operators south of that community would gain access via the CNR to expanding prairie and eastern United States markets. Shipments to the

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repealed an earlier PGE Railway Act (1925) which had set aside some sixteen million acres of land to give to any party interested in completing the PGE. R. L. Maitland, "Radio Address," CBC, 9 October 1945, R. L. Maitland Family Papers, Add. Mss. 781, Box 10, File 7, PABC; also *Sessional Clipping Book*, 1949, Part II, Vancouver Sun, 11 February.

<sup>46</sup> *Vancouver Sun*, 30 May 1945, 15.

<sup>47</sup> *Statement of Government Policy*, 1949, 7.

<sup>48</sup> Like many of the Coalition's northern programmes, the Prince George extension was also inspired by political motives. The government had done poorly in northern ridings in the 1945 election and felt a need to pay more attention to that region. Thus, the Prince George extension was first promised during the 1948 Cariboo by-election, necessitated by the death of long-time Liberal member, Louis Leboudais. See Speech by Byron Johnson, Cariboo By-election, February 1948, Premiers' Papers, GR 1222, Box 259, File 1, PABC.

<sup>49</sup> Memorandum to the Hon. H. Anscumb, Minister of Railways, from J. M. Stewart, Deputy Minister of Railways, 10 July 1944, Premier's Papers, GR 1222, Box 177, File 1, PABC.

south coast would also be encouraged by construction of a lumber assembly plant at the PGE's southern terminus of Squamish.<sup>50</sup> A \$2 million highway to connect Squamish with Vancouver also was proposed, to eliminate the slow, costly system of moving freight between these two points by barge.<sup>51</sup>

Another consideration was the prospective spread of the pulp and paper industry in the north-central interior. The government, through its agency the B.C. Power Commission, simultaneously planned to build a \$5 million hydro-electric power project near Quesnel to stimulate development of a pulp mill in that city, which it was hoped would further strengthen the regional economy as well as providing increased freight for the PGE.<sup>52</sup>

Thus, the extension and related projects promised to make the PGE profitable and further the Coalition's goal of promoting industrial growth and settlement in the central interior and northern hinterland regions. North-central B.C. was expected to undergo enormous expansion over the next several years as a result of the programme — "A great industrial growth is in store for the Prince George and Quesnel area . . ." Byron Johnson predicted in 1952. "It takes very little imagination to visualize the development that is bound to flourish in the wake of the extension."<sup>53</sup> Unfortunately, much of the optimism over development in that region proved premature, as many facets of the plan failed to be realized prior to the government's fall from power. The Quesnel hydro project, for example, never got past the study stage, and was later discovered to be costlier than imagined as well as a potential danger to salmon runs on the Quesnel River.<sup>54</sup> It was eventually abandoned, as was the proposed pulp mill, for which Quesnel had to wait another fifteen years. The Squamish lumber-assembly plant and road connection with Vancouver met with similar

<sup>50</sup> It was felt that this would facilitate the export of interior lumber overseas, taking advantage of the newly re-opened Panama Canal service. J. A. Kennedy, General Manager of the PGE to Premier Johnson, 29 August 1949, Premiers' Papers, GR 1222, Box 208, File 4, PABC.

<sup>51</sup> *Statement of Government Policy*, 1949, 8-10. Linking the PGE with Vancouver was also seen as a means of increasing population growth in the interior, which was felt necessary to make the railway profitable. See Minutes, PGE Board of Directors Meeting, 13 December 1947, Premiers' Papers, GR 1222, Box 208, File 5, PABC.

<sup>52</sup> In addition to forestry traffic, the government considered that extension to Prince George would permit cheap feed from the prairies to be shipped to farmers and cattle-raisers in the Cariboo region, enabling livestock to be "finished" in the Cariboo instead of having to be shipped to Vancouver for "finishing." *Statement of Government Policy*, 1949, 9.

<sup>53</sup> Byron Johnson, Radio Address, 14 January 1952, Premiers' Papers, GR 1222, Box 260, File 5, p. 5, PABC.

<sup>54</sup> *Vancouver Province*, 29 August 1953, 4. For correspondence and studies concerning the Quesnel River Basin Hydro-electric power development see Commercial Fisheries Branch, GR 1378, Box 5, Files 1-6, PABC.



delays,<sup>55</sup> so that out of the entire package only the rail extension was immediately realized. Nevertheless, its completion in 1952 proved worthwhile in its own right, for as predicted it greatly assisted the growth of the regional forest industry and contributed immensely to the industrial development that occurred in north-central B.C. over the next several years.<sup>56</sup>

Transportation development, as the additional components of the 1949 PGE expansion plan showed, was just one side of the Coalition government's overall endeavour to promote northern development during the war and post-war years. The government, as part of its reconstruction programme aimed at speeding up settlement and resource development in the hinterlands, also made a concerted effort to encourage resource companies to seek out new areas of supply in the underdeveloped north. As interest in northern resources grew during the war and post-war years, it began to formulate policies to promote expansion of forestry, mining, and fossil fuel development, and a long-held strategy for tapping B.C.'s northern hydro resources also was revived and put into effect.<sup>57</sup> These measures helped broaden the provincial government's long-time interest and involvement with northern expansion, for whereas transportation programmes had formerly been the overwhelming focus of plans for developing the north, the promotion of industrial activity through resource regulation and management policies now emerged for the first time as a major component of the northern development process.

Industrial promotion in northern B.C. and other hinterland regions involved first of all determining the quality and quantity of the resources that were available for development. The events of the war had helped to illuminate the developmental possibilities of the north, but information of a technical nature was badly needed (as the post-war rehabilitation council noted), not only in northern B.C. but throughout the province

<sup>55</sup> The road project raised concern that an eventual rail link might be precluded if the highway was built first. A legislative committee in 1952 suggested postponing the road plan until further studies could be made, and Premier Johnson accepted that recommendation. *Sessional Clipping Book*, 1952, Part II, Vancouver Province, 12, 14, 19 March.

<sup>56</sup> For an assessment of the Prince George extension's impact see B.C., *Report of the Royal Commission on the British Columbia Railway* (Victoria, 1978), Vol. 2, Chap. 3, 160.

<sup>57</sup> It is important to note that in some cases (as will be seen) these policies were framed in response to increasing corporate interest in the north, while for others the government was attempting to initiate development ahead of that interest. Northern development, in that regard, involved both government and industry inputs and the government's promotional role was simultaneously both to stimulate and facilitate the expansionary process.

generally.<sup>58</sup> For that purpose, a regional development division of the Department of Trade and Industry was created in 1946, which began cataloguing information on natural resources, industrial facilities, and social amenities located in the province's ten regional districts. These inventories, called Regional Industrial Indexes, were designed to assist corporations and individuals interested in undertaking commercial and industrial development throughout the province. But they were especially intended to promote the advantages of the interior and make prospective developers better aware of the resource and other economic opportunities of that region. In so doing, as Trade and Industry Minister Leslie J. Eayres explained in 1947, the Indexes were expected to lead "to province-wide industrial expansion, into the years ahead, into the Interior sections of British Columbia," and thereby fulfil the Coalition's goal of encouraging business and industry to locate outside the lower mainland.<sup>59</sup>

The next stage of industrial promotion was to frame resource regulation and management policies that would encourage companies to enter the north and take up the resource development opportunities the region had to offer. As with its Regional Industrial Indexes, the Coalition's resource policies were designed for province-wide application — i.e., they were intended to promote economic activity in all parts of the province. But to fulfil the government's vision of an industrial empire in northern B.C., and in view of the general consensus that economic activity should be spread more evenly across the province, the need to apply those policies increasingly to the north was firmly recognized. For already established industries like forestry and mining, that meant mainly extending and adapting existing regulations and practices to conditions in the northern hinterlands. But such was not the case for the petroleum industry, which was still in a nascent stage of development when the Coalition took office and had yet to be similarly regulated. Before 1940, no real markets existed to warrant extensive exploration of the province's petroleum potential, which was located primarily in northeastern B.C.<sup>60</sup> But the war changed that situation, so that when several major oil firms approached the provincial government in the early 1940s for permission to explore in the Peace River district (under government reserve since 1934), the Coalition decided to open that region to private petroleum development and to

<sup>58</sup> Post-war Rehabilitation Council, *Interim Report*, 156.

<sup>59</sup> "An address by the Minister of Trade and Industry, Leslie J. Eayres," 26 February 1947, CBC Radio, Vancouver, p. 2, 2887 # 1, PABC.

<sup>60</sup> For the historical background of petroleum exploration in B.C. see B.C., Natural Resources Conference, *Transactions*, 1952, 299-302.

introduce legislation to govern the anticipated expansion of that industry after World War II.<sup>61</sup>

The decision to endorse private development in 1942 marked a significant new direction in government policy for that sector. Previously, British Columbia had appeared headed towards public ownership in the petroleum industry. Twice before the province had directly undertaken exploration for oil deposits — in 1918-23, a first drilling programme was conducted north of Hudson Hope without success, and in 1938 a second programme was begun at Commotion Creek in the Pine Pass, which was still in progress when the Coalition government was formed. When that latter venture (which cost the province some \$670,000) produced inadequate results, however, the Hart administration decided against conducting any further expensive drilling programmes.<sup>62</sup>

The change of policy, as Paddy Sherman and Martin Robin have noted, was partly influenced by the Conservative party — its leader Pat Maitland had long been opposed to the government's drilling programme and was against using public funds for that purpose.<sup>63</sup> But the change was also in keeping with the Coalition's approach towards all resource development, reflecting the view, well established for industry and mining, that public ownership and development of resources was too costly and risky for the province. In this instance, the Coalition was particularly reluctant to go into the retail selling of oil in competition with established firms, because that policy would have necessitated heavy capital investment on pipelines, refineries, storage facilities, gasoline stations, etc., which the government felt unwise. A better policy, it was decided, was to "make arrangements with the oil companies who have the equipment and organization for distribution, and that such arrangements should be on a royalty basis under strict regulations . . ."<sup>64</sup>

Those objectives were encompassed in a new Petroleum and Natural

<sup>61</sup> Initially, the province proposed an arrangement whereby the federal government would develop the Peace River reserves for use in the war effort. That arrangement fell through, however, following which the Coalition turned to private development. See *Statement of Government Policy*, 1943, 16-18. For the original correspondence concerning this offer to the Dominion and the many requests of private oil companies to develop the Peace River oil fields see Premiers' Papers, GR 1222, Box 42, Files 6, 7, PABC.

<sup>62</sup> *Statement of Government Policy*, 1943, 15-16.

<sup>63</sup> Robin, *Pillars of Profit*, 70; Sherman, *Bennett*, 37. See also House Logs, 5 and 10 February 1942, R. L. Maitland Family Papers, Add. Mss. 781, Box 8, File 10, PABC.

<sup>64</sup> Even if petroleum had been found in sizeable quantities at Commotion Creek, the government feared that the established firms would still have the advantage of being able to import oil from California by cheap water transportation at prices below the cost of Peace River oil. *Statement of Government Policy*, 1943, 19.

Gas Act, drafted in 1944, which established three forms of tenure: permits for prospecting, licences to conduct drilling operations, and leases to produce oil or natural gas. The Act fixed charges and regulations that were purposely liberal, designed primarily to encourage exploration and early production. Holders of permits and licences were entitled to rent rebates if sufficient development work was undertaken within a short period of time, the aim being to increase the prospect of early discoveries. The leases incorporated similar provisions to prevent companies from obtaining properties on proven finds then holding them out of production. The Act did not come into effect until 1947, when the reserve on private sector exploration was finally lifted, at which time the regulations contained in the 1944 Act were rewritten and refined. They were amended a second time in 1950, but through both amendments the basic system and incentives for encouraging exploration and development activity remained largely unchanged.<sup>65</sup>

Under these arrangements, exploration for oil and natural gas in the Peace River proved highly successful, though it was several years before that outcome was apparent. The lifting of the government reserve, combined with rising demand for petroleum and the expansion of the industry in nearby Alberta after the 1947 Leduc strike, encouraged petroleum companies to enter northeastern B.C. in force during the late 1940s. By 1952, some forty-two companies and fifty-eight individuals had obtained permits in the area, and thirty-one wells had been drilled. Most of the early discoveries were natural gas wells, the first of which was brought in near Pouce Coupe in 1948. The most important strikes, made by Pacific Petroleums near Fort St. John in 1951-52, resulted in the discovery of a sizeable natural gas field and foreshadowed the enormous expansion of the petroleum and natural gas industries in the Peace River district during the next two decades.<sup>66</sup>

In the mining sector, expansion during the Coalition period was stimulated (like the petroleum industry) by the rising world demand for mineral products which began during the war and continued throughout the late 1940s. Apart from a slight decline in 1949, the total value of mineral production climbed steadily throughout the Coalition period, from \$78,479,719 in 1941 to \$175,659,591 in 1951. While most of this increased

<sup>65</sup> B.C., *Statutes*, "An Act Respecting Petroleum and Natural Gas," 1944, Chap. 10, 147; 1947, Chap. 70, 359-72; 1950, Chap. 56, 185-91. For a description of oil and gas prospecting regulations and procedures as they stood in 1952 see Natural Resources Conference, *Transactions*, 1952, 306-11.

<sup>66</sup> For a review of this drilling activity see Natural Resources Conference, *Transactions*, 1952, 303-04.

production was derived from output in the south (particularly the highly developed base metal districts of southeastern B.C.), the high metal prices also stimulated considerable exploration and developmental activity in northern mining regions. Established mines — like the Cariboo Gold Quartz and Island Mountain gold mines near Wells, and the Silbak Premier mine near Stewart — continued operating throughout the Coalition period, and some of the mines shut down during, or prior to, the war (such as the Silver Standard mine near Hazelton, the Taku River gold mine west of Atlin, and the Torbrit Silver mine near Alice Arm) were re-opened and expanded. Two new operations — the Big Bull and Tulsequah Chief properties in the Taku River region — were developed and carried into production by the Consolidated Mining and Smelting Company between 1946 and 1951. The most important event in the northern mining industry during the period, however, was the discovery and development of the Cassiar Asbestos mine in the district southwest of Watson Lake. The Cassiar mine, with reserves estimated to last over twenty years, promised to become an important long-term producer and hence provide a stable contribution to the region's overall future prosperity.<sup>67</sup>

Expansion of the mining industry was made possible mainly by economic circumstances, but the government also assisted development as part of its reconstruction programme aimed at getting industry back on its feet.<sup>68</sup> Concern was expressed during the war that new mine development had not kept pace with increased production (owing to labour shortages) so the government felt a need to encourage greater exploration in the post-war period.<sup>69</sup> One way to achieve that objective was by continuing the War-time Prospectors Grub-Stake Act, enacted in 1943, which had authorized grub-staking prospectors to assist in the search for strategic metals during the war. The Act was broadened to include non-strategic minerals in 1944 and then was kept in force as a means of promoting exploration and providing employment for returning veterans.<sup>70</sup> A course in prospecting also was offered in 1946 to ex-servicemen under the rehabilitation programme of the Department of Veterans' Affairs.<sup>71</sup> The Coalition also increased government funding of mining access roads and expanded many of the other well-established promotional functions of the provincial Department

<sup>67</sup> B.C., Department of Mines, *Reports*, 1945-52.

<sup>68</sup> For the importance the Coalition placed on mining as a means of post-war rehabilitation see Radio Address, Honourable E. C. Carson, Minister of Mines, 14 March 1945, 4-5, Premiers' Papers, GR 1222, Box 51, File 10, PABC.

<sup>69</sup> *Sessional Clipping Book*, 1944, Part I, Vancouver Province, 11 February.

<sup>70</sup> B.C., Department of Mines, *Report*, 1945, A54.

<sup>71</sup> *Ibid.*, 1946, A47.

of Mines.<sup>72</sup> Such assistance helped promote mining exploration and development throughout the north (though northern B.C. was not given any special preference over other areas), and the growth of mining activity in that region, like the discovery of natural gas, reinforced the Coalition government's impression that northern B.C. was a district of immense industrial importance.

The rapid growth of forestry operations on the northern frontier during the war and post-war years had much the same effect on the government's outlook. As with mining, forestry activity in northern B.C. grew as part of the general spread of the industry throughout the province. Output expanded considerably during the war to satisfy the lumber needs of Britain, Canada, and later the United States, and high demand continued for the province's timber products well into the post-war period, sustained mainly by the large-scale construction booms in the United States and eastern Canada.<sup>73</sup> The growth of eastern Canadian and American lumber markets during the post-war period proved especially beneficial to sawmilling in the southern and northern interior regions of B.C., which were well situated with respect to those inland markets. In the north-central interior, a rapid upsurge of sawmilling activity continued throughout the late 1940s and into the 1950s, as the number of active mills registered in the Prince George Forest District between 1939 and 1956 increased from 43 to 687.<sup>74</sup> Most activity centred around the communities of Williams Lake, Quesnel, and Prince George (contiguous to the PGE railway line) where several planing mills were established to finish the rough lumber received from the surrounding bush mills. By 1950, there were thirteen planing mills in Prince George alone.<sup>75</sup> New operations also were started in the Peace River country, the Summit Lake region, and in the area west of Prince George along the CNR line to Prince Rupert, in the vicinity of Vanderhoof and Fort Fraser.<sup>76</sup>

The Coalition encouraged this dramatic expansion of sawmilling in northern B.C. through increased expenditures of highway improvement,

<sup>72</sup> Such functions included informing the industry of new discoveries, conducting and publishing the results of geological investigations, recording all mineral claims, and providing assaying and mineral identification services. For a discussion of these activities see Natural Resources Conference, *Transactions*, 1953, 78-80.

<sup>73</sup> G. W. Taylor, *Timber: History of the Forest Industry in B.C.* (Vancouver: J. J. Douglas, 1975), 150-60.

<sup>74</sup> Doreen Katherine Mullins, "Changes in Location and Structure in the Forest Industry of North Central B.C., 1909-1966," unpublished M.A. thesis, University of British Columbia, 1967, 30.

<sup>75</sup> Natural Resources Conference, *Transactions*, 1950, 169.

<sup>76</sup> Mullins, "Changes in Location," 32.

development of access roads, and the rehabilitation and expansion of the PGE railway. As with mining, the increase of forestry operations on the northern frontier also led to greater spending on administration and management, part of a province-wide effort to reorganize the industry on a sounder basis. In June 1943, the government appointed Chief Justice Gordon Sloan as a one-man Royal Commission to undertake a comprehensive survey of all phases of the forest industry in B.C. The scope of the Sloan inquiry was very broad, but its main function was to establish a better planned and regulated forest management policy based on the concept of sustained yield.<sup>77</sup> To achieve that goal, the B.C. Forest Service began expanding in areas such as reforestation, silvicultural research, aerial surveys, mapping, forest inventory, and fire-control planning, establishing a trend towards improved management that greatly increased administrative activities throughout the province, with considerable attention being devoted to remote northern districts.<sup>78</sup> Better protection from fire and insect damage was identified as the main concern in the north. The severe fire damage the Fort George Forest District suffered in the summer of 1943 well illustrated the need for better protective services and promoted greater use of air transportation for that work.<sup>79</sup> A contract was negotiated with a commercial airline in 1946 to provide aircraft for fire protection, two of which were to be located in Prince George.<sup>80</sup> The Forest Service, again responding to the rapid acceleration of activity and need for management since the end of the war, also conducted forest surveys and mapping in the Prince George and Prince Rupert districts in 1949.<sup>81</sup>

The Sloan Report also led to the creation of a new form of tenure — Forest Management Licences (FMLs) — and a new system for administering Crown timber — Public Working Circles (PWCs) — which had an important place in expanding the forest products industry of northern B.C. Their introduction coincided with the immense expansion of the industry along the northern frontier, so that the advance into that region was organized largely in accordance with the new methods of forest allocation. Of the two, Public Working Circles (sustained-yield units organized on Crown land) were the most significant for administering the expanding sawmill industry of northern B.C., by ensuring continuous supplies of raw

<sup>77</sup> B.C., Royal Commission on Forestry, 1945, *Report of the Commissioner*, Hon. Gordon Sloan (Victoria, 1945), 127-28.

<sup>78</sup> B.C., Forest Service, *Report*, 1945, 9; 1946, 8.

<sup>79</sup> *Ibid.*, 1944, 5.

<sup>80</sup> *Ibid.*, 1947, 39.

<sup>81</sup> *Ibid.*, 1950, 13.

material for the local mills.<sup>82</sup> Forest Management Licences (large areas in which Crown land was allocated to companies to be used in conjunction with their private holdings) were on the other hand more important for promoting new large-scale development. In one respect, they were devices to facilitate and encourage the practice of sustained-yield forestry on privately held tenures, but they were also intended to attract capital and encourage development of new industry in underdeveloped regions. In northern B.C. and other frontier areas, they became effective instruments for opening up vast, underdeveloped timber lands to corporations intending to erect new forestry complexes, particularly for manufacturing pulp and paper.

B.C.'s pulp and paper industry, like sawmilling, also expanded tremendously in the post-war period (stimulated by increased consumption in the U.S. and other world markets) and figured prominently in the Coalition's plans for promoting industrialization in the hinterlands. The construction of new pulp plants was considered a means of attracting settlement to outlying regions as well as for promoting better timber utilization through increased conversion of previously discarded small logs and waste materials for pulp.<sup>83</sup> Thus, the Coalition facilitated expansion of the pulp and paper industry by designating Forest Management Licences specifically for such plants and developing hydro-electric power sources, most notably on northern Vancouver Island, for their benefit.<sup>84</sup> The first Forest Management Licence was granted in 1948 and a total of thirteen were issued by 1952 when the Coalition fell from power. The majority were located on the south coast, but two of the earliest — FML # 1 in the Prince Rupert district, and FML # 5 in the vicinity of Quesnel — were granted for operations in northern B.C. The Quesnel licence supported development of a \$1,500,000 veneer plant by Western Plywood Co. Ltd. in that community,<sup>85</sup> while FML # 1 was granted for construction of northern B.C.'s first pulp mill. It was issued in May 1950 to the Columbia Cellulose Co. (ColCel), a subsidiary of the Celanese Corporation of America, which constructed a

<sup>82</sup> The B.C. Forest Service would calculate the annual allowable harvest within each PWC, then allocate the timber through public auction.

<sup>83</sup> *Sessional Clipping Book*, 1949, Part II, Vancouver Sun, 24 February.

<sup>84</sup> *Ibid.*, 12 February; also "The Coalition Government's Record of Achievement: A Review of the Accomplishments of the Coalition Government under the Leadership of Premier John Hart from 1941 to 1945" (Victoria, 1945), PABC. The Quesnel hydro project and supporting pulp mill that were planned in conjunction with the Prince George rail extension, though unsuccessful, were part of that same strategy.

<sup>85</sup> Radio Address, Byron Johnson, 14 January 1952, Premiers' Papers, Box 260, File 5, PABC.



large sulphate mill at Watson Island, a few miles from Prince Rupert.<sup>86</sup> The mill commenced operations in 1951, designed to produce 80,000 tons per year of unbleached pulp.<sup>87</sup>

In awarding the management licence to ColCel, the government envisaged that the pulp mill development would create further prosperity in the Prince Rupert area (which had benefited from U.S. Army operations there during the war) and help sustain the region's economic development drive.<sup>88</sup> The project was partly successful in those respects. Columbia Cellulose was the first large-scale forestry operation in northwestern B.C. and soon became the largest single employer in the Prince Rupert area and a vital factor in the regional economy. The city of Prince Rupert continued to expand during the post-war period and the town of Terrace also grew substantially after ColCel opened the headquarters of its Northern Woods Division in that community in 1952, its population jumping from 800 to almost 2,000 in the two years between 1951 and 1953.<sup>89</sup> Eventually, those economic gains were offset when the ColCel operation proved economically and financially unstable, causing periodic hardships for the two principal communities.<sup>90</sup> But that result was unforeseen in 1951 and, in the short term at least, the Columbia Cellulose mill provided a much needed boost to the regional economy.

Pulp mill development was not the only new industry the Coalition promoted in the northwest. That region, like north-central and northeastern B.C., was expected to grow tremendously over the next several years not merely from forestry development but from other new industries as well. The most important of these was aluminum refining, the plans for which were already underway when ColCel received its Forest Management Licence.

<sup>86</sup> The Watson Island site was selected because of its central location with respect to the timber resources, its convenient power and water to operate the mill, as well as the excellent pier constructed by the U.S. Army during World War II. Gladys Blyth, *History of Port Edward, 1907-1970* (Port Edward, B.C., 1970), 57.

<sup>87</sup> That northwestern B.C. was chosen as the site of the north's first pulp mill was perhaps not surprising considering that E. T. Kenny, the Minister of Lands and Forests, represented the area's Skeena riding. Kenny, one of the most enthusiastic advocates of northern development in the Coalition cabinet, had been consulting with groups interested in locating a pulp mill in the Skeena area since 1946. See E. T. Kenny Papers, Add. Mss. 304, Box 1, File 3, PABC.

<sup>88</sup> *Statement of Government Policy, 1949*, 17.

<sup>89</sup> R. G. Large, *Prince Rupert, a Gateway to Alaska* (Vancouver: Mitchell Press, 1960), 71; Nadine Asante, *The History of Terrace* (Terrace: Terrace Public Library Association, 1972), 32-36; *Victoria Colonist*, 7 June 1951, 10.

<sup>90</sup> For a discussion of ColCel's later difficulties see Wedley, "Infrastructure and Resources," 340-42.

For over a decade the abundant hydro-electric power potentials of the high-level lakes situated behind B.C.'s coastal mountain ranges had been recognized as ideally suited for the aluminum industry, which requires tremendous quantities of low-cost energy in its refining process. Preliminary surveys of those coastal power sites had been conducted by the B.C. Department of Lands and Forests in 1928-31, and again in 1937-39, and in 1941 the Coalition government approached the Aluminum Company of Canada and invited it to examine the possibilities of locating in B.C. Alcan refused to entertain expansion plans at that time because of the war, but when a second approach was made in the spring of 1948, the eastern Canadian firm (which was considering a major expansion programme to meet the increased market demands of the post-war period) agreed to send out its own survey parties to investigate more thoroughly B.C.'s west coast power sites.<sup>91</sup>

Three possible sites were considered and surveyed extensively by Alcan throughout the summers of 1948 and 1949, and in 1951 the company began construction of what was to that time the largest hydro-electric power facility ever undertaken by private enterprise. The Kemano-Kitimat project, as it was generally called, involved damming the headwaters of the Nechako River (flooding Tahtsa, Ootsa, Eutsuk, and Tetachuk lakes), with a power site on the Kemano River and the smelter located at Kitimat, some forty miles south of Terrace at the mouth of the Kitimat River.<sup>92</sup> The project combined the two more northerly sites investigated by Alcan, and as such it fitted perfectly the Coalition's aim of encouraging industry and population to locate outside heavily congested urban areas. The aluminum smelter was expected to be only the first stage of a massive industrial complex centring around the new townsite of Kitimat. Pulp mills, a fertilizer plant, chemical and metallurgical industries were mentioned as possible developments the town was expected to attract, and with the addition of new industry Kitimat's population was predicted to grow to as high as 50,000 over the next twenty years.<sup>93</sup> The Alcan project was also expected to assist regional development through construction of road and rail links between Kitimat and Terrace, as well as roads from Vanderhoof, Burns Lake, and Houston to the dam-site and reservoir,

<sup>91</sup> Aluminum Company of Canada, *Kitimat-Kemano — Five Years of Operation, 1954-1959* (Vancouver, 1959), 47.

<sup>92</sup> See Lawrence G. Ecroyd, "Progress Report on the Alcan Project," *Western Business and Industry* 27 #4 (April 1953): 41-102.

<sup>93</sup> *Vancouver Sun*, 16 July 1949, 2.

which would open new areas and their timber resources. Those neighbouring communities were also expected to benefit as supply centres for the construction activity to the south of them, and the new industrial townsite was predicted to become a valuable market for agricultural produce from the region's Bulkley and Nechako valleys.<sup>94</sup>

In terms of achieving those objectives, the Alcan project was arguably the least successful of the Coalition government's promotions. The predicted rush of additional industry to northwestern B.C. in the wake of the development never occurred (two decades elapsed before a pulp mill was finally constructed at Kitimat) and Kitimat's population by 1957 had reached a high of only 13,800. In that year, indeed, Alcan was forced to cut back production due to poor markets, resulting in the loss of 2,000 jobs and the abandonment of many homes.<sup>95</sup> In addition, while communities like Vanderhoof and Burns Lake adjoining the dam project did prosper for a short time from the construction activity, many residents eventually grew bitter over the environmental damage the project caused. As feared, the salmon runs downstream dwindled significantly following the dam's completion, and despite numerous reassurances by government and the company that the flooded areas would be logged off before water levels rose, such measures were largely ignored, leaving a mess of half-submerged rotting trees along the edges of the reservoir that created hazards for boating and sport fishing.<sup>96</sup>

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The inability of the Alcan development to attract extensive industry to northwestern B.C. was evidence, to be sure, that the Coalition government sometimes achieved only limited success from its efforts to develop the north in the immediate post-war years. The vain attempts to bring about the long-sought Peace River rail connection and to promote pulp mill construction in the Prince George/Quesnel area were other instances where the government's policies did not always obtain their desired results. Nevertheless, the Coalition's failure to realize the full range of its objectives for northern B.C. should not detract from the conclusion that the Hart and

<sup>94</sup> *Sessional Clipping Book*, 1951, Part III, Vancouver Sun, 6 March.

<sup>95</sup> *Vancouver Sun*, 10 August 1973, 11.

<sup>96</sup> Many residents of the area were also displaced from their homes and farms without adequate compensation as a result of the flooding. Their grievances formed part of the general discontent with the Coalition government that came to a head in 1951-52. See Mitchell, *W.A.C.*, 131-32.

Johnson administrations undertook and accomplished much more for post-war northern development than has generally been acknowledged. The expansion of the northern highway system, the PGE extension to Prince George, the growth of mining and forestry operations on the northern frontier, the discovery of natural gas at Fort St. John, and Alcan's aluminum development were all notable achievements and manifestations of a northward thrust that was far from ineffective. The anticipation of growth in the Prince Rupert-Kitimat region, like that of the Peace River and Prince George districts, may have been premature. But the strong optimism regarding all three development areas demonstrated the extent of the Coalition's vision of northern expansion, and how far that vision had mushroomed by the time the Social Credit government took over in 1952.

As suggested at the outset, the Social Credit period in many ways represented the natural continuance of the vision of northward expansion handed down from the Coalition government. The succeeding W. A. C. Bennett administration added a bolder, perhaps more dedicated, approach to northern development affairs. But its aims initially involved taking over and fulfilling the policy objectives of the Coalition, and extending the promotional strategies and practices inherited from that administration. While eventually the Bennett government adopted policies of its own, until 1957, at least, it was primarily concerned with completing the developmental tasks left behind by the Coalition.

This continuity can be seen in all matters of northern development affairs. Much has been written about the Bennett government's expansion and improvement of the provincial highway system during the 1950s and 1960s.<sup>97</sup> Yet rarely is it acknowledged that the accelerated highway construction that became the trademark of the Bennett years was already well underway (albeit on a smaller scale) before Social Credit took over. It began immediately after the war (as shown here) when the Coalition embarked on the largest road-building programme to that time in provincial history.

The Bennett government greatly extended that programme. It created a separate highways department in 1955 and vastly increased public spending on highway construction and improvement throughout the province. In northern B.C., it reconstructed the Northern Trans-Provincial Highway between Prince George and Prince Rupert, completed it east to the Alberta border, and upgraded and paved the John Hart Highway. It also began in 1956 a new road linking the mining community of Cassiar with

<sup>97</sup> Robin, *Pillars of Profit*, 194; Mitchell, *W.A.C.*, 260-62.

Stewart on the west coast.<sup>98</sup> Those additions and improvements to the northern highway system were important, but they were essentially continuations of the work that was in progress or planned when Social Credit came to power. No doubt, as many observers have noted, the province's highway system was still in a poor state of repair when the Bennett government assumed control.<sup>99</sup> But the attendant implication that nothing was done to improve the situation before then is certainly a myth.

A similar misconception persists with regard to the PGE. Premier Bennett often boasted that nothing was done about the PGE until his government came along, but such statements are clearly contradicted by the evidence of the Coalition's ample efforts to resolve the PGE problem.<sup>100</sup> To be sure, the Bennett government was responsible for completing the railway in its originally planned form. Between 1954 and 1958, it extended the railway north from Prince George to Dawson Creek and Fort St. John in the Peace River district and also constructed between 1954 and 1956 its southern link between Squamish and North Vancouver. Those additions enabled the PGE to operate better and to assume a more useful role in the provincial economy, and the Bennett government has rightly been credited for that success. But like its highway projects, the Peace River undertakings were basically extensions of the Coalition's earlier railway-building policy in northern B.C.

Indeed, when it launched the Prince George extension in 1949, the Johnson government stressed:

... that this the first step in the development programme which has its objective the extension of the Pacific Great Eastern Railway into the vast and wealthy Peace River area. We propose to continue with our resources surveys and to approach the problem of extending the line from Prince George into the Peace River area at the earliest possible date.<sup>101</sup>

Viewed in that light, the Bennett government's later expansion to the Peace River district, regarded in Sacred lore as a bold new initiative and

<sup>98</sup> The construction of the Stewart-Cassiar road followed a five-year survey begun by the Coalition in 1948-49. See Natural Resources Conference, *Transactions*, 1954, 114.

<sup>99</sup> Mitchell, *W.A.C.*, 208; Sherman, *Bennett*, 104; Worley, *Wonderful World*, 124, 194.

<sup>100</sup> *Sessional Clipping Book*, 1959, Part II, Vancouver Sun, 10 March. In interviews with David Mitchell in 1977-78, Bennett erroneously stated on at least three occasions that his government had built the Quesnel to Prince George railway extension, an indication of how much value he placed on his own role in developing the PGE. See transcripts, W. A. C. Bennett interviewed by David Mitchell, 16 June 1977, 1675-21, Track 2, p. 8; 18 June 1977, 1675-23, Track 2, pp. 1-2; 11 February 1978, 1675-36, Track 2, p. 14, PABC.

<sup>101</sup> *Statement of Government Policy*, 1949, 10.

a major turning point in the railway's development, was not all that revolutionary. The Bennett government took that step only after unsuccessfully trying once more to obtain federal aid, proposing an arrangement in 1953 that was essentially no different from the Coalition's last attempt in 1948. And when it eventually embarked on the Peace River undertakings, its traffic projections and selection of a route for the line through the Rocky Mountains were based on evidence gathered from the Coalition's earlier surveys of northeastern B.C.<sup>102</sup> Whether the Coalition (or either of its two founding parties) would have extended the PGE to the Peace River district had they remained in office after 1952 is unknowable.<sup>103</sup> But there can be no doubt that the Coalition was heading along the course Bennett and his Socreds later followed.

Similar continuity can be seen in the Bennett government's resource development policies. Northern resource development was pursued by the Socreds (as it had been under the Coalition) as part of that government's overall plans for provincial economic expansion. Spreading population and industry into the north so as to develop the province closer to its full potential remained the fundamental goal — a continuation, essentially, of the strategy laid down by the Coalition's post-war rehabilitation council. Premier Bennett, of course, had formally been a member of the council, and its recommendations formed a large part of his governing strategy.<sup>104</sup> His views on northern development were probably shaped in part by that experience, and those views were not unlike those expressed by many Coalition politicians, involving a more far-reaching statement of the ambitions and concerns that had arisen during World War II and the early post-war years. Like those politicians, Bennett believed that B.C.'s northern resources should be developed to fulfil the general aim of hinterland expansion and that the province should be prepared to benefit from any

<sup>102</sup> The Bennett government did not conduct any new resource surveys of its own, and the statistics used to justify its 1954 expansion programme were taken mainly from the Coalition's 1947 report. See B.C., Bureau of Economics and Statistics, Department of Trade and Industry, "Report of Extensions of the Pacific Great Eastern Railway" (Victoria, 12 February 1954), Exhibit # 1001-40, Royal Commission on the B.C. Railway, GR 500, Box 16, File 17, PABC, 2; for discussion of these events see Wedley, "Infrastructure and Resources," 169-83; also Wedley, "The B.C.-Ottawa P.G.E. Talks," 148-52.

<sup>103</sup> The northeastern coal surveys continued until 1950, and Premier Johnson throughout his administration maintained that his government's policy was to extend the line eventually to the Peace River district. The Premier evidently favoured such a step, but construction was never seriously planned before the government fell from power. See *Sessional Clipping Book*, 1950, Part III, Daily Colonist, 18 February, 17 March; 1951, Part IV, Daily Colonist, 18 April.

<sup>104</sup> Mitchell, *W.A.C.*, 74; Sherman, *Bennett*, 43-44; Worley, *Wonderful World*, 39.

economic advances that were made in the territories lying beyond its northern borders.<sup>105</sup> Those goals eventually received greater priority under the Bennett regime, but they were nonetheless the same goals that had inspired the Hart and Johnson administrations' earlier efforts to expand the northern resource frontier.

Besides Bennett's experiences as a Coalition politician, other factors also helped to determine a continuation of the former government's approach to northern resource development. A great developmental boom was just beginning to dawn in northern B.C. when the Socreds took control, and the conditions that had made that boom possible showed no signs of abating. The expansionary trends of the war and post-war years continued well into the 1950s and government revenues swelled to even higher levels than before. If anything, then, the northern vision of expansion the Coalition had pursued since World War II was more readily attainable by 1952, so it is not surprising that the Bennett government (which harboured strong northern views and was well represented in northern ridings) adopted a resource development programme in the north that was little different from its predecessor's. Many of the Coalition's resource policies in northern B.C. were just beginning to bear fruit; hence, wholesale changes or alterations were simply unnecessary.<sup>106</sup> Social Credit's ideological outlook also was very similar to that of the Coalition, particularly on the key issue of public versus private enterprise. Both governments shared the belief that the best policy was to encourage private enterprise to develop the province's natural resources, with the government intervening only to the extent required to uphold the public's interest. Thus, the Bennett government had little difficulty adopting most of the Coalition's resource policies and developmental strategies outright, with only minor modifications.

Such was the case with the natural gas industry, in which the Bennett government followed closely the private development approach adopted by the Coalition in 1942. The Coalition clearly started the ball rolling in terms of exploration and discovery in that industry, even though the most important stages of development did not take place until after its fall from power.

When Social Credit took over, northeastern B.C. was quickly gaining

<sup>105</sup> For an outline of Bennett's northern views see Wedley, "Infrastructure and Resources," 142-50.

<sup>106</sup> The retention of key bureaucratic personnel may have also contributed in this continuity. Newly elected Socred cabinet ministers were largely inexperienced, and men like C. D. Orchard, the Chief Forester, and J. F. Walker, the Deputy Minister of Mines (both of whom were strongly influential in shaping government policy during the Coalition period) no doubt continued to exert considerable power under the new administration.

recognition as a good natural gas region following the recent discoveries in the Fort St. John vicinity, with sixteen natural gas wells completed by the end of 1952, ten of them since 1951.<sup>107</sup> Encouraged by those results, the Bennett government retained the same developmental strategy while adding its own legislative and administrative improvements. Responsibility for administering the Petroleum and Natural Gas Act was given to the Department of Mines in 1953, for instance, then in the following year a new Act replaced that introduced by the Coalition in 1947. The 1954 Act employed slightly different tactics than had its predecessor, but it did not change the basic object of stimulating private exploration and drilling activity, and turning discoveries into producing wells as quickly as possible.<sup>108</sup> Under its arrangements, the pace of discoveries continued to accelerate, so that by 1958 there were sixty-nine gas wells and twenty-eight oil wells producing in northeastern B.C.<sup>109</sup>

The most important production increases, however, occurred only after a gas pipeline was constructed to lower mainland and American markets by Westcoast Transmission Co. Ltd. between 1955 and 1957. The Bennett government keenly endorsed and supported the Westcoast pipeline project as a means of promoting full-scale development of the province's natural gas industry. But again, that policy was only the logical extension of the Coalition's earlier initiative of opening the Peace River fields to private petroleum development. In fact, the Johnson administration began planning and preparing the right-of-way for a pipeline as early as 1951 and publicly supported Westcoast's application before the federal Board of Transport Commissioners a year later.<sup>110</sup> Hence, while the Social Credit administration must be credited with overseeing that next, crucial stage of development, the oft-quoted later statement of Frank McMahon (President of Pacific Petroleums and of Westcoast Transmission) that his firms were unable to invest in northeastern B.C. "until Premier Bennett came along," was entirely erroneous in view of the record and wholly forgetful of the substantial efforts and accomplishments made by the preceding administration.<sup>111</sup>

<sup>107</sup> B.C., Department of Mines, *Report*, 1957, 99.

<sup>108</sup> B.C., *Statutes*, "An Act Respecting Petroleum and Natural Gas" (Victoria, 1954), Chap. 31, 137-59.

<sup>109</sup> B.C., Department of Mines, *Report*, 1958, 108.

<sup>110</sup> *Sessional Clipping Book*, 1951, Part III, Vancouver Sun, 17 April; Press Release, 11 June 1952, Premiers' Papers, GR 1222, Box 239, File 4, PABC.

<sup>111</sup> Worley, *Wonderful World*, 151. Bennett made a similar remark in 1977 when he suggested to David Mitchell that "there was no gas discovered before Social Credit" because the Coalition's "policies were wrong before us." Transcripts, W. A. C. Bennett interviewed by David Mitchell, 18 June 1977, 1675-23, Track 2, p. 5, PABC.



In the forestry sector, the Social Credit government's principal preoccupation during the early and mid-1950s, a period when the forest industry boom in the north continued to accelerate at a rapid pace, was to extend its predecessor's practices of granting Forest Management Licences to approved applicants and organizing unalienated Crown forests into Public Working Circles.<sup>112</sup> A Logging Tax Act, which imposed a 10 per cent tax on net income derived from logging operations, was introduced in 1953, but otherwise the Bennett government made few changes to the administrative and management policies it inherited. Not until the early 1960s, when the Bennett government introduced new forms of tenure and new tree harvesting standards designed to promote a pulp mill industry in northern B.C., were significant innovations introduced.<sup>113</sup>

Similarly, in the mining sector the Socreds also instituted few policy changes during the 1950s, although in that industry exploration and development activity declined generally during the decade as a result of adverse economic circumstances.<sup>114</sup> The tax on primary mining profits was raised from 4 to 6 per cent and the grub-staking programme initiated by the Coalition was retained, but no new legislation was passed to facilitate mineral exploration or mining development. Only in 1957 were significant reforms introduced, designed to give the government greater control over the resource and to stimulate more secondary processing. But a key piece of that legislation was declared ultra vires and had no lasting

<sup>112</sup> By 1956 a total of twenty-three FMLs had been awarded and another seventeen were reserved pending approval of the applicants' plans. Nine of those seventeen were located in the north. See B.C., Royal Commission on Forestry, 1955-57, *Report of the Royal Commissioner, Hon. Gordon Sloan* (Victoria, 1957), Vol. 1, 102-12. The name Forest Management Licence was changed to Tree Farm Licence (TFL) in 1958 and two of the latter — TFL #40 and TFL #41 — were granted to Columbia Cellulose and Eurocan Pulp and Paper for new operations in northwestern B.C. Similarly, the name Public Working Circle was changed to Public Sustained Yield Unit (PSYU) in 1956. By 1958, there were twelve PWCs and fourteen PSYUs all told in northern B.C., and most of the underdeveloped Crown forest lands of the region had been organized into the PWC/PSYU framework. B.C., Forest Service, *Reports*, 1952-58.

<sup>113</sup> The introduction of Pulpwood Harvesting Area Agreements, Timber Sale Harvesting Licences, and close utilization harvesting standards revolutionized the forest economy of northern B.C. For a discussion of their impacts see Wedley, "Infrastructure and Resources," 312-45.

<sup>114</sup> Base metal prices decreased sharply with the end of the Korean War in 1953, and then, following a moderate recovery in mid-decade, fell even more abruptly in 1957-58. Consequently, the majority of the mines that were opened or re-opened during the late 1940s and early 1950s were forced to close. The Silbak Premier mine, Torbrit Silver mines, Silver Standard, Big Bull and Tulsequah Chief mines were all casualties of this period, and their closings sharply reduced the mineral outputs of most northern mining districts. B.C., Department of Mines, *Reports*, 1952-60.

effect on government policy.<sup>115</sup> In the end, the Social Credit government, like the Coalition before it, assisted the industry almost entirely through the traditional, ongoing promotional practices of the Department of Mines, a policy that enjoyed only marginal success during the adverse economic circumstances of the mid-1950s.

With hydro policy, the Social Credit government also deviated little from the Coalition's approach. During its early years in office the Bennett government entertained two unsuccessful schemes similar to Alcan's Kiti-mat project. The first was an Aluminum Company of America proposal, first made to the Coalition in 1949, to dam the Yukon River (backing up the waters of Atlin Lake, Lower Atlin Lake, Tagish Lake, and Lake Bennett), and then to drill a tunnel from Lake Bennett across the B.C.-Alaska border to deliver water to a power site and refinery near Skagway, Alaska. The second was a proposal by Frobisher Ltd. (whose parent company, Ventures Ltd., comprised several Canadian mining firms) to divert the waters of the Yukon into B.C.'s Taku River Valley and generate power for a large electro-metallurgical plant at Tulsequah, near the head of Taku Inlet.<sup>116</sup> Bennett's aggressive pursuit of those schemes, while offering less in the way of tax and other concessions, resembled in many ways the Coalition's dealings with Alcan and reflected the same strategy of having private industry develop remote northern hydro sites to create localized industrial centres. The Bennett government, to be sure, eventually adopted a more grandiose hydro strategy in 1961 with the construction under government ownership of the Peace River project. But until then it pursued a policy of allowing private development of power sites in northern B.C. that was essentially the same as the Coalition's. The Wenner-Gren hydro-electric power scheme, the forerunner of the Peace project, was a further demonstration of that strategy.<sup>117</sup>

These examples of continuity serve to dispel one of the many myths surrounding the Social Credit government's management of northern development affairs. The Bennett government was by far the administration most responsible for promoting and shaping B.C.'s northern economic expansion in the three decades after World War II. But its approach to

<sup>115</sup> Wedley, "Infrastructure and Resources," 312-45.

<sup>116</sup> For a more detailed discussion of these projects see Wedley, "Infrastructure and Resources," 117, 239-45.

<sup>117</sup> For a discussion of the Wenner-Gren programme and how it evolved into the Peace River power project see Wedley, "Infrastructure and Resources," 247-78; also John R. Wedley, "The Wenner-Gren and Peace River Power Development Programs," in Thomas Thorner, ed., *Sa Ts'e: Historical Perspectives on Northern British Columbia* (Prince George: College of New Caledonia Press, 1989), 515-46.

northern development was by no means unique nor original. All the basic elements of its developmental strategy in northern B.C. were ideas that had long been in circulation and which had come to the forefront of political and economic affairs during the Coalition period. As noted at the outset, the bulk of the writing on the Social Credit regime has failed to appreciate the amount of northern development activity that was in place when the Bennett government came to power. Bennett's biographers, in particular, have mostly underestimated the extent of the Coalition's involvement in northern development and its influence in shaping his government's policies in northern B.C.<sup>118</sup> But if there was a turning point in northern development affairs it occurred not in 1952, as Bennett's biographers imply, but in 1957 when the Social Credit government began to pursue policies that were different from its predecessor's and which, in many instances, were far more aggressive and ambitious than those of earlier years.<sup>119</sup> Until then, the Bennett government owed much of its success to the work of the Coalition, and the Hart and Johnson administrations deserve more credit for their contributions to northern development than they have been given to date.

<sup>118</sup> Bennett was without doubt the driving force behind his government's attempts to develop the north, but while his biographers acknowledge that the Sacred Premier was formally a Coalition politician who derived many of his governing ideas from serving on the post-war rehabilitation council and other experiences with that administration, they fail to attribute a similar inspiration to the Coalition's developmental strategy in northern B.C. David Mitchell, for example, asserts that Bennett "felt strongly about the council's recommendations" and that its report became a "blueprint for the future development of British Columbia" under Social Credit. But he also contends that Bennett "became frustrated and disillusioned" when the Coalition government did not endorse the council's recommendations "in whole or in part," implying that nothing was done to implement the report until Bennett became Premier. That contention, like so much else written about the Sacred regime, is clearly inaccurate. While the Coalition may not have acted as swiftly or as comprehensively as Bennett would have liked and ultimately did not implement all of the report's recommendations (nor did Bennett, despite Mitchell's blueprint analogy), it nonetheless pursued several policies and programmes that were in keeping with the council's recommendations for hinterland expansion. And those policies, as seen here, were mostly copied by the Bennett government and not altered significantly by the Sacreds for at least four years after they took control. Mitchell, *W.A.C.*, 74; also Sherman, *Bennett*, 43-44, 179; Worley, *Wonderful World*, 39.

<sup>119</sup> For a discussion of the Bennett government's more original and aggressive approach to northern development beginning in 1957 see Wedley, "Infrastructure and Resources," 246-411.