

---

## Patterns of Trade and Investment on the Pacific Coast, 1867-1892: The Case of the British Columbia Salmon Canning Industry

KEITH RALSTON

After noting the indisputably important part played by California and Californians in the Fraser River gold rush of 1858, historians have tended to emphasize the continued predominance of California, and more especially San Francisco, in the economic and social life of British Columbia. San Francisco, it is agreed, was the metropolis of a region that included British Columbia in its hinterland. This situation is considered to have lasted through the succeeding rushes to Cariboo, Wild Horse Creek, and the Big Bend, and to have continued in face of the rapid decline of the gold fields after 1865, ending only in the decade after the completion of the Canadian Pacific Railway in 1886.<sup>1</sup>

It has been further argued that not only was San Francisco the commercial metropolis of the region, but entrepreneurs with United States backgrounds predominated in the new resource-based industries that began, albeit slowly, to give the area a new economic base. Political life might be reserved for Britishers and Canadians, but Americans were the leaders in economic life.<sup>2</sup> It seems, therefore, worthwhile to examine, in general terms, the growth of one of the resource industries – salmon canning – to test the validity of this hypothesis.

The development of canning was decisive in the growth of commercial fisheries in far-away western North America, the very outward edge of European expansion. The distance of this coast from large population centres ensured that canning would be the dominant method of processing. Prior

<sup>1</sup>F. W. Howay, W. N. Sage, and H. F. Angus, *British Columbia and the United States* (Toronto: Ryerson, 1942), pp. 184, 190, 217.

<sup>2</sup>J. C. Lawrence, "California's influence on the industrial and commercial development of British Columbia, 1858-1885," paper read at the 1968 meeting of the Pacific Coast Branch of the American Historical Association.

to its introduction fishing was almost exclusively for the local fresh market, and attempts to export salted salmon in barrels had met with only limited success. Trial shipments to Britain did not arrive in palatable condition, and even exports to Australia often spoiled before reaching their destination.

Commercial fisheries have an inherent drive to expand, and any particular fish population tends to become overexploited and thus unprofitable to catch.<sup>3</sup> The fishing captain is always on the prowl for new grounds, but in any given period the range of his catch is limited. The limitation lies partly in the size of the boat and the catching efficiency of the gear, but mostly in the distance over which the catch can be transported and still be acceptable to the consumer. The problem of palatability is complicated by the nature of the bacteria of decay in fish. Meat is "aged" to improve its flavour, but fish, once caught, soon become offensive to both the sense of taste and the sense of smell. The pioneering role of the commercial fisherman in the northwestern Atlantic has been eloquently expounded.<sup>4</sup> The fisherman did not play a similar role in the northeastern Pacific simply because he could not get his catch to any large market without spoiling. Until canning began on the Pacific coast, the chief commercial sea products of the area came not from fishing, but from the hunting of mammals – sea-otters, fur-seals, and whales. This was precisely because pelts and oil could be transported over long distances without deterioration.

The nineteenth century added canning to the older methods – drying, salting, smoking, and pickling – of extending the range over which fish could be transported. Canning, the placing of the fish product in an airtight container, usually of metal, was a byproduct of new industrial processes that permitted the rolling out of very thin, uniform sheets of metal. Fish canning was just a small part of a much larger canning industry. As well as canning meat, this industry canned many varieties of fruit and vegetables, both to facilitate transport and avoid the seasonal gluts associated with marketing fresh produce.

Canning is in many ways a particularly North American industry, having its greatest growth on this continent, perfecting its techniques here, and diffusing them to other countries. In yet another sense it is a peculiarly United States industry. Long before the first Tin Lizzie was ever conceived by Henry Ford, tins in their hundreds of millions were rolling out of canneries, using those methods of mechanization – minute division of labour, repetitive operation, and line assembly – that are usually considered the hallmark of United States industry.

In the past hundred years fish canning has been dominated by two or three

<sup>3</sup>Michael Graham, a United Kingdom fisheries scientist, states the "Great Law of Fishing" as "Fisheries that are unlimited become unprofitable" (*The fish gate* [London: Faber & Faber, 1943], p. 155).

<sup>4</sup>Harold A. Innis, *The cod fisheries: The history of an international economy* (New Haven: Yale University Press, 1940).

kinds of fish, the salmon being one. Part of the adaptability of salmon to canning is based upon its life cycle. Whatever the differences in the family of salmon, the main species are all *anadromous*, beginning their lives in rivers or lakes, descending to spend the middle span of years in the sea, and returning upriver to spawn in the place of their birth – not only in the same river system but in the very tributary where their ancestors spawned. Thus the salmon entering any river system, especially the large Pacific coast rivers, may be not only of separate species – chinook or spring, red or sockeye, silver or coho – but of distinct groups of a single species, each differentiated by the time and the place of spawning. On the Fraser River, for example, there are spring salmon, summer chums, and fall pinks, as well as Early Stuart River sockeye and Late Stuart River sockeye. These separate groups are called races by the fisheries scientist. The fisherman calls them “runs,” since they return to the river together as a school.<sup>5</sup>

The return of the salmon to the river in great numbers over a short time makes it in some ways ideal for factory processing. The fish can be caught in the estuary or in the river itself, close to the processing plant, and river and estuarial fishing require less elaborate boats and gear. The more-or-less uniform size of the fish, especially of some species such as the sockeye or the pink, also lends itself to factory operations. The chief problem in salmon canning is that it is a seasonal industry, a characteristic it shares with fruit and vegetable canning, and, like them, it can suffer from crop variations: the runs of salmon may vary widely from year to year. The Fraser River in British Columbia is especially affected by this variation. Sockeye, its most prolific species, has historically had a reasonably regular four-year cycle of abundance: one very good year, one not as good, and two poor.<sup>6</sup>

Salmon canning derived its basic processes from the larger canning industry, making various improvements in machinery or adapting it as required. Only one machine, the so-called “Iron Chink,” an ingenious device for beheading, gutting, and de-sliming the fish, is peculiar to salmon canning. Otherwise it is essentially the same as other forms of canning – a specialized, factory-type, mass production of uniform products. The salmon canning factory, a land operation, preceded the factory ship, its ocean-going counterpart in fish processing, by at least seventy-five years.

Salmon canning began in Europe in the rivers flowing into the North Atlantic. Atlantic salmon were native to most rivers of northwest Europe but by the nineteenth century had either been fished out or shut out of their spawning grounds by man-made alterations to the river environment. They survived only at the edge of their former habitat in countries removed from

<sup>5</sup>This account is based chiefly on Philip Gilhousen, *Migratory behaviour of adult Fraser River sockeye*, 1960, International Pacific Salmon Fisheries Commission, Progress Report (unnumbered), pp. 2–6.

<sup>6</sup>F. J. Ward and P. A. Larkin, *Cyclic dominance in Adams River sockeye salmon*, 1964, International Pacific Salmon Fisheries Commission, Progress Report no. 11, pp. 4–12.

the main population densities, such as Norway, Scotland, and Ireland. Canning as a means of transporting the fish to market seems to have begun on a very small scale in Scotland in the 1820s. By the 1840s it had moved to take advantage of the larger opportunities across the Atlantic in New Brunswick and Maine, which were also distant from the centres of population, and which had larger, relatively unexploited stocks of salmon.<sup>7</sup>

From Maine and New Brunswick the salmon canning industry made the big leap in 1864 to the eastern rim of the Pacific Ocean, and it too "found gold" – bigger rivers, much larger fish populations (although with differences that were to plague pioneer scientists familiar with the Atlantic salmon), and fish stocks not yet affected either by alterations in the natural environment or by the overfishing that soon limited its growth in northeastern North America. With these opportunities, salmon canneries spread in about twenty years from the southern limit of salmon habitat in the rivers that flow into San Francisco Bay to the northern limit in Alaska, leapfrogging in a frenzy of development from the Sacramento to the Columbia, from the Fraser to the Skeena, and finally into the rich salmon streams of Bristol Bay, Alaska.<sup>8</sup>

The market for canned salmon was industrial Europe, primarily Great Britain. Britain, in 1867 the world's leading industrial state, was the manufacturing country least able to feed itself because of its limited land area and rapidly growing population. Canning was only part of a general process by which such industrial states extended the area of the world from which they drew their food and raw materials. Canned salmon, like canned meat, was particularly important in the years before the successful use of refrigerated ships, because it provided a source of cheap protein. In the latter 1860s, when canned salmon came on to the British market, canned meat sold for about sixpence a pound, half the cost of fresh meat. Canned salmon was soon able to hold its own in both price and palatability with canned meat, which was rather unappetizing.<sup>9</sup> One of the pioneers of Pacific coast canning tells of groups of workmen pooling their pennies to get a tin of salmon for their midday meal. The tin was opened at the shop, thus providing a ready check on the quality of the contents.<sup>10</sup>

Another circumstance helped the marketing of canned salmon. As Charles Wilson has pointed out, the last third of the nineteenth century saw the introduction in Britain of brand names, many of them still familiar in British households.<sup>11</sup> New types of retail trading also characterized late nineteenth-

<sup>7</sup>Charles L. Cutting, *Fish saving* (New York: Philosophical Library, 1956), p. 191.

<sup>8</sup>The best general account is in Homer E. Gregory and Kathleen Barnes, *North Pacific fisheries* (New York: Institute of Pacific Relations, 1939).

<sup>9</sup>Jack Cecil Drummond and Anne Wilbraham, *The Englishman's food* (London: Jonathan Cape, 1939), p. 381.

<sup>10</sup>Henry Doyle, "Rise and decline of the Pacific salmon fisheries," University of British Columbia manuscript, vol. 1, pp. 29–30.

<sup>11</sup>Charles Wilson, "Economy and society in late Victorian Britain," *Economic History Review*, 2nd series, v. 18 (August 1965), p. 191.

century Britain and the old-style grocer, who weighed out commodities from a bulk stock, began to get competition from the fixed-shop retailer who specialized in prepackaged goods.<sup>12</sup> The tin of salmon, with its brightly coloured label (coloured labels were used on British Columbia salmon before 1877), was very well adapted to this new outlet.

Where does the British Columbia canning industry fit into this generalized picture? The first point to be made is that its beginning was independent of the beginnings on the Sacramento and Columbia rivers. The Fraser River was the biggest of the British Columbia coastal streams and the first to be exploited. Initially, canning techniques did not come to the Fraser either directly or indirectly from the United States Pacific coast. They were first applied by men whose experience, whether first- or second-hand, derived from the two earlier salmon canning areas, Scotland and New Brunswick.

A faster rate of growth in the United States industry, however, soon overshadowed the British Columbia industry. Salmon canning began on the Columbia and Fraser rivers in the same season, 1867, but by 1877 the Columbia pack was 380,000 cases, whereas the pack on the Fraser had reached only 55,000 cases.<sup>13</sup> For these first ten years, influence from the United States was indirect, although the American industry did become a source of techniques. For instance, labels were printed in San Francisco, and one Cariboo miner, who had struck it rich in the gold fields, spent three seasons on the Columbia learning how to operate a cannery before setting up on his own on the Fraser.<sup>14</sup> In 1877 direct United States investment began in the Fraser River canning industry. A San Francisco-based company also tried in that year to exploit a new stream in northern British Columbia, the Skeena River. By 1881 a Canadian government survey showed that American firms controlled about 30 per cent of the total fixed capital invested in the British Columbia industry, and other American entrants in 1882 raised this proportion.<sup>15</sup>

With United States capital came American marketing agencies. The typical marketing agency on the Pacific coast in this period was the commission merchant. Firms of commission merchants were not specialized, usually handling both imports and exports and dealing in a variety of commodities. The earliest Fraser River canneries marketed their pack through commission merchants in Victoria. The Victoria firms, established in the days of the Fraser River and Cariboo gold rushes, had first been in the business of importing goods for the infant colonies of British Columbia and Vancouver

<sup>12</sup>James B. Jeffreys, *Retail trading in Britain, 1850–1950* (Cambridge University Press, 1954), pp. 128–30.

<sup>13</sup>John N. Cobb, *Pacific salmon fisheries* (4th ed.; US Department of Commerce, Bureau of Fisheries, Fisheries Document No. 1092, 1930), pp. 562, 579.

<sup>14</sup>J.B. Kerr, ed., *Biographical dictionary of well-known British Columbians* (Vancouver: Kerr and Begg, 1890), pp. 216–17.

<sup>15</sup>Canada, *Sessional Papers*, 1882, no. 5 supp. 2, p. 223.

Island. Since there were no overland connections with Canada until after 1885, they built up a direct trade with Great Britain. These Victoria merchants in effect financed the early Fraser River canners by a system of advances, secured by chattel mortgages, which carried the canners through the eighteen-month cycle from the ordering of the tinplate in Wales until the sale of the pack in England. A similar system prevailed in San Francisco, the financial headquarters of the United States industry. Canners who moved in from the United States retained their San Francisco connections, and many of them were financed by W. T. Coleman and Company of that city.

In the mid-1880s the expansion of the industry on both the Columbia and Fraser rivers slackened. The Fraser River pack of 1882, nearly 200,000 cases, was not surpassed until 1889. The Columbia River pack of chinook salmon reached its highest point in 1883 and then began to decline.<sup>16</sup> There were cries that overfishing was responsible, and an agitation began for conservation measures. But the reasons seem to lie elsewhere, since both rivers produced larger packs in the 1890s. Part of the problem was markets. Market expansion did not keep pace with the growth of the pack, and there was a glut of unsold salmon in the hands of British agents. The other reason was a transfer of fishing effort to new areas. The 1880s saw the rise of the Alaska industry, and canners on the Fraser River opened plants on the Skeena, the Nass, and other salmon-producing streams of the north coast of British Columbia.

With the revival of the trade in the late 1880s came changed relations between the British Columbia industry and that in the United States. The industry on the Pacific coast had begun as an export industry and BC canners were even more dependent on offshore markets than American canners. A home market did begin to develop in the eastern United States, but the home market opened to BC canners with the completion of the Canadian Pacific Railway was very much smaller. For British Columbia, Britain was still the chief market, and it seems to have been this close connection which attracted British capital directly into salmon canning in the province.

Acting in each case on the initiative of local people, two British-backed limited liability companies were formed – the British Columbia Canning Co. Ltd. in 1889, and the Anglo-British Columbia Packing Co. Ltd. in 1891. They acquired existing canneries, Anglo-British Columbia buying out all the American-owned concerns on the Fraser. The acquisition of American interests was facilitated by the difficulties of W. T. Coleman and Company, who had acted as broker for the American-owned firms. Years of litigation, charge, and counter-charge ended in Coleman's bankruptcy in 1888. Most of the remaining locally owned canneries banded together under the leader-

<sup>16</sup>Cobb, *op. cit.*

ship of their Victoria agent, R. P. Rithet and Company, into the Victoria Canning Company Ltd. By 1891, then, the whole Fraser River was organized into five groups: two British companies, one local company, and only two independents.<sup>17</sup> The Fraser River canning industry, and British Columbia canning generally, had broken its ties with United States interests, and future development was to be marked by a strong competitive feeling.

The development of the British Columbia salmon canning industry does not, then, support the hypothesis that relations between San Francisco and British Columbia in the years 1867-92 were simply those of metropolis and hinterland. There was no simple transfer of an industry from Maine to San Francisco Bay and then northward under the aegis of the commercial and financial agents of the dominant centre. Salmon canning in BC began independently. It was financed primarily by local commission merchants with direct trade connections with Great Britain. The bulk of the pack was exported directly, not via San Francisco. American canners on the Fraser and Skeena rivers were not the advance representatives of a takeover by United States industry but a minority interest that was unable to sustain itself and was bought out by British- and Canadian-backed companies.

The wider economic relationships in this period between California, especially San Francisco, and British Columbia cannot be usefully considered unless the relationships of both with Great Britain are examined. In the latter third of the nineteenth century Great Britain was the buyer for the Pacific coast's largest export – wheat. In the years 1870-1900 the grain trade accounted annually for 50 to 70 per cent in value of total exports from the United States Pacific coast. The wheat fields of the region shipped from one-quarter to three-quarters as much as was exported from the United States east coast and usually stood second only to the east coast among world suppliers of wheat to Britain. Great Britain was also the world's great exporter of capital, and the grain trade attracted both British shipping and British mercantile enterprises to California. British firms, such as the San Francisco commission merchants Falkner, Bell and Company, became agents of British insurance and shipping interests. Other British firms – such as Balfour, Guthrie – were established by their parent Liverpool houses to handle the needs of the grain trade. These trade connections also undoubtedly help explain the astonishingly rapid rise in canned salmon exports from the Pacific coast. The salmon trade rode along on the back of the grain trade, and British capital followed this trade. Not only did Balfour, Guthrie invest in California, but banks with British capital and British charters established themselves in San Francisco and played a leading role in the financial community.

<sup>17</sup>For a fuller account see my "The 1900 strike of Fraser River sockeye salmon fishermen" (unpublished MA thesis, University of British Columbia, 1965), pp. 23-7 and Doyle, *op. cit.*, v. 1, pp. 156-80.

These British ventures have already been discussed by others, but one dimension can be added to the picture which may further illuminate it.<sup>18</sup>

An alternative channel of British financial and mercantile entry into the United States Pacific coast was through British Columbia. The Bank of British Columbia, which received a royal charter in 1862 and had its headquarters in London, found that it could not profitably employ its capital in the limited opportunities of the British Pacific colonies. It therefore established branches down the coast, beginning with San Francisco in 1864. The historian of the bank estimates that it was second in San Francisco only to the Bank of California and, after 1875, to the Nevada Bank. Considering the chequered careers of these two, it may fairly be said to have been the most stable of the larger banks in the city. Certainly, in the panics of 1877 and 1893 it proved itself to be. The Bank of British Columbia's period of operation in California under its own name, from 1864 to 1900, almost coincides with the period of the California export grain trade. This is not just coincidence, for it was heavily involved in that trade, advancing money against wheat in warehouses and buying bills of lading on overseas shipments of wheat in transit when other banks would not take the risk. It also had a large share of exchange operations with London and New York. In boom years, the San Francisco and Portland branches made more money than Victoria, the nominal head office in North America, although losses in depression years were also correspondingly greater. In the 1870s San Francisco profits were three times those of Victoria. In 1888 and 1889 they were more than Victoria and all the other branches in British Columbia put together.<sup>19</sup>

The Bank of British Columbia also provided an umbrella for ambitious entrepreneurs to move out of British Columbia into the wider area of the Pacific coast. One such firm was Welch, Rithet of Victoria, the predecessor of R. P. Rithet and Company. By the late 1880s it was the biggest of the mercantile firms in British Columbia and the leading agent for salmon cannery operators. In San Francisco it operated as Andrew Welch and Company with a branch in Liverpool. Andrew Welch and Company was a large customer of the San Francisco branch of the Bank of British Columbia, did a commission merchant's business, and had sugar interests in the Hawaiian Islands. When Welch died in 1889, it was said of him that he had "acquired

<sup>18</sup>The two preceding paragraphs are based mainly on Rodman Paul, "The wheat trade between California and the United Kingdom," *Mississippi Valley Historical Review*, v. 45 (December 1958), pp. 391-412 and Morton Rothstein, "A British firm on the American west coast, 1869-1914," *Business History Review*, v. 37 (Winter 1963), pp. 392-415.

<sup>19</sup>Victor Ross, "The Bank of British Columbia," *The history of the Canadian Bank of Commerce* (Toronto: Oxford University Press, 1920), v. 1, pp. 251-350.



his wealth on the Pacific coast, having come to Victoria as a bookkeeper.”<sup>20</sup>

These bits of evidence, admittedly fragmentary, suggest that relations between California and British Columbia were more complex than those simply of metropolis and hinterland. Rodman Paul notes that the grain trade made “rural California and mercantile San Francisco almost a colonial appendage of Victorian Britain.”<sup>21</sup> It might also be said that British Columbia in the same period was another such appendage. For both the triangle of trade involved direct and independent links with Great Britain, as well as cross-connections with each other.

<sup>20</sup>Victoria *Colonist*, July 26, 1889, p. 4.

<sup>21</sup>Paul, *op. cit.*, p. 412.