

MYTHS AND REALITIES OF VANCOUVER'S ORIENTAL TRADE 1886-1942

by

ROBERT DAVID ADAM

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We accept this thesis as conforming
to the required standard

Patricia E. Roy, Supervisor

Alan Artibise

David C.Y. Lai

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UNIVERSITY OF VICTORIA

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Supervisor: Professor Patricia E. Roy

ABSTRACT

The myth of Oriental trade, the conviction that trade with China and Japan was destined to be immensely lucrative, was common in the United States, Great Britain and Canada during the late nineteenth century. To some extent, it influenced government and business in all three nations. In Canada the myth supplied a minor motive for the construction of the C.P.R. and the main reason why the C.P.R. chose Vancouver as its western terminus and established a steamship service to the Orient. Thereafter the myth led Ottawa to oppose anti-Oriental legislation in British Columbia, lest it injure Canada's Oriental trade. Yet they need not have bothered, Canada's trade with China and Japan grew slowly before 1914 exposing the optimism as myth.

Superficially, the story was the same in Vancouver, but there the myth and reality of trade had a much more positive influence. The myth was a powerful promotional element. Propagated in city publications, it deluded uncritical Vancouverites into believing that Oriental trade was already sizable, ever increasing or about to boom. Circumstantial evidence made the myth credible

and Vancouverites embraced it because it was good publicity.

Indeed, Vancouver came into existence because the C.P.R. followed the myth. The C.P.R. chose Vancouver's birthplace, named it and nurtured it as a transit port for Oriental trade. Company investment dictated the layout of the city's core, but after 1897 urban growth reduced the dominant influence of Oriental trade and the role of the myth in booster publications. The city's magazines had other assets to boast about.

But domestic depression and the First World War enfeebled Vancouver's trade and exposed both the small size of Oriental trade and the myth. Despite the absence of many competitors Vancouver merchants could not trade with the Orient because they had no shipping or business connections. A few frustrated Canadians developed their own means of trade, but Americans and Japanese were mainly responsible for continuing Oriental trade. The Japanese expanded Vancouver's exports and sustained the port through the war years.

Because Japan needed Canadian food and raw materials, Japanese entrepreneurs led the foreign interests which dominated Vancouver's post war trade. Famine and construction in China added to their demands to draw record exports from Vancouver in the 1920s. The boom revived

the myth and poured millions of dollars into the city. But, based on unusually buoyant demand and foreign enterprise, it could not be permanent.

When the Great Depression removed these elements, Canadian goods became overpriced, had no one to market them and Vancouver's Oriental trade collapsed. Nor did Oriental trade recover in 1935-1936 with other commerce, because protectionist agreements favoured Vancouver's trade with the British Empire rather than China and Japan. In 1937, the Sino-Japanese war cut off Chinese trade and, as fear of Japanese militarism increased, Ottawa legislated against mineral exports to Japan. Few lamented the loss because Vancouver was busy with other commerce. The Depression had buried the myth and without it Oriental trade no longer seemed worth saving.



Patricia E. Roy



Alan Artibise



David C.Y. Lai

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INTRODUCTION

Any enquiry into the history of Vancouver's Oriental trade between 1886 and 1942 is complicated by contradictory information about the size of trade. For example, complete statistics of Vancouver's trade with China and Japan before 1914 do not exist. Some evidence extant claims that trade was large and growing quickly; other sources affirm the opposite to be the case. The difference between the two is that the former is part of the literature of the myth of Oriental trade; the latter is a reflection of reality. Any authoritative study of Vancouver's trade with China and Japan has to distinguish this myth from reality, hence the title of this thesis.

The definition of myth as used in this work is simply a prevalent false belief. The myth of Oriental trade, the false notion that Oriental trade was destined to grow into a huge commerce, was prevalent throughout North America during the late nineteenth century. Variants of the myth profoundly influenced businessmen and statesmen in the United States, Britain and Canada and produced side effects. One by-product of British and Canadian enthusiasm was the construction of a steamship terminal on Burrard Inlet in

British Columbia to facilitate trade with China and Japan. But when trade began, the myth of Oriental trade appeared in the infant Vancouver.

On the surface, myth and reality were the same for Vancouver and Canada, but there were significant differences between the national and local perspectives. The myth was dead in Ottawa by 1914, but it was influential in Vancouver until 1941. Similarly, the reality of trade, never significant for Canada, was important in Vancouver from 1886 to 1942. This study examines the myths and realities of Vancouver's Oriental trade in four stages of their evolution. Each chapter attempts to separate myth from reality, evaluate their origins and analyse their impact on Vancouver.

The literature of the myth can be identified three ways. It may appear in booster publications: writings designed to promote the city of Vancouver by any means at hand. It is always written in rhetorical and hyperbolic terms. In one form or another it lauds either a rapidly increasing trade and/or the great influence of that commerce. Reliable evidence is most often found in ordinary trade publications which use everyday language to present credible information. Moreover, the validity of such sources can nearly always be tested by circumstantial evidence. For example, where the size of trade is in question, national

statistics or the number of ships sailing to and from Vancouver can roughly indicate the volume of commerce.

Once the myth has been exposed its development is explained by reference to its sponsors and the situation in Vancouver. The growth of trade is analysed in relation to demand and supply conditions in Canada and the Orient. Over fifty years the trade grew emphatically, but within the context of the times it often appeared disappointing. Naturally it fell short of the expectations produced by the myth. But its actual development was also unfairly disparaged by contemporaries preoccupied with the failings of Canadian businessmen. Both obsessions form an integral part of the times, but clearly they obscured the positive growth of Oriental trade and its real impact on Vancouver.

Oriental trade was important to Vancouver because of the employment it created and the investment it brought to the city. Variations in the size or type of trade were only significant when they affected functions like the loading and unloading of ships, and the activities of brokers and shipping firms which marked the real impact of Oriental trade. But that impact was also increased by the action of the myth. For myth and reality were closely linked between 1886 and 1942. They fed each other and significantly affected Vancouver through its first fifty years.

NOTE: throughout the text italics are employed to denote direct quotations. Quotations within sentences are also identified by quotation marks; block quotations are not.

CHAPTER I

MYTHS AND REALITIES OF CANADIAN- ORIENTAL TRADE 1886-1914

One belief current in North America and Britain during the mid-nineteenth century was that the nation which controlled Oriental trade would enjoy great economic benefits, if not dominate the world. The vision of a great trade with China and Japan was one reason why the British and Canadian governments supported the construction of the Canadian Pacific Railway. Accordingly, while London wanted the railway to secure Imperial communications with India, and Ottawa hoped to unite Eastern and Western Canada, Britons and Canadians also looked forward to a lucrative trade with the Orient through the C.P.R. terminus at Vancouver.

However, the slow development of trade after 1887 showed the vision of a booming trade, readily at hand, to be a myth. But the myth was so strong that optimism about the future of the trade survived in the highest political

circles until 1912, despite the fitful and erratic course of trade. The myth obscured the grim fact that the few Canadians who attempted to break into Oriental trade encountered barriers of language, remoteness, foreign custom, fierce competition, and ill-feelings engendered by Canadian immigration legislation. In addition, they were hampered by adverse freight rates, inadequate handling facilities and limited shipping services from Western Canada.

Canadians, however, were not alone in wrongly envisioning rich trade possibilities with Asia. Traditionally the outside world's view of the Orient was based on sporadic commercial contacts. From Roman traders in the third century B.C. to the Portuguese at Macao and the Dutch at Deshima in the sixteenth and seventeenth centuries¹ such connections brought a trickle of luxury goods into Europe. This trickle tantalized the Western world and perpetuated its belief in the fabulous wealth of China and Japan. This misconception provided the fabric of the myth: a vision of the Orient the way people wanted it to be not as it actually was.

Accordingly, the myth changed with the times. By the nineteenth century the leading entrepreneurs in the West were industrialists who were less interested in

luxury goods than a market for their products among the teeming populations of Asia.² The development of a large market for their mass produced goods in India, convinced British manufacturers of the potential of other markets in the East and the 'Opium Wars' and the subsequent 'opening' of China were, in part, a consequence of this interest. However, Britain's ability to exploit the Oriental market appeared to be threatened by similar American aspirations. Between 1780 and 1850 the magnet of the China trade drew into the Pacific innumerable American traders, merchants, adventurers, government officials and sea captains. The control of Oriental trade became an essential element in the *credo* of American expansionists.³ Thus, American territorial expansion, culminating in the Oregon boundary treaty of 1846 realized the fears expressed by the London Times in 1845:

*England must think of her own interests and secure the Bay of Francisco and Monterey . . . to prevent those noble ports from becoming ports of exploitation for brother Johnathon for the Chinese market.*⁴

Brother Johnathon's actions gave a new significance to the British possessions north of the 49th parallel for they offered the last potential all-British westward route to Asia. Between 1800 and 1845 the British Government spent more than 1,000,000 pounds sterling on expeditions to the Arctic searching for the North-West passage.⁵ But, as

the likelihood of finding the passage decreased with every failure, those concerned became increasingly interested in the alternative of a trans-continental railway across Canada to British Columbia. As the Surveyor-General of Vancouver Island wrote in 1860:

In 1857 our legislators and the public seem to have been struck with the fact that in searching for a north-west passage in the Polar Seas they have overlooked the true north-west passage which exists in the British territory north of 49o. 6

British Columbia increasingly appeared as a vital potential link in Imperial communications and as the gateway through which Britain could dominate Pacific trade. British statesmen perennially feared threats to their possessions in India especially from Russian expansion. As a consequence, they were attracted to the 'true north-west passage' as a shorter and safer route to the East than that via the Cape of Good Hope. Imperialists like L.E. Barrett-Lennard, A. Rattray and Matthew Macfie, who had travelled in British Columbia, all argued this case and advocated the construction of a trans-continental railway as a matter of Imperial pride and military advantage.⁷ Macfie also insisted that the nation which first linked the Atlantic and Pacific would inevitably dominate world trade:

It is a conceded point that the Pacific coast will soon command the trade of the vast regions of China, Japan and the Asiatic archipelago which has always been the great commercial prize in ancient as well as modern times. Persia, Assyria, Carthage and Rome swayed the world, when they controlled the commerce of the East, Venice, Genoa, Lisbon, Amsterdam and London, each in its turn

obtained commercial supremacy as it became the disposer of Eastern luxuries to the Western World. To this grand inheritance the Pacific Coast is to succeed; and that point where the railway terminates on the Pacific Coast is to be the place. 8

Macfie's analysis found support in both Britain and the colony, in particular from Alfred Waddington, a Victoria merchant who presented a similar thesis in his book The Overland Route through British North America; the Shortest and Speediest Route to the East. In British Columbia and Ottawa Waddington campaigned strenuously for the construction of a trans-continental railway, for he believed that if the Americans finished their trans-continental railway first they would dominate Oriental trade.⁹ Commentators in Britain were also alarmed by American progress in that direction, especially when the 'Pacific Scandal' and the disinterest of MacKenzie's Government delayed the construction of the Canadian railway. The Pall Mall Gazette complained that "*the childish narrow-minded trickery of the Canadians is unconsciously diverting the future stream of wealth and power from the British Empire to the American Republic.*"¹⁰

British indignation was mollified by better progress on the Canadian railway and the C.P.R.'s determination to find a Pacific terminus suitable for trade with the Orient. Its chief surveyor, Sandford Fleming, only considered potential termini according to their ability to accommodate through trade to Yokohama. He found Port Essington was the

nearest to Asia, it was 468 miles closer to Yokohama than English Bay, but like other northerly harbours suffered from fog and bad weather. Burrard Inlet had the best weather, a deep clear entrance and a fair anchorage; all vital prerequisites for a successful service to the Orient.¹¹ Port Moody was eventually selected as the terminus, but as late as 1886, Van Horne revoked that decision and ordered the construction of a new terminus called Vancouver at Coal Harbour.

The arrival of tea and silk shipments in Vancouver barely three months later silenced all the critics and optimism flourished as the Abyssinia, Parthia and Batavia began a regular trans-Pacific service in 1887.¹² Confidence was further boosted by the award of the Imperial Mail Subsidy to the C.P.R. in 1889. According to the terms of the contract, the company received 45,000 pounds sterling from the British Government and 15,000 pounds sterling from the Canadian Government for a monthly service from Halifax or Quebec to Hong Kong. The journey time was not to exceed 684 hours between December and March, otherwise fines were imposed. In return, the British Government acquired a regular mail service to the Far East, the right to convey troops across Canada on C.P.R. trains and the right to commandeer C.P.R. ships during time of war. Ottawa acquired

a mail service and a means of developing trade with the Orient.¹³

The first ten years of trade did little to confirm the forecasts of mid-century nor justify shipping subsidies. In 1896 the value of Canada's total trade with China and Japan was only \$3,345,479 (an increase of \$859,776 over 1886) and composed less than 1.5 per cent of the Dominion's total trade with the world.¹⁴ This evidence discouraged Ottawa and also those in London who hoped the new route would boost Imperial trade. In 1900 a British War Office report on Canada's trade with China and Japan noted:

*Major Nathan of the Royal Engineers, the officer making the enquiry, has remarked that the statistics placed before him do not show any very considerable and progressive increase in the trade between Canada and the Far East to have resulted from the Empress line of steamers.*¹⁵

Trade continued to grow slowly until the success of a Canadian bread exhibit at the Osaka Industrial Exhibition in 1903 revived optimism. The great popularity of bread baked on the spot from Canadian flour convinced Canadian observers that a huge potential market for Canadian wheat and flour existed in Japan. Excited by these prospects, Prime Minister Wilfrid Laurier sought a commercial treaty with Japan to encourage exports from the expanding Prairie granaries.¹⁶ The British Consul in Japan noted:

Up to now the grain growing interests in Canada have been for the greater part tributary to the Atlantic and have found a market in that direction for their surplus production, so there has been no strong inducement to push trade with this country, but with the development of the North-West, Canada should find Japan a useful

market. This appears to be realized in Canada for following up her prominent participation in the Osaka exhibition of 1903 she has now established a commercial agency in this country. 17

Laurier was especially anxious to promote trade with Japan because it suited his plans for the future of Western Canada. His Government was already subsidizing the construction of Canada's second trans-continental railway, the Grand Trunk Pacific, to its terminus at Prince Rupert. Laurier believed that the Oriental grain trade would support this railroad, help the development of the West and propel Canada towards the greatness he had predicted for her. In a speech at Toronto in 1906 he claimed:

We are in a position to profit more from this market [Japan and China] than any other portion of the civilized globe . . . we would be blind to the times if we failed to realize that there is a market of four and five hundred million in the Orient. . . . I want Canadian merchants to bear wheat and flour into that 400,000,000 market. 18

Canada's exports to Japan nearly doubled between 1906 and 1909 bringing more enthusiastic speeches from Laurier and supporters. But when exports dwindled again by 1911 Laurier had problems convincing the House that it was worthwhile renewing its subsidy to the C.P.R.. Indeed, Laurier conceded that trade had not grown as he had hoped, only arguing defensively that the small trade obtained since 1886 should not be abandoned to the Americans. Eventually, he was glad to concede that the Canadian Pacific ships needed cold storage facilities to compete and he settled for only a five year extension of the subsidy

instead of the ten he originally sought. ¹⁹

The subsidy was renewed but the very next day, Martin Burrell, the Opposition member for Yale-Cariboo, seized upon the slow development of Oriental trade as a means to attack the Government's adherence to the Anglo-Japanese treaty of 1911. He pointed out that in 1910 only three commodities - lead, pickled herring, and pickled salmon - earned more than \$100,000 in Japan. Among Canada's exports to China only silver ore and pickled herring fitted that category. Worse still, the promised expansion of the export of breadstuffs and manufactured goods to the Orient simply had not materialized. The House had to agree with Burrell that *"the hopes of any great commercial prosperity arising from a treaty with Japan . . . are wholly illusory."* ²⁰

That illusion had been fed by wishful thinking and superficial analysis both of the past and the present. Pundits such as Macfie had cited history to support their arguments when ironically the reality of the past was completely different. The ancient polities that traded with the East did so after they had already acquired wealth closer to home. Portugal was not a great power in the sixteenth century and although her factory at Macao sent home small quantities of luxury

goods, that trade only enriched a few individuals, leaving the rest of the economy unaffected. Much the same was true for Dutch trade with Japan in the seventeenth century. Equally, the greatest imperial power, Britain, did not gain or consolidate her power through large scale exploitation of the markets of the Orient. ²¹

Similarly, Laurier's contemporaries derived equally fanciful conclusions from superficial analysis of the immediate potential of Canada's Oriental trade. The Governor-General of Canada, Lord Grey, believed that Canadian wheat would succeed in Japan simply because Japanese scientists had discovered that bread was a more nutritious food than rice. Grey wrote to Laurier, "*the Japanese who are a docile people will conform their practices to the teachings of their scientific experts.*" Laurier himself simply assumed that the enthusiasm shown for Canadian goods at Osaka multiplied by time and promotion would draw the entire market of Japan and then China into Canadian hands. However, Laurier never supported any research to confirm his theory, so he was unaware that the necessary promotion was completely absent in Canada's Oriental trade between 1886 and 1914.

This absence of interest had been exposed as early as 1893 when Victor Odlum, a professor at Victoria College in Toronto, investigated the potential for trade between

Canada and the Orient. Odlum believed that Canada possessed advantages over her competitors because her geographic proximity to Asia and because her natural resources met the needs of China and Japan as they strove to emulate industrial society. To prove his point he exported and sold goods to Japan for lower than current prices; however, when he documented his findings in a series of letters to the Toronto Globe he was aggrieved to discover that American businessmen paid him more heed than Canadians. As the Vancouver Daily News Advertiser commented, *"it caused him to admit the comparative lack of enterprise exhibited by his own countrymen in many respects."*²⁴

Lethargy was the root cause behind the slow growth of Canada's Oriental trade not only in 1893, but throughout the whole period from 1886 - 1914. However, this lack of enterprise was in part produced by other problems, notably difficulties inherent in trading in Japan and China, foreign competition from Britain, Japan and the U.S.A. and lastly, the inadequacy of facilities in Vancouver and Western Canada.

Canadian exporters who overcame the considerable problems involved in communicating with the Orient usually found their goods would not sell because they were either not in demand or too expensive. Consumer tastes in both Japan and China were markedly different from those in the West. Moreover, most of the Chinese and Japanese were

peasants existing at the subsistence level, who had very little surplus to spend on imported goods. In China, if a peasant had any money to spend at all he would most likely spend it on traditional Chinese goods. In Japan, economic growth from 1880 to 1900 may have increased income available for spending to a small degree, but any effect was more than cancelled out by the increases in import tariffs after 1899. ²⁵

Most of the Orient's international trade was confined to treaty ports like Hong Kong, Shanghai and Tientsin in China and Yokohama and Kobe in Japan. The foreign settlements there maintained a steady demand for western goods and construction materials. In China, British trading houses, some of which had been operating since 1842, monopolized the import-export business. ²⁶ Proficiency in Chinese business required a lifetime's effort and in fifty years the first trading houses acquired connections and reputations which put them well ahead of any latecomers. For their own convenience these firms worked through a compradore, a Chinese businessman *au fais* with correct business techniques, but no direct trade existed. ²⁷

A similar situation existed in Japan in the 1880s where British and American export agencies controlled 90 per cent of Japan's exports and were anxious to preserve their control. Indeed, one Canadian Trade Commissioner in

Japan, W.T.R. Preston, reported that none of the agencies would take Canadian business and reacted most violently against his efforts to establish direct trade with Japan. In the 1900s Japanese competition broke this monopsony and by 1914 the Zaibatsu controlled ninety per cent of Japan's exports.²⁸ Unfortunately for Canada, they proved just as monopolistic as their predecessors and Canadian firms were still shut out.

Negative attitudes on the Canadian side added to the difficulty of expanding trade. Some Canadians considered Japanese businessmen untrustworthy,²⁹ and most were simply not interested in trading with Japan. Richard Cartwright, the Minister of Trade and Commerce in 1911 wrote that:

Canadian merchants are exceedingly indifferent to the facilities offered them . . . and are so occupied in attending to the Home Market that they have little time and very little means to spare to push trade in other directions. 30

Actually, these truths were not surprising. The domestic market offered Canadian businessmen a familiar, easily accessible, growing market, protected from foreign competition by tariffs. This was a far more attractive option than risking their business in distant, incomprehensible, alien lands which were already dominated by foreign firms. Buyers in Japan would not trade with foreign companies until those firms had at least two years experience selling in Japan. Unfortunately, Canadian companies were not prepared to set

up agencies and watch them lose money during this probationary period. Thus, those Canadian businessmen who made an occasional foray into the market had absolutely no chance of success. For instance, in 1907, one Japanese businessman could not find a Canadian company able to supply him with 5,000 tons of paper. The Trade Commissioner investigating the report found that the most likely supplier, Booth and Co., had no agent in Japan and did not hear of the tender. Moreover, the tender required that applicants had at least two years trading experience in Japan: something neither Booth and Co. nor any other Canadian paper company then had. Canadian merchants were simply not ready to make the long term investment necessary for trading with Japan. ³¹

The situation was similar in China. Success in the Chinese market depended upon a complete understanding of market demand, business etiquette and energetic promotion of products. It was essential to have a man on the spot otherwise one's competitors would monopolize the business. As J.B. Jackson, the Canadian Trade Commissioner in China complained to the flour industry in 1911, "*Canadian millers can scarcely expect to do business here unless they send over a man to canvass for business in the Orient.*" The Chinese also preferred to see samples of products before buying, no samples, no sales, as Jackson complained again:

Tenders for railway supplies are never advertised for more than one month . . . so that it is impossible to send specifications to Canadian contractors in time. If samples of rails and sleepers from Canadian firms were here it would be possible to cable for terms, and put in a tender, without these it will be impossible to do anything. 32

Clearly the establishment of agencies in the Orient was an essential first step for Canadian business. Unfortunately, as a memorandum on trade between Canada and Japan prepared for Laurier in 1907 pointed out, "*there would have to be considerable outlay in investigation, advertising, maintenance, expenses, etc.*", plus the problem of "*language, the high cost of living, and competition from Great Britain and the U.S.A. . . . with the risk of ultimately finding the market unremunerative.*" This forbidding prospect discouraged the few firms possessing the necessary capital and their disinterest explained, according to Jackson's successor in China, J.W. Ross, why there was "*no consistent maintenance of the volume of trade in any line from year to year, but on the contrary spasmodic expansions and recessions.*" ³³

One other less concrete, but often discussed, possible hindrance to trade was anti-Oriental activity in British Columbia and Canadian legislation against Oriental immigrants. But, the effects of such actions were largely nullified by Ottawa's sensitivity to this possibility and the efforts of Canadian companies involved in Oriental trade. In the 1880s Ottawa allied with big business to allow Chinese labour into

Canada to build the C.P.R., over and above violent pressure from British Columbia. The Federal Government even disallowed Provincial legislation restricting Oriental immigration because Chinese labour was considered essential to the construction of the railroad. ³⁴

Once the railway was completed the Federal Government placed a \$50.00 head tax on Chinese immigrants. But this proved an ineffective barrier to entry because many Chinese passages were sponsored by Canadian employers through agencies like the C.P.R. Exclusion bills soon reappeared in British Columbia and Ottawa feared Canada's new trade with the Orient would suffer. Certainly there were other reasons for disallowance. Some M.P's objected on humanitarian grounds, others viewed prejudice in British Columbia with lofty distaste, but the economic rationale for disallowance was most acceptable because it supposedly placed the national interest above that of one region. Indeed, Ottawa used that reason to disallow seventeen British Columbia acts between 1884 and 1914, supported covertly and overtly by eastern manufacturers, western raw material producers, the C.P.R. and the Grand Trunk Pacific Railway. The pro-exclusion lobby of labour unions, nativist organisations and the British Columbia population were less influential. But, at times Ottawa had to compromise and deflate their attacks, notably by **increasing** the head tax

to \$100 in 1901 and \$500 in 1903. ³⁵

Such measures only produced temporary relief because nothing less than total exclusion would satisfy British Columbia. But, Ottawa was not willing to risk that much even though China was weak and divided and had no diplomatic corps or powerful navy. Dealing with Japan was much harder for she was a strong power, courted by Britain, possessing an active diplomatic corps. Moreover, Sir Wilfrid Laurier, Canada's Prime Minister between 1896 and 1911, believed that Canada's Oriental trade would grow first through Japan. Laurier was also sensitive to the Imperial policy of no discrimination on the grounds of race and colour. As a consequence, when the B.C. Legislature included Japanese in its Alien Labour Act of 1897, Laurier found himself under pressure from B.C., Japan, Great Britain, and even United States President, Theodore Roosevelt. Roosevelt intervened in support of B.C. because he wanted a common front between Canada and the U.S. against Japanese immigration. Britain supported Japan because she was an ally, some of whose citizens lived in the Empire. Out of this chaos, Laurier finally made a compromise agreement with Baron Komura of Japan in which he agreed to disallow any anti-Japanese enactments from British Columbia provided Komura restricted Japanese emigration to Canada. ³⁶

This first of the 'Gentlemen's Agreements' effectively neutralized the threatened conflict between trade and immigration. While Laurier was in power, offensive legislation from British Columbia would be disallowed in Ottawa and a limit had been set on immigration. But British Columbia was still not content. The working class and small businessmen on the Pacific Coast continued to fear Oriental competition. Their elected representatives continued to pass exclusion Acts which could remain in force for up to a year before disallowance.³⁷ British Columbia labour unions continued to refuse the Japanese membership and agitated against employers who hired Japanese workers. Nevertheless, the Canadian Government was not responsible for such acts and their Japanese counterparts did not hold them to be so or retaliate in any way.

Laurier was pleased with this accord because he had always struggled to dissociate Ottawa from anti-Oriental elements. He knew that Tokyo was upset by the treatment of Japanese in British Columbia, but provided they believed Ottawa was opposed to such discrimination Canada's Oriental trade could only be affected by resentful individuals. True, Laurier could not disclaim all responsibility for the increase in head taxes and Trade Commissioner Richard Grigg feared that, and discrim-

ination in British Columbia would affect Canadian trade. ³⁸
Indeed, bitterness against racism in British Columbia may have caused individual educated Chinese to shun Canadian products, but as China's import and export trade was controlled entirely by foreign agencies such rancour could not greatly injure Canadian Oriental trade.

To Trade Commissioners stationed in China and Japan this ill will may have seemed more powerful than it actually was. Since 1906 in China and 1903 in Japan these emissaries had battled the indifference of consumers and apathy of merchants. Naturally, they could only see Canadians as "*indifferent to the facilities offered them*" not that the facilities themselves were usually indifferent. From their vantage point they did not know that importers and exporters attempting to work through Vancouver were hampered by shortages of cargo space on shipping and high rail freight rates to the port.

The high freight rates came from an agreement made in 1897 between Ottawa and the C.P.R. In return for low freight rates on grain sent east and manufactured goods sent west, the C.P.R. was granted a charter and a subsidy for its Crows Nest Pass line. At the time very little grain went west so little appeared lost through the differential. The American Pacific Coast States were then supplying

China with wheat and flour. But over the next ten years the centre of the Pacific Coast grain export trade moved steadily north as fruit farming replaced wheat in California, Oregon and Washington. Prairie wheat became available to satisfy the growing Asian demand and higher western freight rates became a very large obstacle to grain exports via Vancouver. 39

Western grain exports were also limited by the lack of facilities in Vancouver: no flour mill until 1906, no grain elevator until 1914. The Report of the Royal Commission on the Grain Trade of Canada in 1906 commented:

There is no doubt in our minds that a very large trade with the Orient could be developed if there were transportation facilities at reasonable rates to the Pacific Coast and proper terminal facilities for handling the grain.

Some Canadian flour was exported from Vancouver in 1903, some wheat in 1906, but these were isolated shipments and the trade remained small. 40

One other problem was the shortage of shipping. Only two shipping lines maintained a regular Vancouver-Orient service before 1914, the Canadian Pacific Steamship Services and the Ocean Steamship Company's Blue Funnel Line. Furthermore, the latter's service only began after 1902 and three-quarters of the cargo the freighters carried was from or bound for Europe. The obsolete Abyssinia, Batavia, and Parthia were replaced in 1891 by three new liners, the Empress of India, the Empress of Japan and the Empress of

China (all 4,004 tons).⁴¹ The Empresses maintained a regular service until 1913, supported on occasion by the Athenian (3,822 tons) and the Tartar (4,425 tons), and regularly by the Monteagle (6,163 tons). However, their cargo capacity was diminutive compared to that of the ten to twenty-five thousand ton freighters employed by American lines running from Seattle, Tacoma and San Francisco to the Orient.⁴²

Clearly the Canadian Pacific Steamship Services was not a major competitor in the bulk freight business nor did it want to be.⁴³ The Empresses found very little to carry on their outward voyages, apart from occasional cargoes of lumber and a bewildering hotch-potch of small goods. Quite frequently they carried cotton and flour from Portland and New England cottons⁴⁴ as an alternative to ballast. Although this trade was not lucrative it helped to avoid losses which might detract from profits made through the carriage of passengers, luxury imports like tea and silk and the Imperial Mail Subsidy.

The mail subsidy provided a financial backbone for the C.P.S.S. Unlike earnings from passenger or freight traffic the subsidy did not vary from year to year and this reliability made it most important to the company. For example, in 1906 a new mail contract shortened the permissible

journey time from twenty-one to nineteen days and the aging Empresses were unable to meet the new schedule consistently. Only then did the C.P.S.S. order new ships, although the original Empresses had demonstrated obvious failings as freight and passenger carriers some time before.⁴⁵ Such was the value the C.P.R. placed upon its subsidy.

True, the Oriental service began three years before the signing of the contract in July 1889, but the subsidy enabled the C.P.R. to develop its service as it wished. The Company's Annual Report for 1888 had complained that:

. . . the steamships forming the present temporary line on the Pacific have accommodation for very few passengers, and the passenger business in that direction which should afford to the railway far greater profit than the freight is consequently limited. 46

The first year's subsidy paid for the necessary new ships. These ships could deliver the Imperial Mail on time and carry the wealthy of the world on the last link in the first around the world cruise. The Empresses were designed to offer the fastest, most luxurious service from North America to the Orient and they soon dominated the lucrative passenger business.⁴⁷ As Van Horne told the Vancouver Daily News Advertiser in 1897:

The business with China and Japan is growing splendidly. We have secured for our steamship line . . . the greater part of trans-Pacific passenger traffic. Our three steamships handle sixty per cent of all the first class travel across the Pacific, notwithstanding that there are thirteen lines competing for the business. 48

The elite travelling above decks spread the reputation of the white Empresses far and wide. By contrast less was heard of the service at the other end of the scale. Naturally the C.P.R. was not anxious to advertise to the anti-Oriental population of British Columbia that it earned large sums carrying coolie immigrants. Exact figures are not available, but the earnings were big enough to prod Van Horne and Shaughnessy into public and private defences of the traffic. In 1896, Van Horne wrote in the Vancouver World that an "*abundance of cheap labour was absolutely essential*" to the future of British Columbia. In 1901 Shaughnessy fought to convince Laurier not to increase the head tax on Chinese immigrants. He claimed the C.P.R.'s coolie traffic was worth between \$100,000 and \$150,000 and that its loss would bankrupt the C.P.R. 49

Even discounting such exaggeration it is apparent that the C.P.R. profited greatly from carrying immigrants. In each year between 1890 and 1914 company ships brought between four and five thousand immigrants to Canada. As Shaughnessy feared, the increased head taxes did reduce the number of Chinese carried in the 1900s but with the help of C.P.R. recruiting agents in Japan their places

were taken by Japanese. Nor did those places cost the C.P.S.S. very much. In all cases these wretched steerage passengers travelled in crowded and unhygienic conditions and, if the customs officers in Victoria and Vancouver usually saw Orientals as bringers of pestilence, it had much to do with their mode of passage. 50

Indeed, the C.P.S.S. was probably more attentive to its inanimate imports, because the carriage of silk and tea was more profitable than any other cargo. Both commodities were scarce, expensive luxuries in North America largely because of the great cost and difficulty in transporting them from the Orient. Van Horne intended to capture that lucrative trade for he knew its revenues would be needed to make his railway pay during its early years. The mail subsidy enabled the C.P.R. to build ships not merely capable of keeping the mail on time, but also of establishing the fastest freight service to and from the Orient. Thereafter, the C.P.R. could deliver silk and tea to Eastern Canada, New York and Chicago before any of its rivals, ensuring itself of the best prices. And the prices were good: million dollar shipments were common and four cargoes of silk landed at Vancouver in 1891 were valued at \$5,941,000. Such cargoes insured that the C.P.S.S.'s accounts stayed in the black between 1890 and 1895, except for small loss in 1895. A

C.P.R. historian, J.M. Gibbon, claimed that this business saved *"the Canadian Pacific from the disaster which sunk a hundred and fifty-six American railroads in the depression of 1893 to 1895."*⁵¹

However, what was good for the C.P.R. was not necessarily good for Canada's Oriental trade. Indeed, W.R.T. Preston, Canada's commercial agent in Japan (1907-1909) described the C.P.S.S. line as *"one of the greatest hindrances that exists to an increased Canadian trade with the Orient."* Preston claimed the C.P.S.S. was not interested in carrying freight, but only in using its mail subsidy to undersell and thus exclude competitors from the Vancouver - Japan - China route. In addition, Preston asserted the C.P.S.S. had agreed with American lines to keep its westbound freight rates high provided the American lines did not compete along the Vancouver route. Such agreements assured the C.P.R. a steady trade, but the artificially high freight rates negated Vancouver's natural advantages over American Pacific Coast ports.⁵²

Preston later claimed that the C.P.R. forced his removal from Japan to cover up this scandal. He was almost certainly right. Unfortunately, official circles viewed Preston as prone to sensationalism and little credence was given to his unsubstantiated claims. Preston did dramatize his exploits and reports and in this instance he had

simply cried wolf once too often. Ironically, he was largely right. The C.P.R. eschewed the bulk freight trade and kept its westbound rates high as part of a twenty year old strategy to preserve monopoly on eastbound freight through Vancouver.

In 1857, the C.P.R.'s service broke the monopoly American interests held over North America's trade with the Orient. Alarmed by this threat to their profits the Union Pacific and Southern Pacific railroads tried to bankrupt the C.P.R. by poaching its trade. But when the Canadian company retaliated, the American lines came off worst. Van Horne summarized the struggle in testimony before the Interstate Commerce Commission in 1888:

. . . we did not quote a rate south of the international boundary on the Pacific Coast until our rates in British Columbia were broken by the trans-continental lines and when we heard of that . . . we sent agents down to Portland and other points and made it just interesting as we could for a while . . . we threw a stone through their plate glass windows. 53

The C.P.S.S. also undercut the Pacific Mail and Oriental and Occidental steamship lines, which served the trans-continentals, until both conceded defeat and reluctantly agreed to share the trade with the C.P.R. As C.S. Mellon, Traffic Manager of the Union Pacific told the Senate Committee:

By the action of the Canadian Pacific's Steamship line we have been compelled to divide the traffic. We used to do the whole of it, but now we do but 60% of it. 54

In return the C.P.R. joined the American trans-continental Association, the C.P.S.S. the Trans-Pacific Conference and both raised their eastbound rates to conference levels and their westbound rates even higher. ⁵⁵

This agreement suited the C.P.R.'s directors very well. Their service had prospered despite strong United States competition. Better still, they soon discovered that by abandoning the bulk freight trade, the C.P.R. could avoid competition and monopolize the very valuable silk, tea and passenger traffic on the Vancouver route. The Empresses built between 1888 and 1891 were designed to serve only this business; the cream of Oriental trade.

Skimming off the cream fulfilled the primary objective of any private company - the making of profits. It did very little for the promotion of Canada's Oriental trade. But in defence of the C.P.R. there was hardly any westbound trade in the early 1890s. By giving up rights to a non-existent business it evaded possibly lethal competition, while preserving some trade and an independent Canadian route. For the same reason the C.P.R. lost nothing in the Crow's Nest Pass Agreement in 1897. True, the C.P.S.S. service was limited but it was better than nothing. As the British Consul in Yokohama noted in 1900:

The C.P.S.S.'s value to the eastern trade was appropriately recognised last year by the resolutions of the various chambers of commerce in Japan and China commending the service to the Canadian authorities and in advocating a renewal of the mail subsidy, an increase in the number of sailings was strongly recommended. The fact is that this is the only purely British line across the Pacific . . . this cannot be said of any other trans-Pacific steamship and moreover the importance to the British Empire of the C.P.R. and its connecting steamship lines cannot be over-estimated. 56

Considering the situation the C.P.R.'s behaviour was acceptable while westbound trade remained minimal. But once prairie grain and British Columbia pulp, fish and paper became available for export the C.P.R.'s continuance of high freight rates was indefensible. Yet, wedded to its own policy of expediency the Canadian company made no effort to remove that obstacle to Canada's Oriental exports. 57 In that sense the C.P.R. clearly hindered the development of Canada's Oriental trade. Because of the C.P.R.'s disinterest in the bulk freight trade it was immaterial whether Canadian exporters were energetic or not.

By contrast, in the lumber trade the initiative of entrepreneurs was crucial. Occasional shipments were carried before the 1860s but it was only when Edward Stamp established saw-mills at Hastings and Moodyville in 1865 that trade became regular. Stamp's success revived the failing business of S.P. Moody and attracted additional investment from San Francisco. In 1870, a year of relative depression, the enlarged mills exported 7.7 million board feet of lumber:

3.2 million board feet to Peru, 1.9 million to Australia, 1.1 million board feet to Hawaii and 1.5 million board feet to China. The sales of the two mills increased rapidly between 1870 and 1886, in response to various construction booms around the Pacific rim. Indeed, exports to China, originally only to Shanghai, became more diversified as Tientsin and its outports, Taku and Newchwang, offered new markets for the Vancouver mills. Railway building in North China during the 1880s transformed Tientsin into a potential rival to Shanghai. ⁵⁸

Despite these changes, exports did not increase between 1886 and 1914, but fluctuated at very low levels. In part the fluctuations were characteristic of the tenuous nature of trade: a breakdown in customer-seller relations in one contract could drastically affect an annual total normally composed of at most three voyages. Similarly, accidents at sea could easily upset business, for the long voyage from Vancouver to the Orient encompassed some of the loneliest and roughest seas in the world. ⁵⁹ However, annual variations were more often caused by civil and political change in China. For instance, the Sino-Japanese war disrupted and reduced trade, but the consequent Treaty of Shimnoseki precipitated a recovery of confidence in Shanghai and encouraged an influx of capital for construction which temporarily heightened demand for Vancouver's lumber.

TABLE 1
VANCOUVER'S LUMBER EXPORTS
TO CHINA 1886-1914

YEAR	BOARD FEET	INDEX	AS A %age OF CITY LUMBER EXPORTS
1886	5,356,066	100	27
1888	4,807,590	89	11
1890	2,022,703	37	. . .
1891	1,915,741	35	5
1892	1,779,800	32	5
1893	2,312,147	43	6
1894	1,381,543	24	4
1895	3,673,640	67	8
1896	8,862,409	160	18
1897	5,918,678	111	12
1898	4,211,397	79	8
1899	4,355,714	81	23
1901	1,702,503	31	4
1902	4,359,976	80	14
1904	443,775	7	1
1905	656,637	12	2
1906	3,228,805	60	7
1907	3,352,121	62	9
1908	902,304	16	2
1909	4,268,710	79	12
1910	20,800	3	1
1912	9,170	1	1
1913	5,400	1	1
1914	1,290,139	22	4

Sources: Picken, *British Columbia Handbook*.; Vancouver Board of Trade, *Annual Reports 1887-91*; *British Columbia Commercial Journal 1892-95*; Vancouver Board of Trade, *Coast Lumber Shipments 1896-1914*, manuscript, Provincial Library of British Columbia.

trade remained steady in 1899 despite the coincidence of riot and rebellion in Shanghai and a fire at Hastings Mill, because Tientsin boomed in response to increased railway building in North China.⁶⁰ Trade and politics were inseparable in China and as the incidence of anarchy increased after 1900, especially between 1909 and 1912, trade fluctuations increased.

The only constant feature about lumber exports to China was their small, dwindling size: a trend in marked contrast to the expansion of American Pacific Coast exports during the same period. Unlike their American counterparts, British Columbia lumbermen made very little effort to exploit the Oriental market largely because the building boom on the Prairies and Coastal Cities between 1900 and 1913 created a profitable and easily accessible market for their products. Even the Hastings and Moodyville mills neglected their cargo trade in favour of inland markets. Unhindered by Canadian competitors, energetic entrepreneurs soon took control of all aspects of the export trade, from brokerage and finance to shipping. American interests even bought out the Hastings and Moodyville mills, and redirected their sales inland.⁶¹ British Columbia lumbermen were entirely dependent on foreigners to export their lumber. As a consequence, less than one per cent of Vancouver's total

TABLE 2
VANCOUVER'S LUMBER EXPORTS
TO JAPAN 1886-1914

YEAR	BOARD FEET	INDEX	AS A %age OF CITY LUMBER EXPORTS
1886	1,393,688	100	6
. . . .			
1892	328,576	24	1
1893	366,294	27	1
. . . .			
1896	1,056,074	76	2
1897	5,726,223	438	11
1898	1,162,626	84	2
1899	416,928	31	2
. . . .			
1901	9,476,387	72	21
1902	1,699,067	123	5
1903	3,199,063	238	. . .
1904	2,170,134	161	8
1905	4,230,267	323	14
1906	1,126,752	84	2
1907	1,844,075	138	5
1908	1,375,092	98	4
1909	1,355,140	97	3
1910	1,266,316	92	3
. . . .			
1912	2,658,160	190	9
1913	4,577,965	346	18
1914	2,082,327	153	6

Sources: Picken, *British Columbia Handbook.*; *British Columbia Commercial Journal 1892-1896.*; Vancouver Board of Trade, *Coast Lumber Shipments 1896-1914.*

lumber exports went to the Celestial Kingdom in several years before 1914. What had been a market of small, but real, importance to the Vancouver mills had become negligible. ⁶²

The evolution of exports to Japan was quite the reverse, but without much more impact. Japan only began to import timber in 1893; her carefully preserved forests had been overcut in her zeal for industrialization. Her share of Vancouver's waterborne exports did not rise above five per cent of that total until 1897 (5,726,223 million board feet or twelve per cent of total exports). Thereafter, great variations in annual sales (9 million board feet in 1901 to 1.7 million board feet in 1902) made Japan an unreliable market for British Columbia lumber and total exports, to Yokohama, Kobe and Nagasaki, were never very large. ⁶³ However, they were larger than those to China after 1902, for the efforts of Japanese importers were counteracting to some extent the influence of Canadian lethargy and American monopoly. ⁶⁴

Japanese initiatives were notable in other trades, especially after the Russo-Japanese war. Japanese merchants started the export of salt herring and salmon from British Columbia in 1908. In addition, Japanese steamship lines, supported by government subsidies, threatened to dominate trans-Pacific trade as much as the C.P.S.S. had done twenty

TABLE 3
 CANADA'S TRADE WITH
 CHINA 1894-1913
 (in Dollars)

YEAR	IMPORTS	INDEX	EXPORTS	INDEX
1894	1,161,774	100	511,531	100
1895	941,859	81	367,853	71
1896	1,030,958	88	659,673	128
1897	1,046,204	89	761,976	148
1898	882,534	75	363,191	71
1899	755,988	64	290,085	56
1900	624,433	53	256,307	50
1901	844,583	72	510,886	99
1902	489,441	41	277,309	54
1903	512,117	43	175,776	34
1904	556,306	47	226,867	44
1905	550,166	47	1,005,848	196
1906	540,727	46	855,758	167
1907	469,361	39	334,176	65
1908	724,426	62	955,718	147
1909	640,651	55	1,022,555	199
1910	802,198	68	1,250,612	244
1911	685,912	58	529,821	103
1912	611,311	52	414,807	81
1913	764,651	65	741,960	145

Source: Canada, *Sessional Papers*, Vol. XLVIII No. 7 1914
 Paper 10b (Ottawa: King's Printer, 1914), p. 107

years previously. Such enterprise was the only dynamic element in Canadian-Oriental trade. Canadian-Chinese trade was stagnant: an exchange of primary commodities which remained the same in content and declined in value between 1886 and 1913. ⁶⁵

In contrast, the cumulative impact of Japanese enterprise increased Canadian-Japanese trade, and altered its structure to suit economic development on both sides of the Pacific. The legacy of the Tokugawa regime meant that early Meiji exports were mainly agricultural products and raw materials. However, the rapid growth of manufacturing industry, especially textiles, reduced the proportion of total exports made up by such primary goods. Green tea composed eighty per cent of Japan's exports to Canada in the 1890s, but in the next decade that proportion declined to 49 per cent in 1904, 35 per cent in 1909 and 23 per cent in 1913, while the relative preponderance of manufactured exports rose accordingly. Reciprocal changes also occurred in Japan's import trade. In 1880, half of her imports were manufactured goods; in 1914, only one-fifth. Again, the balance was made up by raw materials and semi-manufactured goods. ⁶⁶

These structural changes made the two nations' trading capacities more complementary and created a potential for

TABLE 4
 CANADA'S TRADE WITH
 JAPAN 1894-1913
 (in Dollars)

YEAR	IMPORTS	INDEX	EXPORTS	INDEX
1894	1,412,915	100	29,318	100
1895	1,572,937	111	10,307	34
1896	1,648,232	116	8,253	27
1897	1,329,980	93	141,946	486
1898	1,458,233	102	148,728	510
1899	2,009,747	141	135,265	465
1900	1,762,534	124	112,308	380
1901	1,620,865	114	188,683	648
1902	1,503,731	106	293,277	1010
1903	1,487,451	104	325,146	1120
1904	1,998,801	141	342,116	1179
1905	1,914,787	135	510,925	1758
1906	1,662,929	117	493,952	1684
1907	1,658,738	117	538,548	1855
1908	2,196,284	155	740,958	2551
1909	1,987,828	140	756,111	2606
1910	2,201,309	156	650,522	2275
1911	2,424,938	171	619,989	2134
1912	2,899,111	204	487,568	1678
1913	3,138,534	221	1,139,598	3927

Source: Canada, *Sessional Papers*, Vol. XLVIII No. 7 1914
 Paper 10b (Ottawa: King's Printer), p. 186.

trade beyond that of exchanges between primary producers. As Japan's economy moved from agricultural to an industrial base, she could sell her manufactured goods to Canada and in return buy Canadian fish, metals, grain and lumber. Yet, while portentous for the future these changes had little immediate impact upon the volume or value of Canadian-Japanese trade. As late as 1912 the British Consul in Japan commented:

Trade with Canada has improved a little but is still very disappointing. Flour was the only import of any size in 1912, while amongst exports there is little that calls notice save an increase in tea and in rice and sake which are consumed by Japanese residents in Canada. 67

By 1914 all interested parties in Ottawa had dismissed the potency of Canadian-Oriental trade as chimerical. Trade with China and Japan barely formed one per cent of Canada's total trade,⁶⁸ and underserving of attention in Parliament soon became a dead issue. But as Ottawa forgot its affair with Oriental trade what of its offspring Vancouver? What effect had the "*grand inheritance of the Pacific Coast*" on the development of Vancouver?

NOTES

Abbreviations

The titles of periodicals and reports which are cited frequently throughout this thesis appear in shortened form after their initial citation. The abbreviations are:

<i>British Columbia Historical Quarterly</i>	BCHQ
<i>British Columbia Lumberman</i>	BCL
<i>House of Commons Debates</i>	Debates
<i>Commercial Intelligence Journal</i>	CIJ
<i>Consular and Commercial Reports</i>	<i>Consular Reports</i>
<i>Harbour and Shipping</i>	H & S
<i>Industrial Progress and Commercial Record</i>	IPCR
<i>Pacific Coast Lumberman</i>	PCL
Vancouver Board of Trade	VBOT
Vancouver Harbour Commissioners	VHC
<i>Weekly Bulletin</i>	WB
<i>Western Lumberman</i>	WL
<i>Weekly Report</i>	WR

Notes - Chapter 1

¹Colin G. Simkin, *The Traditional Trade of Asia* (London: Oxford University Press, 1968), p. 38. ; The best accounts of Portuguese and Dutch activities are in Charles R. Boxer, *The Portuguese Seaborne Empire 1425-1715* (London: Hutchinson Press 1962), and Idem, *The Dutch Seaborne Empire 1600-1800* (London: Hutchinson Press 1965)

²Charles J. Woodsworth, *Canada and the Orient, A Study in International Relations* (Toronto: MacMillan, 1941), p.8-9.

³Robert Van Alstyne, *The Rising American Empire* (Oxford: Blackwell, 1960), p. 173.

⁴*Times* (London) quoted in Norman A. Graebner, *Empire on the Pacific, A study in American Continental Expansion* (New York: The Ronald Press Company 1955), p. 82.

⁵Woodsworth, *Canada and the Orient*, p. 10.

⁶Joseph D. Pemberton, *Facts and Figures Relating to Vancouver Island and British Columbia* (London: Longman and Green, 1860), p. 97.

⁷L.E. Barrat-Lennard, *Travels in B.C. with the Narrative of a Yacht Voyage Around Vancouver Island* (Toronto: Canadiana House, 1969 - reprint of 1862 edition), p. 182-183; Alexander Rattray, *Vancouver Island and British Columbia: where they are, what they are, what they may become. A sketch of their history, topography, climate, resources, capabilities and advantages, especially for settlement* (London: Smith and Elder, 1862), p. 136; Matthew Macfie, *Vancouver Island and British Columbia* (London: Longmans and Green, 1865), p. 343.

⁸Macfie, *Vancouver Island and British Columbia* p.340-41
The identical thesis was expounded by the American Thomas Benton. See Henry Nash Smith, *Virgin Land* (New York: Vintage, 1959) p. 30.

⁹ Alfred Waddington, "On the Geographical and Mountain Passes of British Columbia in Connection with an Overland Route," *Journal of the Royal Geographic Society* XXXVIII (1868) p. 118-128

¹⁰ *Pall Mall Gazette*, September 27 1877, quoted in *Opinion of the English Press on the B.C. Railway question* (Victoria: Standard, 1877)

¹¹ Sandford Fleming, *Report on Surveys and Preliminary Operations of the C.P.R. up to January 1877* (Ottawa: Mclean Rodger & Co, 1877), p. 66.

¹² William Kaye Lamb, "The Pioneer Days of the Trans-Pacific Service," *British Columbia Historical Quarterly*, Vol I No 3 (July 1937), p. 151.

¹³ Idem, "Empress to the Orient," *British Columbia Historical Quarterly*, Vol IV, No 2, (April 1940), p. 30.

¹⁴ Canada, Parliament, *Sessional Papers* (Commons) *Canada's Trade with the World 1910-11* (Ottawa: King's Printers, 1912) Vol XVIII, No 5 Paper 10b, pps. 74 & 134

¹⁵ Lord Strathcona to The Minister of Trade and Commerce 16th March, 1900, *Department of Trade and Commerce Unpublished Files*, Public Archives of Canada, Ottawa R.G. 20, Vol 1203, File No 6779

¹⁶ Robert J. Gowen, "Canada and the Myth of the Japan Market 1896-1911," *Pacific Historical Review*, 39 (1970) pp. 66-70.

¹⁷ Great Britain, Foreign Office, *Diplomatic and Consular Reports*, "Trade of Japan in 1904," Annual Series No 3377, p. 11. (Hereafter cited as *Consular Reports*)

¹⁸ "The Crowning Tribute of Ontario to Laurier, Statesman and Orator," *Toronto Globe and Mail* 22 February 1906, p.9.

¹⁹Canada, Parliament, *House of Commons Debates*, (Ottawa: King's Printer 1911) Vol II.(1910-11)January 26, 1911 p. 2504-2508 and Vol.V May 18,1911 p. 9437 (Hereafter cited as *Debates*)

²⁰*Ibid*, p. 9437-9442 and Canada, *Sessional Papers* Vol.XLV, (1911-12), Part III, Paper 10b p. 136-137

²¹ Ivan Rostovtzeff, *The Social and Economic History of the Roman Empire* (Oxford: Clarendon Press,1957)p. 67; A.M.D.O. Marques, *A History of Portugal: From Lusitania to the Empire* (New York: Columbia University Press, 1975) p. 260-267. The Portuguese Monarchy earned huge amounts from trade, but actually spent more on maintaining their empire.;Boxer, *The Dutch Seaborne Empire 1600-1800*.One estimate of profits from East Indies trade, of which Japanese trade formed only a small part,puts their value at one fifth of the European trade. Other evidence suggests that smugglers profited most from the business. pp 203-4&278-81; Bernard Porter, *The Lions Share: A Social History of British Imperialism 1850-1970* (New York: Longmans 1975) p. 7.

²²Grey to Laurier, July 13, 1906 PAC *Laurier Papers* Vol.731 Nos. 203775-203782

²³Gowen, "Canada and the Myth of the Japan Market," p. 71.

²⁴*Vancouver Daily News-Advertiser* cited in Vancouver Board of Trade, *Full minutes of Council Meetings*, Vancouver City Archives April 1889 p. 72-73

²⁵Yu-Kwei Cheng, *Foreign Trade and Industrial Development of China* (Washington: University Press, 1956),p.43.; Angus Maddison, *Economic growth in Japan and the U.S.S.R.*(New York: Norton Press, 1969), p. 27. The Commercial Treaties imposed on Japan by the Western powers prohibited her from levying import duties of more than five per cent per annum before 1899.

²⁶J.W.Ross, "Business Methods in China," *Weekly Bulletin*, Department of Trade and Commerce (Ottawa: Government Printing Bureau, 1916) No. 599, (July 1915) p. 107-116
 Ross pointed out that as the interior was inaccessible and the demand of foreigners within the Settlements strictly limited, the only potential for sales expansion lay with the Chinese population of the Treaty Ports. ; Michael Greenberg, *British Trade and the Opening of China 1800-1842* (Cambridge: University Press, 1951) Chapter VI

²⁷J.W.Ross, "China," *Weekly Report* No.595, (May 7, 1915) p. 1501-1508. The Chinese were traditionally conservative and slow to accept newcomers. On the role of the *Compradore* see J.W.Ross, "Business Methods in China," *Weekly Bulletin* No.599, (July 19, 1915) p. 107-116.

²⁸George C.Allen, *A Short Economic History of Japan* (London: Allen & Unwin, 1963), p. 95. ; William T.R.Preston, *My Generation of Politics and Politicians* (Toronto: D.A.Rose Co. 1927), p. 283-85. ; Maddison, *Economic Growth in Japan* p. 28.

²⁹This outlook may have been derived from previously established Western opinions of the Japanese. Townsend Harris, the first American envoy in Japan called them, "the greatest liars on earth". In general the Japanese were regarded as, "clean but deceitful" the Chinese "dirty but honest". V.G.Kiernan, *The Lords of Human Kind: European Attitudes to the Outside World in the Imperial Age*. (Harmondsworth: Penguin, 1973), p. 167&187. ; A similar attitude seems to have developed among some Canadians. E.T. Carter to Commercial Intelligence Branch July 8, 1919 PAC RG 20, File 22012 No.1

³⁰Cartwright to Laurier, March 15, 1907 PAC
Laurier Papers Vol. 455, Nos. 122457-122458

³¹J.W.Ross, "China," *Weekly Report* No.545, (July 6, 1914), p. 986.; "Memorandum on Trade between Canada and Japan" PAC *Laurier Papers* Vol. 74 p.1-2

³²J.B.Jackson, "China," *WB* No.381 (May 15,1911) p. 632. and Idem, "China" *WR* No. 311 (January 10, 1910) p. 56.

³³"Memorandum on Trade between Canada and Japan" *Laurier Papers* and Ross, "China," *WR* No. 595 p. 1503.

³⁴Woodsworth, *Canada and the Orient* p. 34-40 and Arthur R.M. Lower, *Canada and the Far East - 1940* (New York: Institute of Pacific Relations, 1940), p. 65-70

³⁵*Ibid.*, and D.Avery and P.Neary, "Laurier, Borden and a white British Columbia," *Journal of Canadian Studies* Summer 1977 p. 24-32.

³⁶Robert J.Gowen, *Canada's Relations with Japan: Problems of Trade and Immigration 1895-1922* (Ph.D. Dissertation, University of Chicago, 1964), p. 46-60

³⁷*Ibid.*

³⁸Richard J. Grigg, "Report on the Trade of China and Japan," *Supplement to Weekly Report of the Department of Trade and Commerce* (Ottawa: Government Printing Bureau, 1914) p. 25 and Avery and Neary, *Laurier, Borden and a white British Columbia*, p. 30-32

³⁹Charles J. Knox, *The Exportation of Wheat through the Ports of British Columbia*, (Batchelor of Commerce thesis, University of British Columbia 1936), p. 19-24 and Vancouver Board of Trade, *Annual Report for 1906*, p. 19

⁴⁰"First Wheat Shipments Here," *Vancouver Daily Province*, 14 February 1906, p. 1.; James H. Hamilton, *Western Shores* (Vancouver: Progress Publishing, 1933), p. 163. ; Canada, *Royal Commission on the Grain Trade of Canada 1906* (Ottawa: King's Printer, 1908), p. 21 and "Canadian Flour for Japan," *Province*, 20 August 1903, p. 3.

⁴¹VBOT, *Annual Report for the Year 1904-5*, p. 40. ;
 "Marine News," *Daily News-Advertiser*, 6 November 1910, p. 6.
 Unfortunately very little information exists about Blue
 Funnel's service from Vancouver to the Orient. One
 reference notes that the *Bellerophon* carried cotton, lumber,
 canned salmon and whole fertiliser to Kobe, *Daily News-
 Advertiser*, 4 January 1908, but unfortunately not how much;
 Lamb, *The Pioneer Days of the Trans-Pacific Service*, p. 143-164.

⁴²The *Empress of Russia* and the *Empress of Asia*, both
 16,900 tons, came into service in 1913. William Kaye Lamb,
 "Empress to the Orient Part II," *BCHQ* Vol IV No 2 (1940)
 p. 80. The Pacific Mail Line had four large freighters
 in service: the *Siberia* (11,284 tons), *Korea* (11,276 tons),
Manchuria and *Mongolia* (both 13,639 tons). J.J. Hill's
 Great Northern Steamship line ran two freighters, the
Minnesota and *Dakota* (both 20,718 tons)

⁴³When asked about trans-continental freight
 traffic by the United States' Committee on Interstate
 Commerce in 1888, Van Horne said *It does not pay and we
 do not seek it.* U.S., Congress. Senate. Committee on Inter-
 state Commerce, "Testimony of William Van Horne,"
*Statements taken before the Committee on Interstate Commerce of
 the United States' Senate with Respect to the Transportation Interests
 of the United States and Canada.* 51st Congress 1st Session,
 Senate Report No. 847, 2 May 1890, p. 236. The Senate
 Committee was called to investigate claims that the C.P.R.
 was an agent of British Imperialism and a threat to
 American military and economic interests. Incidentally,
 its findings revealed much about the methods and operations
 of the C.P.R. and its competitors.

⁴⁴Sixty-six different items are recorded as export
 goods in the VBOT, *Annual Report for the Year 1889*, p. 35-6. ;
 Lamb, *Empress to the Orient Pt. II* p. 81. ; "Testimony of C.
 Smith," [President of the New York Chamber of Commerce]
Transportation Interests of the United States and Canada, p. 276-80

⁴⁵Lamb, *Empress to the Orient Pt. II*, p. 87-89. The
 new schedule allowed no time for contingencies like the
 late arrival of the overland mail.

- ⁴⁶Canadian Pacific Railway, *Annual Report for 1888* p. 12.
- ⁴⁷Lamb, *The Pioneer Days of the Trans-Pacific Service*, p. 157. ; Idem, *Empress to the Orient Pt. II*, p. 79.
- ⁴⁸"Hundreds of Thousands of Dollars to be Spent Here," *Daily News-Advertiser*, 20 October 1897, p. 79.
- ⁴⁹Avery and Neary, *Laurier, Borden and a white British Columbia*, p. 27-30.
- ⁵⁰Lamb, *Empress to the Orient Pt. II*, p. 79-80. ; Smallpox broke out among the steerage passengers on two occasions at least, first in 1891, Idem, *Empress to the Orient*, p. 42. and then in 1894, "The C.P.R. and the Smallpox," *British Columbia Commercial Journal* IV (10 April, 1894) p. 5.
- ⁵¹Lamb, *Empress to the Orient Pt. II*, p. 80-81. For an American view see Earl Pomeroy, *The Pacific Slope, A History of California, Oregon, Washington, Idaho, Utah, and Nevada*. (Seattle: University of Washington Press, 1964) p. 254. ; Patricia E. Roy, *Railways, Politicians and the Rise of Vancouver as a Metropolitan Centre 1886-1929* (M.A. Thesis, University of Toronto, 1963) p. 13. For a more general view see John H. Kemble, "The Trans-Pacific Railroads 1869-1915," *Pacific Historical Review* XVIII (1949) p. 343. ; CPR, *Annual Reports 1891-1895* and John M. Gibbon, *Steel of Empire, the Romantic History of the Canadian Pacific, the Northwest Passage of Today* (New York: The Bobbs-Merill Company, 1935) p. 336.
- ⁵²Preston to Laurier, January 15 1908 *Laurier Papers* Vol. 500 Nos. 135208-135215.
- ⁵³"Testimony of William Van Horne," *Transportation Interests of the United States and Canada*, p. 242. ; Preston, *My Generation*, p. 283-285.
- ⁵⁴"Testimony of C.S.Mellen," *Transportation Interests of the United States and Canada*, p. 347-49

⁵⁵ Great Britain, *Consular Reports*, "Trade of Yokohama for 1890," No. 922 p. 10-11. ; Also "Trade of Yokohama for 1891," No. 1084 p. 12.; "Testimony of C.S. Mellen," *Transportation Interests of the United States and Canada*, p. 353.

⁵⁶ Great Britain, *Consular Reports* , "Trade of Yokohama for 1892," No. 1255 p. 12. ; "Trade of Yokohama for 1900," No. 2611 p. 12. Commercial Interests in the Far East naturally valued the C.P.S.S. because the Canadian company sent more ships to their ports than any other line. Idem, "Trade of Japan, 1904" No. 3377 p. 29. and "Trade of Yokohama, 1906" No. 3843 p. 15.

⁵⁷ Firm evidence indicates that high C.P.R. freight rates inhibited exports of flour, grain and paper. On flour and grain see G.B.Johnson, "Oriental Market for Wheat and Flour," *WR* No 553 (August 31, 1914) p. 1397.; Richard Grigg, *Report on the Trade of China and Japan*, p. 43. For paper see "Printing Paper in China," *WR* No.316 (February 14, 1910) p. 202-3

⁵⁸ The lumber trade began many years before with the voyage of the *Felice* from Burrard Inlet in 1788. Furs were also exported to the Orient, but there was no regular trade until the arrival of Stamp. Woodsworth, *Canada and the Orient*, pp. 2-6. Frederic W. Howay, "Early Shipping on Burrard Inlet," *BCHQ* Vol. I No. I (January 1937) p. 1-20.; Thomas Cox, *Mills and Markets: A History of the Pacific Coast Lumber Industry to 1900* (Seattle and London: University of Washington Press, 1974) p. 135-6.

⁵⁹ For instance, during one very cold spell in 1899, the voyage of the barkentine *Manaimo* to China took one hundred and two days. Some of her crew died of exposure, others were frostbitten. G. Phillip, *The Log of the Shanghai Pilot Service 1831-1931* (Shanghai: n.p. 1932) p. 149.

⁶⁰ Great Britain, *Consular Reports*, "Trade of Yokohama for 1895: Treaty of Shimnoseki," No. 1779 p. 10.; VBOT, *Annual Report for the Year 1899* p. 13-15.

⁶¹"B.C.'s Timber and her Lumber Trade Today," *Industrial Progress and Commercial Record*, Vol. II No. 12 (May 1915) p. 291. American Pacific Coast exports expanded from 595 million board feet in 1894 to 1610 million in 1914.; "British Columbia's Export Trade," *Western Lumberman*, Vol. II No. 12 (December 1914) p.15-18; Joseph C. Lawrence, *Markets and Capital: A History of the British Columbia Lumber Industry 1775-1952* (M.A. Thesis, University of British Columbia, 1956) p. 112.; "Sale of Hastings and Moodyville Mills," *Province*, 18 January 1902, p. 1.

⁶²Twenty years earlier, exports to China had composed up to one fifth of the total. VBOT, *Reports of Coast Lumber shipments for the Years of 1897-1915*, manuscript, Provincial Library of British Columbia, Victoria B.C.

⁶³Cox, *Mills and Markets*, p. 224-25. ; VBOT, *Coast Lumber Shipments*, and Idem, *Annual Reports 1900-1914*.

⁶⁴Initiatives like that taken by E. Senda in 1913. See Grigg, *Trade of China and Japan*, p. 43.

⁶⁵Great Britain, *Consular Reports* "Trade of Shanghai for 1906," No. 3844 p. 6.; *WR*, May 15 1911 p. 619; Johnson, "Trade of Japan," *WR*, July 20 1914, p. 1074.; Canada's leading exports to China in the 1890s were cotton, lumber silver bullion and ore. In 1914 the list was the same except for the addition of canned fish exports. The major imports in the 1890s were opium and tea. By 1914, opium trading was illegal, but tea imports remained pre-eminent. Canada, *Sessional Papers 1894-1914*,

⁶⁶Allen, *A Short Economic History of Japan*, p. 93.; Canada, *Sessional Papers*, Vol. XXXII, No. 5 (1898), p.498-501; Vol. XXXIX, No. 10 (1905), p. 643- 647. ; Vol. XLVIII, No.10b (1914), p. 186-196.; Vol. XLV, No. 5 (1911), p. 133-136

⁶⁷Great Britain, *Consular Reports*, "Trade of Japan 1912," September 1 1913, p. 9.

⁶⁸Gowen, *Canada and the Myth of the Japan Market*, p. 82-83 Canada, *Sessional Papers*, Vol. L, No. 7 (1915) p. 4.

CHAPTER II

MYTHS AND REALITIES OF VANCOUVER'S ORIENTAL
TRADE 1886-1914: THE FOUNDATION
OF A PORT AND CITY

Unlike Canada as a whole, Vancouver was significantly affected by both the supposed and real nature of Oriental trade. In their first years Vancouver's newspapers and its Board of Trade assured readers that the city's position on the shortest route to the Orient and "*the ordinary laws of commerce and trade*",¹ guaranteed that it would flourish through the burgeoning of a huge trade with the Orient. Until 1914, the same writers continued to remind Vancouverites of the happy present and great future of Oriental trade; in reality trade grew fitfully and remained small. Vancouver's publicists made the myth of Oriental trade an effective part of Vancouver's promotional literature, which worked to bring population and investment to Vancouver.

The myth also obscured the real impact of the Oriental trade which had little to do with the volume of trade. The real importance of Oriental trade was that its lure brought the C.P.R. to name, create and nourish Vancouver

through its infancy. C.P.R. investment dictated the city's original point of growth and was the greatest single influence on its evolving shape in the first decade. Thereafter, Vancouver's economic expansion reduced the significance of Oriental trade, even on the waterfront. Oriental trade had lost first place in the booster magazines' descriptions of Vancouver's assets by 1907. New developments in other business outshone the progress of Oriental trade, especially as by 1913 Japanese merchants were threatening to monopolize Canada's Pacific trade. The myth covered up such unpalatable developments, and replaced them with a more pleasant reality. But because it was so widely accepted as the truth, the separation of myth from reality requires some exposition.

Myths about Oriental trade in Vancouver either identified it as the key to the city's greatness, extolled an expected or actual increase in trade generally, or the export of a particular commodity, usually grain. Such claims survived mainly because few statistics existed about the size and value of the trade. The Vancouver Customs Office kept none, the C.P.R. only published a few after 1888, and Blue Funnel² none at all. But, in addition, the claims of promotional literature usually had some connection with reality which made them appear authentic. For example, the Vancouver Daily News Advertiser lauded the appointment

of a Japanese Consul in Vancouver, in fact only a very tentative move towards improving very limited trade, as:

. . . an endorsement from across the Pacific of the belief held by all competent and impartial persons in Canada that the Oriental trade of Vancouver is destined to be so large that of itself it will ultimately be sufficient to support a city of no mean pretensions. 3

Much was also made of early growth of the C.P.R.'s Oriental trade. Vancouver became the "mouth of the funnel" into the "New Great Tea Route."⁴ This had some justification, for the C.P.R.'s ships diverted four million pounds of tea from the Suez route in 1887, and carried 2,784,195 pounds of tea from Yokohama in 1891 (ten per cent of the total export). As the British Consul in Yokohama had forecast in 1888, the C.P.R. ships had attracted "not only the bulk of tea that has hitherto been taken via the Suez Canal, but also a fair share of the general export trade passing through San Francisco." The Vancouver Board of Trade's Annual Report for 1892 rejoiced at the "revolution in the commerce of the Orient" caused by the C.P.R. The Report gleefully cited the California Bankers' Magazine bemoaning the loss of two-fifths of San Francisco's trade and lamenting that

Financially San Francisco, Seattle and Tacoma are beaten out of the race . . . if California goes on as she is doing for twenty years, San Francisco will be a quiet village compared with Vancouver. 5

Unfortunately, for the optimists, appearances were deceptive; for the C.P.R.'s service brought about only minor

changes in international trade. The C.P.R.'s highway could not compete with Suez except in the tea and silk trades, and the C.P.R. did not carry enough of those cargoes to detract seriously from canal traffic. Similarly, although the American transcontinentals lost forty per cent of their business, only twenty-seven per cent went to the C.P.R. The C.P.R. was unable to expand its business further because demand for some Oriental products was decreasing. International demand for Chinese silk had been fading since the 1880s and by 1901 sales of Japanese tea in Canada were increasingly limited by competition from Indian and Sinhalese teas. Demand for Japanese silk remained firm, but competition prevented the C.P.S.S. from carrying more than one or two per cent of the trade. ⁶

The C.P.S.S. faced increasing competition as early as 1889 when the Northern Pacific Railway chartered two ships, ironically the Batavia and Parthia, renamed Victoria, and Tacoma, to link its railhead, Tacoma, with the Orient. The former C.P. ships soon carried more freight than their replacements. In 1889, the Northern Pacific Railway took twelve per cent of all eastbound Oriental traffic, and in 1892 undercut the trans-Pacific Conference in much the same way as the C.P.S.S. had done in 1887. Just when the C.P.S.S. ended its open competition with the American lines in 1891

and raised its freight rates on silk to parity at eight cents per pound, ⁷ the Northern Pacific Railway undercut it by two cents per pound.

These rates remained steady until April 1893 when the onset of depression reduced demand for Oriental goods. The consequence was a rate war between the steamship lines: on May 10, the Pacific Mail and Orient and Occidental lines cut their rates to five cents per pound, seven days later, the C.P.S.S. and the Northern Pacific Railway reduced their rates to four cents. In 1894, the C.P.S.S. and the San Francisco lines charged four cents and the Northern Railway three cents. The next year's rates hit rock bottom when freights fell to one cent! Naturally, such fierce competition hurt the C.P.S.S. and consequently trade with Canada. The British Consul in Yokohama noted in his report for 1895:

The trade with Canada though nearly \$130,000 shows a considerable falling off and consists only of exports mostly tea. 8

Fortunately for the C.P.S.S., the Northern Pacific Railway service ended in 1898, but rate cutting was continued in that year by the Nippon Yusen Kaisha service which had begun in 1896 in conjunction with J.J. Hill's Great Northern Railway at Seattle. In accordance with national policy the Japanese lines pursued trade aggressively, undercutting Conferences everywhere. Their new competition further restricted the C.P.S.S. share of Oriental trade. The Toyo

Kisen Kaisha started a service to San Francisco in 1899, in 1902 and 1903 the Pacific Mail Line added four new ships to the route and J.J. Hill began his own service with four large freighters from Seattle. The ships used by the American Lines were three to five times bigger than the Empresses and carried correspondingly more cargo. Even in the 1870s the Pacific Mail Line carried 200,000 tons per annum - five times more than the C.P. ships carried in any year between 1890 and 1914. The new Pacific Mail vessels were also slightly faster than the Empresses, but the shorter distance between Japan and Vancouver still guaranteed the C.P. ships a faster journey and therefore some business from silk and tea brokers. However, their edge had been reduced; even in 1891 the C.P. ships carried only seven to eight per cent of tea exports from Yokohama and in later years their share of the trade probably declined even further.

Far from dominating Oriental trade, the C.P.S.S. had to struggle to retain a small portion of it. However, the evidence which made this clear was not available to most Vancouverites. Fragmentary by nature, it was buried in obscure, disparate publications. As a consequence, more currency was given to the highly visible, apparently authoritative, but exaggerated claims about Vancouver's Oriental trade that appeared frequently in the local press.

Moreover, such materials were produced for many years after 1892 and nourished myths which were not dispelled until the First World War. Prominent businessmen and politicians who visited Vancouver, like Van Horne in 1897 or Lord Grey in 1906, stressed the great promise in the future of Oriental trade. Tourist and commercial guides like the Vancouver Tourist Association's Vancouver and British Columbia (1902) and the Vancouver Province's Land of Opportunity issue also emphasized Oriental trade as did certain Reports of the Board of Trade.¹⁰ However, in all cases such accounts were only tenuously connected with reality.

For instance, in 1897 Van Horne told the Vancouver Daily News Advertiser that, "*trade and traffic are outgrowing the present service. That service must be made more frequent and quicker and we hope some day to be able to substitute larger steamships for the Empresses of the China line, and establish a fortnightly service.*" Van Horne's hope were slowly realized: the services only became fortnightly in 1906 and commitments to other ventures forestalled the purchase of new ships until 1913. Very little of the increase in Trans-Pacific Oriental trade between 1897 and 1913 was carried to Vancouver by the C.P.S.S. The city's trade did increase with the establishment of the Blue Funnel's service in 1902, but as those ships were primarily concerned with European trade the jump was probably not that great.¹¹

Yet, according to the Vancouver Tourist Association in 1902 Oriental trade was *"ever growing."* In 1906, the Board of Trade Annual Report stated that *"the volume of trans-Pacific trade increases with leaps and bounds."* In 1907, the Vancouver Province's Land of Opportunity issue claimed, *"the trade to the Orient has developed enormously"* and in 1909 the Board of Trade again reported that, *"the trans-Pacific Japan-China business is continually augmenting in volume."* Where the extra ships needed to carry this trade came from was not mentioned, but the increase itself was usually attributed either to the increasing popularity of grain or something known as the *"awakening of the Orient."* ¹²

The vision of a huge grain trade with the Orient appeared in Vancouver as early as 1889 when the Vancouver Daily News discussed anticipated changes in Japanese diet from rice to wheat. In 1892, when T.G. Shaughnessy, the Vice President of the C.P.R. returned from a trip to the Orient, the British Columbia Commercial Journal commented that:

Mr. Shaughnessy is more than ever impressed with the immense future of the trade that will pass between China and Canada, especially when large quantities of flour go to the East. China - he says - has a population of over four hundred million and most of these have never tasted Wheaten bread. Once they get to know its superiority over rice there will arise a great demand for it and so long as the company uses them there is no limit to the trade that can be done. ¹³

But, as with much of the initial euphoria, the idea disappeared until after 1900 when the boom in the production

of Prairie wheat made trade with Japan appear commercially viable. The first shipments of flour and grain encouraged the same kind of hopes held by Prime Minister Laurier in Ottawa. The Vancouver Board of Trade commented in 1906:

. . . now that Canadian flour has been successfully introduced into Japan, where wheaten bread is becoming a staple article of diet the flow of grain from Alberta through this port is likely to call for a large increase to our present fleet. 14

Two years later Greater Vancouver Illustrated added:

. . . the shipments of wheat which have just started will, it is predicted, grow until the stream flowing West from the golden fields of the Prairie will be as large as that which now goes East to Europe. 15

Prohibitive freight rates on land and sea and the inadequacies of financial and storage facilities prevented the flow from actually materializing and those farmers who sent grain west usually dealt through Seattle rather than Vancouver. Nevertheless, the few cargoes shipped via Vancouver were sufficiently visible and impressive to obscure reality for a short while. But, if grain exports were understandably small at the beginning they were not supposed to remain so. Padoxically, the completion of the city's first grain elevator exposed the non-development of grain exports. H.H. Stevens, Conservative M.P. for Vancouver Centre fought a long campaign to improve grain storage facilities at Vancouver for the grain trade to Europe he envisaged with the opening of the Panama Canal in 1914. Unfortunately, the outbreak of the First World War and land slides delayed the

opening of the canal and the elevator remained empty.

The apparent white elephant acquired the nickname 'Stevens' Folly',¹⁶ but if it was empty of grain for Europe it was also empty of grain for the Orient.

Visual evidence like 'Stevens' Folly' was more convincing than any statistics and the myths only survived because of their vagueness. The less specific they were the less likely they were to be exposed by reality. By this criterion the myth of an *"awakening China"* was bound to flourish for it was vague enough to convey a hopeful impression without mentioning anything of real substance. For instance, the Vancouver Province's Land of Opportunity issue claimed that the *"awakening in China which has just begun will cause the traffic between Vancouver and Oriental ports to increase beyond all bounds in the next few years."* Similarly, the Vancouver Board of Trade's Annual Report for 1908-1909 attributed increasing trade to the *"awakening in China and the more solid state of affairs in Manchuria."* These references to political and economic progress in China encouraged the common hope among Western businessmen that China's feudal economy could be brought into the international trading system. But while political reform gave some needed security and stability to foreign merchants and their business, it did little to change the basic economic factors like entrenched foreign competition

and low purchasing power which limited Vancouver's trade with China. ¹⁷

However, such depressing facts were not so obvious in the confident days of 1907-1908. Prosperous years such as 1892, 1897, 1902 and 1906-1909 spawned the literature of the myth of Oriental trade, not by chance but as an important part of Vancouver's booster literature. In any spell of prosperity the city's promoters, whether they wrote in Board of Trade Reports or newspaper supplements, usually found some aspect of Oriental trade to link favourably with Vancouver's development, often repeating themes previously mentioned. Grain was one such example, a less common one concerned Vancouver's development as an industrial centre. In 1888, Vancouver's second Mayor, David Oppenheimer, wrote in the first Board of Trade Annual Report that:

the direct communication between this port and China and Japan can not fail to be of great advantage to Vancouver when smelting works are established here. 18

Twenty years later the Vancouver Province's Land of Opportunity issue argued that as an industrial centre Vancouver would be, "the key that will unlock the Orient to the manufacturing of Canada." Unfortunately, the idea was not practical in 1888 or 1908. The cost of extracting and processing British Columbia's coal made it cheaper to send coal to the Orient from Pittsburg. Because China and

Japan had abundant supplies of cheap iron and labour their production costs were far lower than in British Columbia. ¹⁹

The article explaining these drawbacks was one of the few contradicting the trend of glowing optimism. Like the majority of that ilk it appeared in a year of relative depression. For depression encouraged pessimism in the same way that expansion encouraged optimism. The odd negative essay written in boom years was effectively buried under a welter of buoyant booster articles. For most Vancouver writers believed in the great value and future of Oriental trade. Even those who were unsure still enthused about that commerce in print because it was good for business. ²⁰

Booster articles in British Columbia Magazine, the most energetic Vancouver promoter, often appeared in the same issue as other pieces villifying Orientals or condemning Canada's immigration policies as too slack. But strangely enough not one writer discussed the conflict between British Columbians' attitudes towards Orientals and Oriental trade. The explanation of this paradox may be that the social classes affected by Oriental immigration were not those involved in Oriental trade. Animosity against Orientals came mainly from

the working class and small businessmen who felt threatened by Orientals who would work for less or undercut them in trade. ²¹Such classes stood to gain little from Oriental trade and had little incentive to boost it. On the other hand, wealthy businessmen and property owners in Vancouver feared little from Oriental immigration. Their jobs and neighbourhoods were not endangered by Oriental immigrants. Accordingly they supported booster articles to attract new money or business to Vancouver and enrich them further.

All the booster articles about Oriental trade were written and printed by men with vested interests in Vancouver. The C.P.R., city newspapers, the Tourist Association and the Board of Trade all profited from good publicity for Vancouver. Good news about Vancouver's Oriental trade, or if there was nothing new, old standbys like Vancouver's position on the shortest route to Asia appeared in guide books or Board of Trade Reports alongside items about British Columbia salmon, Vancouver's financial facilities or some other impressive factors. No conspiracy existed against the truth, but rather there was an uncritical acceptance of optimistic rumours about Oriental trade. Exaggeration was common and shortcomings usually ignored: lumber exports to the Orient were rarely mentioned because exports to other areas

were obviously larger. In some years Oriental trade was practically forgotten, but in general it formed an important and influential part of Vancouver's publicity image.

Such boosterism was common in the Canadian West at the turn of the century as prominent citizens of rival cities publicised their own towns with inflated claims. For attractive publicity could bring new investment and population to growing towns. But if anything, Vancouver's boosterism proved too successful for more investment went into real estate than more solid ventures; in 1913 Vancouver had eight times more real estate agents than lumber dealers. It was a city which had come into existence far ahead of the needs of trade. As W.M. Swift put it, it grew *"not as a place of exchange, nor yet as a manufacturing centre, but more in obedience to the fiat of Eastern capital."* The city's booster literature continued to attract capital until 1914, but while the myth of Oriental trade was good publicity for Vancouver it also obscured the real impact of Oriental trade on Vancouver's growth. Promotional literature inflated and emphasized the size of Oriental trade, present and future, but the volume of trade had very little significance for Vancouver because it was mostly transit trade, merely passing through Vancouver. In reality, the potential and practice of trade was more important than the size of trade. 22

The prospect of profiting from Oriental trade led the C.P.R. to place its terminus at Coal Harbour. There were other reasons: Port Essington was too far north and fogbound, Port Moody had little flat land and the Coal Harbour site was a bargain. But the lure of Oriental trade was the main criterion for the choice of terminus. ²³

Interest in Oriental trade had determined the precise spot from which Vancouver would grow, and the C.P.R.'s investment in the practice of that trade created a small town on the inlet. Other divisional points along the railway prospered with the construction of switching yards and repair shops, but Vancouver also benefitted from the establishment of the trans-Pacific service. As the Vancouver Daily News Advertiser later described the event of 1887:

The C.P.R. now proceeded with the erection of suitable wharves and warehouses for the accommodation of the China and Japan trade and a line of steamers were placed on this route. . . . The effect of this was immediately felt by the impetus given to building in the vicinity of the docks and by the influx of tourists brought hither by the knowledge that a new expeditious short, cheap and all-British mail and steamer route had been opened up between the Occident and the Orient. ²⁴

The C.P.R.'s development was the basis of the city's first growth. At the beginning of 1887 the value of the C.P.R.'s property assessed within the city was \$1,000,000, just under half the total. In 1888, the company invested \$648,234 in the city of which \$294,429 was paid to the labourers who had cleared and improved land, \$138,934

was invested in the construction of wharves and the terminus, \$180,000 for shipping and \$35,000 in wholesale outlets.

In the following year the C.P.R. spent \$670,640 in Vancouver: one third of which was devoted to the steamship service, which the Daily News Advertiser affirmed:

. . . in itself would in many less favoured places be looked upon as sufficient to sustain a good sized town. 25

This huge influx of C.P.R. capital provided a core for associated economic activity. Construction gave employment to the local population and attracted new settlers. Shops of all sorts, hotels, restaurants and other commercial developments sprang up to service the new city. In addition, other firms were attracted to the location and, in turn, their commitment generated further growth in population and service industries. The impact of the C.P.R.'s original development was multiplied in the aggregation of economic growth around the first point of construction.

The Daily News Advertiser correctly pointed out that investments by private individuals in "*building and other permanent improvements*" far outweighed that made by the city or the C.P.R. However, those buildings were designed to accommodate the new working population attracted by new enterprises like the furniture factories, iron foundries, sawmills, breweries, carriage and lime works. And, with the exception of a short-lived smelting works, all the new

developments were orientated to producing for demand within the city.²⁶ They were, in the language of urban economics, non-basic or service sectors whose output was sold within the city. Such sectors merely helped Vancouver to satisfy its own needs. The basic sectors in Vancouver, the C.P.R. development and the cargo mills, were more important because they brought income into the city by selling goods and services outside it.²⁷ During the depression of 1893-1895 income and employment generated by the C.P.R.'s Oriental service kept Vancouver alive. Shipyards, salmon canneries and a sugar refinery had been founded since 1888, but with the exception of the canneries they were not exporters. The collapse of the Pacific lumber market seriously reduced the income of the cargo mills. Only the C.P.R.'s commitment gave Vancouver stability.²⁸

Moreover, in addition to sponsoring growth the position and nature of the C.P.R. investment determined the form of Vancouver's growth during the first ten years of its life. The city grew up around the waterfront because the base sectors of its economy located there. Its non-basic sectors and residences clustered around this centre of economic activity. By 1897 four-fifths of the city's population was concentrated in two square miles around the C.P.R. facilities.²⁹ Apart from the lumber sheds and mills on the north side of False

CITY OF VANCOUVER 1886

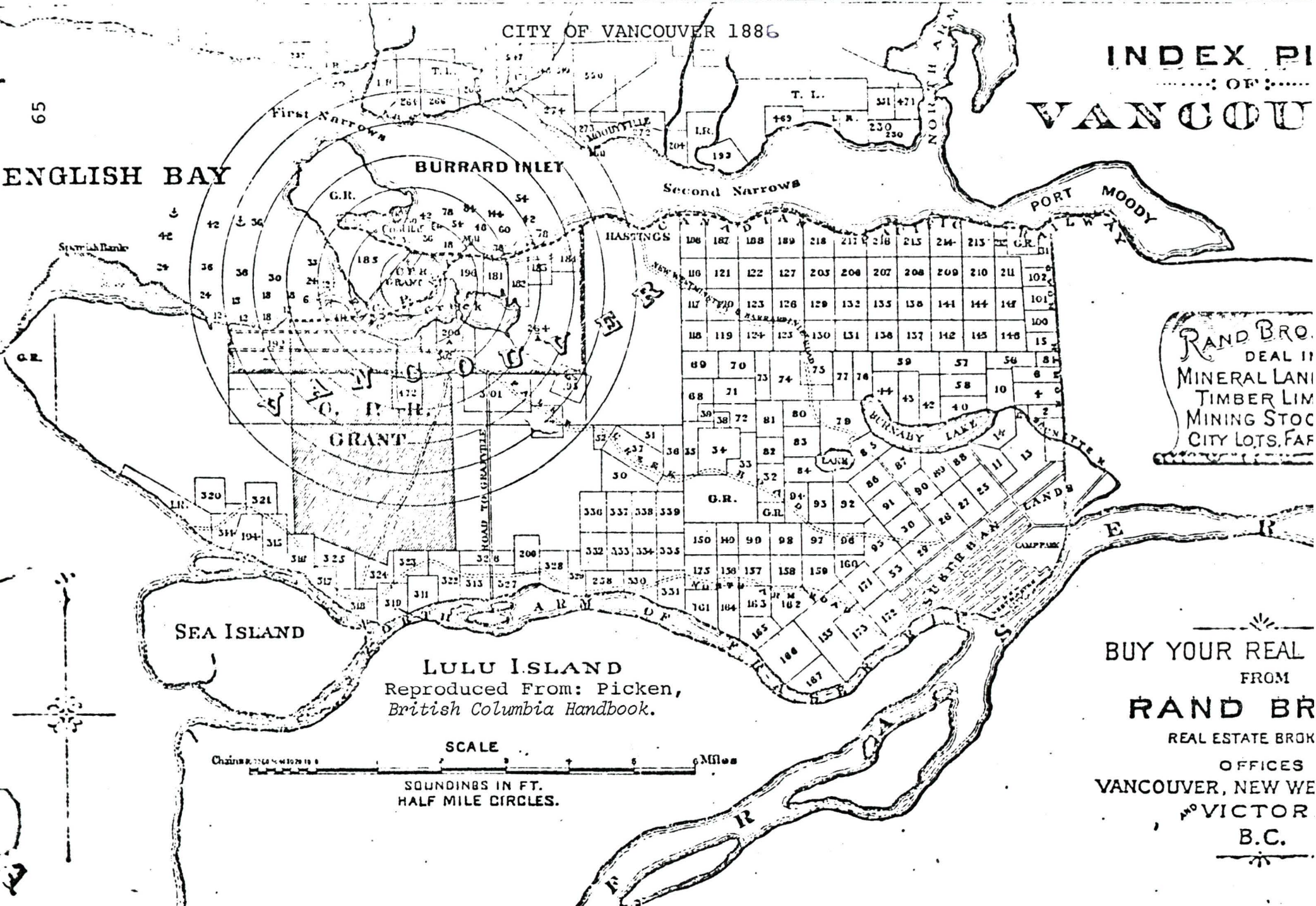
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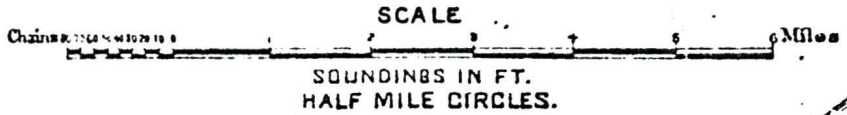
65

ENGLISH BAY



RAND BRO.
DEAL IN
MINERAL LAND
TIMBER LIM
MINING STOCK
CITY LOTS, FAR

LULU ISLAND
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BUY YOUR REAL
FROM
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B.C.

Creek, the primary industrial areas were on the waterfront around the sugar refinery, Hasting's Mill and the C.P.R. complex.

This dissolution of this highly concentrated structure, and the C.P.R.'s primacy, came with the massive increase in Vancouver's population (from 22,000 to 115,000 between 1897 and 1912). New residential areas developed rapidly as population advanced; their lateral expansion facilitated by the development of an efficient street railway. The growth of the British Columbia Electric Railway Company's system enabled the inrushing population to spread the city to an area of thirty square miles. Vancouver's centre of gravity shifted away from the waterfront. The establishment of other base sectors prompted further changes within the city. Vancouver was increasingly a financial and wholesale centre for a vast and increasing hinterland, so its business and warehouse district expanded from Water and Cordova streets to Pender, Granville, Main and Hastings streets. ³⁰

Before 1897, Vancouver's export sectors were mainly concerned with the city's foreland, but after that year new export sectors tended to look more to the city's hinterland. However, the expansion that accompanied this change reduced the potential influence of each base sector in the structure of Vancouver. As the city grew up urban

specialization occurred and certain areas became clearly identifiable as "residential", "industrial" or "commercial." This meant that changes in the prosperity of any export sector could only directly affect one area of the city.³¹ After the rapid growth and expansion of 1900-1914 no one sector could influence the urban landscape as the C.P.R. had done in pursuit of Oriental trade.

Indeed, Oriental trade had become only one of a number of factors contributing to Vancouver's growth. Its importance ~~diminished~~ even on the waterfront where its impact had been most vivid. Between 1887 and 1902 nearly half of Vancouver's shipping was involved in Oriental trade: by 1914 less than one-tenth.³² Before 1902 the C.P.S.S. liners' operation generated more expenditure and employment than any other ships. By 1912 freighters far larger than the Empresses employed the bulk of dock facilities. Canadian Pacific Railway investment provided those facilities. In 1902, the company added to its original creation by building five wharves six hundred feet long and one hundred and seventy five feet wide to accommodate expected increases in Oriental trade. When the increase failed to materialize the C.P.R. leased their docks to new services like the Alley Line to New Zealand (from 1906), the Canadian Mexican Service (1906), the French cruise line Chargeur Reunis (from 1906) and the

Harrison Line to Great Britain.³³ This diversification of steamship services reduced the significance of trade with China and Japan.

This fading significance was recorded obliquely in the city's promotional literature by the declining prominence of Oriental trade in later booster publications. As late as 1907 Oriental trade was always billed as one of Vancouver's most important assets. However, by 1913 the emphasis was on the variety of the city's other assets and Oriental trade was relegated to the inside pages. Some publications barely mentioned it, others like Vancouver le Plus Grande Port du Pacifique, still made extravagant claims, "*le charbon . . . s'expédiera par quantités énormes a destination de la Chine et du Japon*" but without much conviction. The Vancouver Board of Trade Annual Report 1912-1913 featured the Empress of Asia on its front page, but in its section entitled "*B.C. Offers*" Oriental trade was low on the list.³⁴ An unintentional but accurate indication that the importance of Oriental trade was more psychological than physical.

But in the boom atmosphere of 1912 great progress elsewhere covered this minor decline. It was only when depression set in during 1913 that a new note of anxiety appeared. A fear that Vancouver was ill prepared to compete for commercial supremacy in the Pacific and that Japanese

progress was no longer a benefit to Canada, but rather a threat. As Vancouver entrepreneur, V.B. Vrooman, told the Vancouver Progress Club, a booster organization, in 1913 *"we are letting it [Pacific trade] slip through feeble fingers and it is passing to an Oriental race."*³⁵ The onset of the First World War was to show accuracy of this claim.

Notes - Chapter II

¹"Vancouver, its wonderful history and future prospects," *Vancouver Daily World, Souvenir Edition*, 1891, p. 1.

²The Customs Office at Vancouver only kept records of total imports and exports, not Asiatic trade. See *Customs Records: Vancouver B.C. PAC R.G. 16 A5.*; The official history of the Blue Funnel Line contains no statistics about the company's service from Vancouver to the Orient. F.E. Hyde, *Blue Funnel: A History of the Ocean Steamship Company to 1914* (Liverpool: University Press, 1957). Professor Hyde, himself, found very little information concerning what was really only a small part of the company's operations. F.E. Hyde to R.D. Adam, 19 May 1976. The few public statistics of the C.P.S.S.'s service are shown in Table 5.

Table 5

TONNAGE OF CARGOES CARRIED BY
C.P.S.S. SHIPS 1888-1913

<u>YEAR</u>	<u>INWARD</u>	<u>OUTWARD</u>
1888	38,895	21,441
1890	34,427	21,808
1897	31,099	. . .
1908	12,256	9,040
1909	12,659	14,053
1910	2,205	8,747
1911
1912	19,050	28,183
1913	26,377	31,937

Source: VBOT, *Annual Report for 1889*, p. 34 and *Annual Report for 1891*, p. 33. Also Lamb, *Empress to the Orient*, p. 109-10.

³"Editorial," *Vancouver Daily News-Advertiser*, 4 May 1889, p. 4.

⁴"The New Great Tea Route," *Vancouver Daily News-Advertiser*, 17 November 1888, p. 5.

⁵Great Britain, *Consular Reports*, "Trade of Yokohama for the Year 1888," p. 5-8.; "Trade of Yokohama for the Year 1891," p. 12. and VBOT, *Annual Report for 1892*, p. 87.

⁶David A. Farnie, *East and West of Suez* (Oxford: the Clarendon Press, 1969), p. 450-51.; "Testimony of C.S.Mellen, *Transportation Interests of the United States and Canada*, p. 361.; Great Britain, *Consular Reports*, "Trade of Yokohama for the Year 1892," p.5-9.; Rhoades Murphey, *Shanghai, Key to Modern China* (Cambridge: University Press, 1953), Chapter eight.

⁷Great Britain, *Consular Reports*, "Trade of Yokohama for the Year 1901," No. 2481 p. 10-11.; Japan Bureau of Commerce, Department of Agriculture and Commerce, *General View of Commerce and Industry in the Empire of Japan* (Tokyo: Y. Yamaguchi Press, 1897), p. 90-103.; "Testimony of C.S. Mellen," *Transportation Interests of the United States and Canada*, p. 360. ; *Consular Reports*, "Trade of Yokohama for the Year 1892," p. 12.

⁸Great Britain, *Consular Reports*, "Trade of Yokohama for the Year 1893," No. 1421 p. 11-12.; *Ibid*, "Report for 1894," p. 10. and "Report for 1895," p. 9.

⁹Lamb, *The Pioneer Days of the Trans-Pacific Service*, p. 160.; Great Britain, *Consular Reports*, "Trade of Yokohama for the Year 1898," No. 2290 p. 13.; Lamb, *Empress to the Orient*, p. 85-87.; F.E. Hyde, *Far Eastern Trade 1860-1914* (London: A&L Black, 1970), p. 166.; *Consular Reports*, "Trade of Yokohama for the Year 1891," p. 9.

TABLE 6
DESTINATIONS OF TEA EXPORTED FROM YOKOHAMA
IN 1891

Canada	10,846,075 lbs.
Chicago	7,606,474 lbs.
New York	6,807,832 lbs.
California	4,647,629 lbs.
Europe	451,017 lbs.
China	260,391 lbs.

The routes by which it was carried were:

By Pacific Mail and Occidental and Oriental steamers	8,198,524 lbs.
Canadian Pacific ships	2,784,195 lbs.
Steamers in connection with Union Pacific Railway	3,599,161 lbs.
Sail and Rail via Tacoma	4,277,911 lbs.
Sail and Rail via Vancouver	3,620,198 lbs.
Sail to San Francisco	642,528 lbs.
Steamer via Suez	6,509,883 lbs.

Source: *Consular Reports*, "Trade of Yokohama for the Year 1891," p. 9.

¹⁰Van Horne's visit was described in the *Daily News-Advertiser*, 20 October 1897, p. 1. Another prominent businessman who joined in the chorus was S.H.C. Miner, an Ontario industrialist, see "The Great Destiny of Vancouver," *Province*, 15 July 1905, p. 4.; Sharples and Sharples, *Vancouver, the Liverpool of the Pacific* (Vancouver: Progress Publishing, 1911), p. 26.; Vancouver Tourist Association, *Vancouver, British Columbia* (Vancouver: Tourist Association, 1902), p. 2-3.; Vancouver Province, *Land of Opportunity* (Vancouver: Province, 1907), p. 9. and VBOT, *Annual Reports for 1899, 1906 and 1908*.

¹¹"Hundreds of Thousands of Dollars to be Spent Here," *Daily News-Advertiser*, 20 October 1897, p. 1.; Lamb, *Empress to the Orient*, p. 88-97.; VBOT, *Annual Report 1903-1904* p. 40.

¹²Vancouver Tourist Association, *Vancouver B.C.* p. 2-3.; VBOT, *Annual Report for 1906-07*, p. 38. and *Annual Report for 1908-09*, p. 43.; Province, *Land of Opportunity*, p. 14.

¹³*Daily News-Advertiser*, 5 March 1889, p. 4. and *British Columbia Commercial Journal*, 2 February 1892, p. 5.

¹⁴VBOT, *Annual Report for 1906-07*, p. 38.

¹⁵*Greater Vancouver Illustrated* (Vancouver: n.p. 1908), p. 45.

¹⁶G.B. Johnson, "Oriental Market for Wheat and Flour," *WR* August 31 1914, p. 1397.; James H. Hamilton, *Western Shores* (Vancouver: Progress Publishing, 1933), p. 163-4.

¹⁷Province, *Land of Opportunity*, p. 14. and VBOT, *Annual Report for 1908-09*, p. 43.

¹⁸*Ibid*, *Annual Report for the Year 1888*, p. 8.

¹⁹Province, *Land of Opportunity*, p. 13-14. and Walter M. Swift, "The Industrial Future of British Columbia," *Moody's Magazine*, 1913, p. 485.

²⁰For examples of booster articles see *British Columbia Magazine*, 1911.

²¹Certainly British Columbians had other reasons for opposing Oriental immigration. Individuals of all classes shared the fear that hordes of Orientals would turn B.C. into a 'yellow' province. But even if such beliefs were shared by those profiting from Oriental trade, their desire for wealth overcame their fear of Oriental immigration.

²²Swift, *Industrial Future*, p. 485.

²³Lamb, *A History of the Canadian Pacific Railway*, p. 124-26

²⁴"Vancouver, its wonderful history and future prospects," *Vancouver Daily World Souvenir Edition*, p. 1.

²⁵Mary Picken, *The City of Vancouver, Terminus of the C.P.R. British Columbia: Handbook of British Columbia and Vancouver Island* (Vancouver: Daily News-Advertiser Office, 1886), p. 33.; VBOT, *Annual Report for the Year 1889*, p. 28. and *Annual Report for the Year 1890*, p. 36.; "Vancouver, the Empire City of the Dominion," *Daily News-Advertiser*, 1 January 1889 p. 5-7.

²⁶S.S. Fowler, "Early Smelters in British Columbia," *BCHQ* 3 (1939), p. 187-190.

²⁷Non-basic, or service sectors, are those economic organisations, whose output is sold within the city. Douglas M. Brown, *Introduction to Urban Economics* (New York: Academic Press, 1974), p. 8.; The export or basic sectors are supposedly those vital to the city's growth. These sectors bring income to the city by exporting goods or services. In this situation, the C.P.R. development in Vancouver exported its services to a far distant foreland.

²⁸VBOT, *Annual Report for 1892*; *British Columbia Commercial Journal*, Vols. 3-4 1893-94. Articles in the *BCCJ* illustrate the profound gloom produced by the depression, in the lumber industry and both Vancouver and Victoria.

²⁹The base sectors were concerned with providing services to, or taking income from, a far distant foreland. A foreland is, "the land area which lies on the seaward side of a port, beyond maritime space and with which the port is connected by ocean carriers." J. Bird, *Seaports and Seaport Terminals* (London: Hutchinson Library, 1971), p. 126. ; Norbert Macdonald, "A Critical Cycle of Growth for Vancouver, 1900-1914," *BC Studies*, 17 (Spring 1973), p. 34.

³⁰ *Ibid.*, (.) 28-35.; The development of Vancouver's hinterland is described in Roy, *Railways, Politicians and the Rise of Vancouver*, and more recently in Robert A.J. Macdonald, *Business Leaders in Early Vancouver 1886-1914* (Ph.D Dissertation, University of British Columbia, 1977)

³¹ N. Macdonald, *A Critical Cycle*, p. 34.; Any spending in a city increases general economic activity, assuming excess capacity is not zero. (If it were any new investment would only serve to generate inflation.) In a city enclosed in two square miles, any large expenditure would be directly manifested, not only in extra economic activity, but also in visible changes in the city. The same expenditure in a city of thirty square miles would have a similar effect, but could directly change the appearance of only one specialized area in the economy.

³² These estimates are arrived at by counting the number of inward and outward sailings in every year and calculating the proportion involved in Oriental trade. Because of the lumber trade the percentage of outward voyages to the Orient is usually less than the percentage of the outward total.

³³ Ronald Kenvyn, "Vancouver's Harbour and Shipping," *British Columbia Magazine*, 7 June 1911, p. 484.; "Wharves, Warehouses and Elevators for the C.P.R.," *Province*, 6 September 1902, p. 1. ; Lists of shipping lines operating to and from Vancouver can be found in VBOT, *Annual Reports*.

³⁴ *Province, Land of Opportunity*, p. 1-4.; *Vancouver the Sunset Doorway of the Dominion* (Vancouver: n.p. 1912); *Vancouver, Le Plus Grand Port du Pacifique* (Vancouver: n.p. 1912); VBOT, *Annual Report for the Years 1912-1913*, p. 136-37.

³⁵ V.B. Vrooman, *Vancouver's Destiny: A Speech Given before the Vancouver Progress Club* (Vancouver: Progress Publishing, 1913), p. 8.

CHAPTER THREE

FROM MYTH TO REALITY: VANCOUVER'S

ORIENTAL TRADE

1914-1921

With the outbreak of the First World War "*virtually the whole system of world commerce became disorganized*"¹ and Vancouver's European markets were cut off. Fear of German cruisers temporarily paralysed trade in the Pacific, but as that menace faded trade revived in a new form. The absence of European competition made the Orient appear as a likely replacement for Vancouver's lost markets, but when European business interests departed so did nearly all the shipping that served Vancouver. Moreover, the remaining American and Japanese tonnage was exclusively occupied carrying American and Japanese cargoes.

Without any shipping of their own, Vancouver's merchants were excluded from Oriental trade, but Vancouver's Oriental trade was kept alive by Japanese enterprise. The war had barred Japan from her usual markets and suppliers so Japanese businessmen turned to Canada as a new market and a source of raw materials. By 1916, Canada's trade with Japan was booming, but Vancouver's merchants who wanted to

trade with the Orient were still shut out. This situation dissolved the myth of Oriental trade and left Vancouver's entrepreneurs to ponder their failure. Most did nothing, but a few reacted and attempted to acquire their own shipping and independent trade connections, with some success. Yet, after the war foreign shipping returned to dominate Vancouver harbour and most of Vancouver businessmen renewed their bonds to foreign brokers, and import-export agencies in China and Japan.

Those who did return to dependence on foreign shipping and business connections were repeating the mistake made by British Columbia lumber exporters before the war of ignoring foreign trade when domestic demand was high. Only when the pre-war depression cut domestic demand sharply and halved the production of British Columbia mills did provincial lumbermen turn again to overseas trade. As the Provincial Forester argued in his Annual Report:

. . . the life of the timber industry in B.C. depends upon the profitable export of forest products from the Province for the local population uses less than one-fifth of the total annual production and the other four-fifths must be exported. 2

Australia offered the most lucrative market for British Columbia lumber, but would only accept the higher grades of timber. The Orient, on the other hand, was particularly important because it would accept the lower grades of lumber whose sale could make the difference

between profit and loss. Unfortunately, British Columbia's exporters did not find it so easy to expand their cargo trade. As one article in Western Lumberman explained the events of the previous decade:

The low priced foreign business offering was passed up in favour of the more lucrative local and rail trade, the natural result being that when our manufactures attempted to switch back again they found they had, to some extent lost touch with the export trade.

"To some extent" was a gross understatement for American interests virtually monopolized the trade. The same article continued:

. . . the selling part of the business had been retained almost exclusively by San Francisco brokers, who have the trade so well in hand that it is difficult to divert any part of it. The carrying trade is to a very large extent in the hands of the Pacific Coast owned vessels and it is only natural that owners will charter more readily . . . with fellow merchants in San Francisco - the more especially as there are some expenses that they can avoid by loading at a home port. 3

High pilotage and harbour dues would not normally have deterred American ships from loading at Vancouver for they could pass on the extra cost in higher freight rates. ⁴ In 1914-1915, however, internment, commandeering and sinkings so depleted shipping on the Pacific that American vessels had more business than they could handle at their own ports. From October 1914 to December 1915 freight rates from Vancouver to China and Japan rose from 42-45 to 110-115 shillings per thousand board feet, but very few ships were lured north. Only two ships were chartered in

British Columbia between April and June of 1915 as opposed to ninety-eight south of the border. In August 1915, the major American firms merged into the Douglas Fir Exploitation and Export Company to defend their trade against outside competition.⁵ Their brokerage and banking facilities were open only to American businessmen leaving British Columbia's exporters isolated. British Columbia lumbermen had no facilities even to quote a price overseas so without the co-operation of San Francisco they were powerless to revive their stagnant cargo trade.

As a consequence, British Columbia's seaborne exports were limited to the sales of the Hastings and Moodyville Mills. But, American interests had taken over the mills in 1902 and when this redirected their sales more towards the interior of British Columbia the mills lost much of their overseas connections. They remained only on the financial periphery of the Pacific market and the enormous annual fluctuations in their exports to important markets like Australia, emphasized their tenuous hold on trade. Exports to China and Japan varied between one and a half and three million board feet, and until 1918 never comprised more than sixteen per cent of Vancouver's total exports. Whereas exports to the Orient from the Pacific Coast were on average thirty per cent of the Pacific Coast total. But,

while lumber merchants were suffering from the sins of neglect, J.W. Ross, the Canadian Trade Commissioner in China, argued that apathy among other exporters was more damaging. ⁶

In all lines of trade with the Orient, unenterprising merchants were missing trade opportunities created by the war. In December 1914, Ross wrote:

For many years business in China has been established through certain channels of trade and so long as those sources were available dealers have been slow to look beyond them. But now, while some of these sources have been shut off, there is presented an opportunity which should not be overlooked.

For example, the absence of German merchants provided openings for Canadian pulp and paper. Canadian flour was increasingly in demand in China and Japan as a blending agent because of its high gluten content. ⁷ Canadian entrepreneurs, however, did little to take advantage of such opportunities. In 1915, Ross lamented that, "*the comparatively small value of the imports of Canadian goods into China within recent years would seem to indicate that the importance of the China market for Canadian products has not received the consideration it deserves.*" Three years later, Hong Kong merchants were still complaining that:

Canadian exporters do not devote enough attention to the special requirements of the China market and . . . they do not endeavour to build up trade in a thorough manner, but often appear only anxious for such casual business as may be offering. ⁸

Canadian firms also had no selling organization to compete with the established agencies in China. Instead,

Vancouver firms usually bought Chinese products through agencies in Seattle or San Francisco. In Shanghai, trade was controlled by the compradores and sub-agents of four large firms, two of which owned their own ships. They all had agencies in the United States and Canada and could act quickly to acquire business. However, there was little encouragement for Vancouver's entrepreneurs to undertake the arduous task of building up a competitive business machinery when the few ships available at Vancouver charged freight rates which forced the price of their goods to uncompetitive levels.⁹

The shortage of shipping was especially frustrating for Vancouver's Oriental traders because in 1913 the arrival of the new C.P.R. liners, the Empress of Asia and the Empress of Russia (both 16,900 tons) had notably expanded the port's Oriental services. The two new ships operated a two week service with the old Empress of India and Empress of Japan, added Manila and Shimidzu as ports of call and won back some of the business lost in the preceding years. When the war broke out, the British Admiralty commandeered all four Empresses and the Blue Funnel line ceased operations in late 1915. The C.P.R.'s Monteagle and later, the Key West continued a token service. But, in April 1916, under pressure from Ottawa the British Government returned the Empresses.

However, the volume of cargo carried was not much greater than before 1914 because the new larger Empresses were still primarily passenger and mail carriers, and had only 3,500 tons of cargo capacity. They still made their profits from the speedy transportation of silk and tea, although they also carried the usual miscellany of small goods averaging 1,500 tons of cargo per inward voyage. Outward-bound, the main cargoes were zinc, wheat, flour, canned goods, machinery and timber, but only 2,000 tons on average per trip.¹⁰

Table 7

C.P.R. FREIGHT STATISTICS

<u>YEAR</u>	<u>TONS IN</u>	<u>TONS OUT</u>	<u>NO. OF VOYAGES</u>
1914	20,920	19,483	15
1915	12,704	15,602	4½
1916	47,957	57,651	22½
1917	17,820	27,875	22
1918	9,877	18,434	15

Averages over five years are 1,501 tons In and 2,072 tons Out.

Soure: Canada, *Sessional Papers 1914-1919* under *Steamship Subsidies*.

Despite such unimposing figures the Federal Government valued the C.P. service because it prevented the Japanese lines from monopolizing Oriental trade. Thus, when the British Government requisitioned the Empresses again in the

spring of 1917, Prime Minister Borden fought staunchly to retain the ships and only grudgingly agreed to their use as troop transports to ferry American troops to Europe. The Canadian Cabinet relied upon C.P. agents for its information about Oriental trade so naturally they were swayed towards the C.P.R.'s viewpoint. But, Borden also disliked Japanese success because he believed the Japanese were secretly enemies of Canada and would use their monopoly of trade against the Dominion. Unfortunately for Borden, the only alternative to the limited, expensive service of the C.P.S.S. was the Osaka Shosen Kaisha line, but the scarcity of shipping ensured a vigorous competition for its cargo space and Vancouver's merchants usually had to wait their turn behind Japanese and American businessmen.

Japan's national policy decreed that Japanese controlled business received priority, and on their return voyages O.S.K. ships loaded at Tacoma and Seattle before Vancouver, thus their ships were often filled with Japanese and American goods before they even called at Vancouver. ¹¹ Under such conditions, Vancouver's Oriental trade remained very limited and only grew courtesy of foreign enterprise which, as before 1914, was mainly Japanese.

This disruption of trade caused by the war led the Japanese to look upon Canada as an alternative market in the

same way that Vancouverites looked to the Orient.¹² As early as 1915, A. Yamanouchi, a Japanese consular representative, visited Vancouver and addressed a meeting of the Manufacturer's Association of British Columbia. He discussed the complementary developments in the economies of Canada and Japan, the interest of Japan in British Columbia's primary goods, the redistribution of Japan's German trade and even grain trade. He commented that:

*. . . as the movement of the grain westward is expected to start in earnest, the trade through this Port to the Orient is expected to grow at a rapid rate within a short time.*¹³

This was a singular note of optimism for few in Vancouver still believed in such possibilities. But the Japanese not only talked about trade: they reorganized Canadian-Japanese trade to suit their needs. Japanese enterprise soon expanded Vancouver's grain exports to the Orient, (117,355 bushels in 1916; 259,633 bushels in 1917; and 1,111,138 bushels in 1918). In 1914, the Japanese displayed an interest in Canadian pulp and by 1918 they took three-quarters of their pulp imports from the Dominion. Japan wanted Canadian coal, pulp, scrap iron and asbestos so these commodities came to compose two-thirds of Canada's exports to Japan. Between 1916 and 1919 Canada's exports to Japan increased from \$996,775 to \$12,200,000. The major imports from Japan, silk, earthenware, tea and manufactures all trebled in sales.¹⁴

Table 8INDEX OF CANADIAN IMPORTS FROM JAPAN

	1914	1915	1916	1917	1918
SILK	100	100	266	534	891
RICE	100	101	158	151	160
TEA	100	137	183	186	235
MANUFACTURES	100	156	155	317	533
BEANS	100	230	370	602	2034
EARTHENWARE	100	74	113	250	320

Base 1914 = 100

Table 9INDEX OF CANADIAN EXPORTS TO JAPAN

	1914	1915	1916	1917	1918
MINE	100	33	165	449	1596
FISH	100	71	47	55	34
FOREST	100	38	32	52	82
MANUFACTURES	100	159	214	252	1300

Base 1914 = 100

Source: Canada, *Sessional Papers*, "Trade of Canada" 1914-1919.

Table 10CANADA'S TRADE WITH CHINA 1914-1920

YEAR	<u>IMPORTS</u>		<u>EXPORTS</u>	
	\$	INDEX	\$	INDEX
1914	913,262	100	473,179	100
1915	1,042,383	114	296,403	62
1916	918,610	100.5	536,482	113
1917	1,128,342	123.5	408,602	88
1918	1,336,890	146	1,954,055	410
1919	1,954,456	214	2,856,933	660
1920	1,205,229	132	6,665,805	1380

Table 11CANADA'S TRADE WITH JAPAN 1914-1920

YEAR	<u>IMPORTS</u>		<u>EXPORTS</u>	
	\$	INDEX	\$	INDEX
1914	2,604,216	100	1,589,067	100
1915	2,783,465	107	1,037,001	65
1916	4,015,125	154	998,240	63
1917	8,122,735	312	1,282,115	81
1918	12,255,319	470	4,861,244	306
1919	13,618,122	555	12,245,439	770
1920	13,637,287	528	7,732,514	487

Base 1914 = 100 in all indices.

Source: Canada, *Sessional Papers 1914-1921*

This increase in trade was possible because the Japanese had sufficient shipping on the Pacific. Before 1914 the Japanese trans-Pacific lines had survived only because of large government subsidies, but the outbreak of war removed their European competition and the United States Seamen's Act of 1915, which established a minimum wage for seamen serving on American ships, drove the Robert Dollar Company out of business. Only the Pacific Mail and Great Northern lines and the Japanese lines were left to serve a demand far greater than their capacity. Between 1914 and 1918, Japan's total tonnage doubled in an effort to match demand, and her earnings from freight rates rose from under 40 million yen in 1914 to 450 million yen in 1918.¹⁵ In the Pacific, the Japanese lines served increasing Japanese trade and the business formerly carried by European shipping. The N.Y.K. and O.S.K. lines both added two new new 10,000 ton ships to their services and the general prominence of Japanese shipping led San Francisco magnate, Robert Dollar, to claim that, "*Japanese control of the Pacific is becoming absolute.*"¹⁶

In Vancouver, the increasing number of "*Marus*" calling at the port was obvious and irritating to Vancouver's Canadian merchants who had no shipping and could only watch the Japanese do business without them. But the experience

dispelled completely the myth of Vancouver's Oriental trade, for the city's entrepreneurs had nothing but time to analyse why they were cut off from overseas trade. This process occurred most clearly in the lumber journals from 1914 to 1916, where as early as December 1914, an article in the Western Lumberman identified the historical roots of the export trade depression in the neglect of cargo trade by British Columbia before 1914. Subsequent articles pointed out the need for ships owned in the province and various proposals concerning government subsidies and shipbuilding programmes.¹⁷ Although the need for shipping was most commonly stressed there was an awareness that lumber producers needed to organize at every stage of trade. As one writer put it:

*Sawing wood does not sell timber any more than building grain elevators will divert grain shipments. There are financial, shipping and brokerage arrangements to be made, details to be gradually worked out.*¹⁸

The first manifestation of that attitude came with the formation of the Canadian Trading Company in October 1915, an independent firm attempting to export lumber through Vancouver without employing San Francisco brokers. In January 1917, the managers of the coast mills, with one exception, agreed to work through the Canadian Trading Company, but the company soon collapsed because of shortage of shipping. Not until June 1919, did the mill owners unite in a co-operative

organization known as the Associated Timber Exporting Company of British Columbia which could function because it used ships built in the province. A large increase in exports to the Orient followed its foundation. ¹⁹

Other Canadians took initiatives in the post-war boom as trade revived to its peace time volume. A.E. Bryan, the Trade Commissioner in Japan, noted the progress of one Canadian firm's sales of pulp and paper. Canadian hardware, asbestos, lead and nickel dealers also established business in Japan. In China, Trade Commissioner Ross was grateful:

. . . to be able to state that Canadians appear to be showing a greater interest in China than has been the case in the past. Some notable Canadian men in public life, financiers and bankers have within the past six months been making an intimate investigation of trade and other conditions in China and Japan.

Unfortunately, two thousand American commercial travellers were making the same inspection ²⁰ and the establishment of one Canadian bank was small progress to set against foreign activity. Moreover, the traditional factors which hindered the development of Vancouver's Oriental trade were still operative. Canadian wheat, lumber and pulp were carried on American ships as American products from Seattle because of high freight rates from Vancouver. Canadian paper importers still lost out to the superior selling organization of American firms. Four-fifths of Vancouver's pulp exports to Japan were controlled by New York agencies. As late as March 1920, Ross could point out

that in the last thirty years fifty American firms and not one Canadian had set up branches in China. Canadian firms continued to do business through foreign agencies. ²¹

As a consequence, the post-war boom in Vancouver's Oriental trade was produced largely by foreign enterprise. The growth of the lumber exports between 1918 and 1919 came from the newly founded Canadian Robert Dollar Mill. Dollar also started a steamship service in Vancouver, which together with the O.S.K. and Blue Funnel lines dominated Vancouver's regular trade. Ships of the C.P.R.'s renamed subsidiary, the Canadian Pacific Ocean Services, were fully occupied between 1919 and 1920 carrying coolies back from France, but upon their return they were unable to find Canadian business and had to seek out American cargoes. ²²

Whatever the nationality behind it, Oriental trade was important to Vancouver. Even in its depleted state during the war, Oriental trade accounted for between one-third and one-half of the port's shipping. The O.S.K. and the C.P.R. provided the only regular service and their presence supported the waterfront and importers like Kelly, Douglas & Co. Ltd. who imported and blended 300 tons of tea per annum for the Nabob brand. After the war, half of Vancouver's shipping was involved in Oriental trade and their bulk-break cargoes gave employment to most of the port's dockland. ²³

Although foreign firms dominated Oriental trade and Canadian initiatives made little immediate impact, the post-war period saw new enthusiasm for Oriental trade among Vancouver merchants.²⁴ This interest combined optimism and realism in its approach to Oriental trade, and was to play a part in the boom of the twenties.

Notes - Chapter III

¹VBOT, *Annual Report for 1914-15*, p. 21.

²"Provincial Forester Presents Annual Report. All Phases of British Columbia Timber Industry Dealt With - Cargo Trade Almost Stationary," *Western Lumberman* Vol. 2, No. 4 (April 1914) p. 33.34.; *Industrial Progress and Commercial Record* Vol. 1, No. 7 (January 1914) p. 24.; "Vancouver Lumber Company in Export Trade," *WL* Vol. 2, No. 8 (August 1914) p. 33.

³*IPCR* Vol. 2, No. 8 (February 1915) p. 214.; "British Columbia Export Trade," *WL* Vol. 2, No. 12 (December 1914) p. 15-17.

⁴American ships would raise their freight rates to absorb Vancouver's high pilotage and harbour dues. As a consequence, Vancouver lumber was 25-50 cents more expensive per hundred board feet than American timber. This was one reason why British Columbia timber was often exported via Seattle rather than Vancouver. Either way American shipowners lost nothing. They only tended to shun Vancouver because there was plenty of business closer at hand.

⁵"B.C.'s Timber and her Lumber Trade Today," *IPCR* Vol. 3, No. 3 (September 1915), p. 10.; "B.C. Lumber Exports," *WL* Vol.3, No. 4 (October 1915), p. 27.; *WL* Vol. 3, No.9 (March 1916), p. 198 and Vol 3, No. 2 (August 1915), p. 12.

⁶*B.C.'s Timber and her Lumber Trade Today*, p. 10.; *British Columbia's Export Trade*, p. 15. ; Ross, "China," *WR* No. 545 p. 151.

⁷J.W. Ross, "Trade of China," *WR* No. 571 (December 3, 1914), p. 151.; Idem, "Trade of China," *WB* No. 607 (August 7, 1915) p. 641.; Johnson, *Oriental Market for Wheat and Flour*, p. 1395.

⁸J.W. Ross, "Trade of China," *WB* No. 582 (February 7, 1915), p. 675.; L.D. Wilgress, "The Import Trade of Hong Kong," *WB* No. 770 (November 9, 1918), p. 804.

⁹J.W. Ross, "China as a Market for Canadian Goods," *WB* No. 757 (June 7, 1918), p. 207.; *Idem*, "Market for Lumber in South China," *WB* No. 775 (December 2, 1918), p. 1008. and Ross, "China," No. 582 p. 675. In the price sensitive Chinese market even a slightly higher price would reduce sales.

¹⁰Lamb, *Empress to the Orient*, p. 100-101.; Great Britain, *Consular Reports*, "Trade of Japan for 1913," cited in *WR* No. 571 p. 161-165.; *IPCR* July 1914, p. 19.; William Kaye Lamb, "Empress Odyssey: A History of the Canadian Pacific Service to the Orient 1913-1945," *BCHQ* XII (December 1948), p. 10.; *VBOT*, *Annual Report for 1915-16*, p. 43.; Lamb, *Empress Odyssey*, p. 13-17.

¹¹Devonshire to Long January 21 1918, *PAC Borden Papers* Nos. 73050-51.; The O.S.K. began a service to Tacoma in 1910. Allen, *A Short Economic History*, p. 92. But it only began its Vancouver service in 1914; calling at Vancouver, Victoria, Seattle and Tacoma then back again. The Osaka Shosen Kaisha, *Official Guide for Shippers and Travellers to the Orient* (Osaka: n.p. 1917), p. 25.

¹²A.E. Bryan, "Trade Conditions in Japan," *WB* No. 785 (January 1919), p. 238.

¹³"Canadian-Japanese Trade," *Industrial Progress and Commercial Record* Vol. 2, No. 8, p. 220.

¹⁴Knox, *The Exportation of Wheat through the Ports of B.C.*, p. 15.; A.E. Bryan, "Trade of Japan," *WB* No. 753 (July 1918), p. 25.; Canada, *Sessional Papers*, "Canadian Trade by Countries: Fiscal Years Ending March 31 1914-18," Vol IV No. 2, Part II, p. 531-557.

¹⁵Hyde, *Far Eastern Trade*, p. 162-168.; "Robert Dollar Company Selling Vessels," *WL* August 1915, p. 37.; In March 1916 the ships were actually sold - - to Japanese interests. *WL* Vol. 3, No. 10 (March 1916), p. 31.; Allen, *A Short Economic History*, p. 98.

¹⁶"Shipping Developments in the Far East," *WR* No. 549 (August 31, 1914), p. 1221.; Robert Dollar and Clarence Matson, "The Effect of the European War on United States Shipping," *Pacific Coast Association of Port Authorities, Third Annual Meeting, 1916*, p. 29.

¹⁷George Bushby, "B.C. needs ships," *IPCR* Vol. 3, No. 9 (February 1916), p. 173.; "The Timber Export Trade of British Columbia," *WL* Vol. 2, No. 4 (September 1914), p. 33.; "B.C. Tonnage for B.C. Goods," *WL* Vol. 3, No. 3 (November 1915), p. 11.; "B.C. Government to Subsidize Lumber Carriers," *WL* Vol. 2, No. 11 (April 1915), p. 33.; "Should B.C. Government build Lumber Carriers?" *WL* Vol. 3, No. 5 (October 1915), p. 31.

¹⁸*The Timber Export Trade of British Columbia*, p. 34.

¹⁹*B.C. Lumber Exports*, p. 22.; "B.C. Export Mills to Pool Output," *WL* Vol. 4, No. 8 (January 1917), p. 12.; "B.C. Lumber Export Trade," *IPCR* Vol. 2, No. 6 (June 1919), p. 437. (?) The first use of ships constructed in British Columbia as lumber carriers was in July 1918. *IPCR* Vol. 2, No. 7 (July 1918), p. 43.; VBOT, *Annual Report for 1920-21*, p. 34.

²⁰A.E. Bryan, "Trade of Japan," *WB* No. 816 (September 1919), p. 569.; Idem, "Trade of Japan for the first half of 1919," *WB* No. 826 (December 1919), p. 1105.; J.W. Ross, "Commercial Conditions in China," *WB* No. 822 (November 3, 1919), p. 857.

²¹Wo. Hsiang-Kuang, "Business Conditions in China," *WB* No. 838 (February 22, 1920), p. 838.; J.W. Ross, "Trade of China," *WB* No. 802 (June 16, 1919), p. 1105.; Bryan, *Trade of Japan for the first half of 1919*, p. 1104.; H. Watson, "Field for Canadian Import and Export Houses in Japan," *WB* No. 836 (February 9, 1920), p. 344.;

J.W. Ross, "Canada's Trade with China," *WB* No. 842 (March 22, 1920), p. 651-653.; "Export Opportunities in South China," *WL* Vol. 5, No. 7 (December 1918), p. 21. Some believed that imperial sentiment would lead British importers to give preference to Canadian goods. This does not seem to have happened.

²²"Off-Shore Lumber Shipments," *IPCR* Vol.6, No. 1 (July 1918), p. 43.; *Harbour and Shipping*, Vol. 2, No. 1 (January 1920), p.45.; K. Yamasaki and G. Ogawa, *The Effect of the World War upon the Commerce and Industry of Japan* (New Haven: Yale University Press, 1929), p. 30-31.; "Trade Notes from Japan," *WB* No. 847 (April 26, 1920), p. 940.

²³Exact details of inward and outward sailings are not available, but the proportion of shipping involved in Oriental trade can be gauged from the number of lines serving Vancouver and the limited statistics given in the "Marine Notes," of *IPCR* January to November 1915. James H. Hamilton, "The Overseas Shipping of Vancouver and Victoria," *IPCR* Vol. 2, No. 5 (January 1915), p. 188-192. ; "The Tea Industry," *IPCR* Vol. 1, No. 3 (October 1913), p. 19.; Freighters from the Orient carried the greatest variety of cargo and so required extensive service from both men and machinery. For examples of cargo see "Imports and Exports at the Port of Vancouver," *H&S* May 1919.

²⁴ *H&S* Vol. 1, No. 1 (January 1919), p. 4.

CHAPTER FOUR

THE REALIZATION OF THE DREAM?

VANCOUVER'S ORIENTAL TRADE

1921-1929

The mythology surrounding Vancouver's Oriental trade had been completely dispelled by the beginning of the 1920s but paradoxically, the phenomenal expansion of Vancouver's exports to China and Japan between 1921 and 1929 appeared to justify some of the highest expectations of the past. Exports of lumber and grain, especially to Japan, boomed as never before while sales of flour, zinc, lead and salt fish increased appreciably. Yet, imports from Japan only increased a little; from China, not at all. The balance of trade became so uneven that by 1929 shipping experts were lamenting the great excess of outward over inward cargoes. ¹

Vancouver's promotional literature rejoiced in the export boom, but its predictions were modified by the recognition that Vancouver's Oriental trade would only grow through thorough and energetic promotion. ² Apparently, such promotion was largely absent because Canadian initiated trade increased only very slowly and the bulk of Vancouver's

Oriental trade remained in British, American and Japanese hands. In Vancouver, the growth of Oriental trade tended to be overshadowed by the spectacular expansion of grain exports to Europe via the Panama Canal, but the total shipment of lumber, grain, flour, fish and general cargo to China and Japan was actually more important to the city. Shipping involved in Oriental trade consistently outnumbered that on any other route and remained the most important contributor to the business of Vancouver's docks. ³

The biggest single reason for this was the growth of lumber exports to Japan. High profits and the absence of competition during the First World War had induced Japanese lumbermen to increase exports dramatically at the cost of grave deforestation. As a consequence, the Japanese government severely restricted cutting for export and removed the tariff on logs and squares to facilitate the import of timber. The construction of the Tokyo Peace Exhibition in 1921, and the beginning of huge schemes in Tokyo, Osaka, Nagoya, Yokohama, Kyoto and Kobe to remedy severe housing shortages, build new streets, bridges, sewage and drainage systems created a demand for Douglas Fir and Red Cedar. ⁴

These urban renewal schemes were projected to last ten years. The catastrophic earthquake of 1923, by levelling Tokyo and Yokohama hastened the process and temporarily increased the demand for material for portable and temporary

housing. Economic depression and the hiatus between the end of temporary rebuilding and the resumption of permanent reconstruction caused a decline in Vancouver's exports in 1925. But economic recovery and the cessation of supplies from Saghalien made 1926 a record year for Vancouver's lumber exports. The same combination of declining domestic supply and high demand kept Vancouver's lumber exports high until 1929.⁵

The shipping which carried this lumber was attracted to the North Pacific by the boom in grain exports. Grain and lumber formed a profitable and stable combination of cargoes so as the demand for grain determined the quantity of shipping available, freight rates for lumber were determined by fluctuations in the grain trade. In turn, variations in Vancouver's grain exports were chiefly determined by the size of the Japanese rice and wheat crops, and the Canadian harvest. Thus, when Japan suffered three inadequate domestic harvests between 1921 and 1923, her grain imports from Vancouver grew steadily. After the earthquake, the Japanese government lifted its duty on wheat and barley, and bulk shipments began from Vancouver.⁶ This, combined with a poor Japanese rice crop and a bumper prairie harvest, produced a record year. The next year exports fell because the Japanese rice harvest was better and the Canadian harvest worse. The

vagaries of nature kept grain exports fluctuating between 1920 and 1929, but they remained high because the scarcity of arable land in Japan prevented an expansion of rice production to feed the rapidly increasing population. ⁷

Natural shortages also determined the volume of flour imports in Japan. High post-war prices and inadequate harvests in 1921 and after opened the Japanese market to Canadian flour on a regular basis. The quality of Canadian flour - its whiteness and high gluten content - made it highly valued by Japanese millers. Unfortunately for Canadian exporters, the Japanese government sought to protect its own rapidly growing milling industry by imposing a duty of 1.85 yen per picul on imports. A levy of 1.50 yen per picul was also placed on wheat imports, but was refunded if the wheat was milled into Japanese flour for export. As Vancouver's exports of grain rose, her sales of flour fell and by 1929 ⁸ were far smaller than those of grain and lumber.

But while none of Vancouver's exports to Japan approached the sales of lumber and grain, other products including lead, zinc, wood pulp and salt fish were still important. The Empress liners carried lead and zinc spelter directly after the war, but the greatest growth in lead cargoes from British Columbia mines came between 1924 and 1927. ⁹ Between fifteen and thirty-five thousand tons of lead

and five to ten thousand tons of zinc were shipped annually. From five to fifteen thousand tons of pulp were exported in the early 1920s, but as Japanese mills became increasingly efficient their demand for foreign pulp and paper decreased noticeably in 1928-1929. Salt fish exports varied between fifteen and twenty-five thousand tons per annum, but nearly all of this was re-exported to China. Japanese consumers were only interested in British Columbia salmon, once a year as a prestigious New Year's gift ¹⁰ and the slight decline in Vancouver's salt fish exports to Japan by 1929 signified increasing autonomy among Chinese merchants rather than any changes in Japanese demand.

Fluctuations in Vancouver's total exports to Japan depended largely upon the health of the Japanese economy. For instance, high domestic prices and financial crises in Japan encouraged the import boom in 1921-1923. But, just as fiscal retrenchment had secured the situation the earthquake shattered existing stability. Increased imports contributed to economic depression and the reduction of trade in 1925. In 1926 confidence returned, ¹¹ the balance of trade improved and bulk imports from Vancouver reached a peak. However, a deteriorating political situation in 1927, and a bad rice crop resurrected all the old problems. In May 1927, the Bank of Taiwan closed and in October the yen was again under pressure

as capital fled. Vancouver's exports fell but rose again with the yen in 1928. ¹²

Such fluctuations were characteristic of trade between developed economies, but Vancouver's exports to the under-developed Chinese market moved to a very different beat. Between 1921 and 1924 civil war, a series of droughts and famines, and inadequate transportation so effectively cut off demand from the interior that imports were very low. From 1925 to 1929 strikes, boycotts and the revival of civil war seriously impeded trade. Normal trading conditions only existed briefly in 1924 and 1929, but, despite all the turbulence, trade continued, even during the worst years from 1925 to 1927, through the relatively unaffected Treaty Ports. True, Hong Kong's commerce did suffer from the anti-foreign boycotts in 1925 and the communist capture of Canton in January 1926. ¹³ Tientsin was similarly afflicted to such a degree that Darien took over as the second most important port. Even Shanghai was physically threatened by anti-foreign riots of 1925, but overall the Treaty Ports did not suffer like the rest of China. Thus, even in the worst conditions, Trade Commissioner Cosgrove could send such paradoxical messages as:

Shanghai captured by Cantonese. Foreign settlement very well guarded. General Strike declared. Commercial situation is extremely bad and likely to remain stationary for some time. Consider that shipments can go forward safely. ¹⁴

The Treaty Ports were relatively safe, but in the rest of China, Vancouver merchants risked their lives as well as their businesses. One Vancouver businessman, A.H. Lowe of Lowe, Buswell and Company, was kidnapped by bandits while visiting China in May 1923. He and fourteen other foreigners were imprisoned in a mountain stronghold near Tsao Usuang in North China. Their safe return became a part of negotiations between the bandits and the army of the Republic. Despite intense international pressure the Chinese generals vacillated and bickered among themselves for six weeks before freeing the captives. ¹⁵

In such conditions, the survival of any trade was incredible to foreign observers unacquainted with the extraordinary durability of Chinese business. But as Commissioner Cosgrove explained:

China is essentially a country of traders and the slightest lull in the numerous civil wars is taken advantage of to resume business activities on a scale far greater than could possibly have been done in any Western Country. 16

The great increase in trade during the strife free year of 1929 showed the true potential for trade, but while internal disorders limited access to the interior, Vancouver's exports to China could never be as large as those to Japan. Variations in Vancouver's lumber exports to China were determined by demand in the major Chinese ports. For example, the beginning of construction by the South Manchurian Railway

company at Mukden drew lumber from Vancouver in 1921 until the onset of civil war in 1922 when the attendant commercial disruption left Shanghai dealers overstocked with lumber. In August 1923 sales of lumber to Newchang and railway ties to Taku Bar revived Vancouver's exports and industrial expansion, and the increased use of western building techniques, maintained demand in 1924.¹⁷ Unfortunately, the resumption of serious internal conflict in 1925 cut off trade until 1927. A construction boom in Shanghai during 1926 did attract large quantities of foreign lumber, but not from Vancouver as most British Columbia lumbermen sold their low grade timber on their rising domestic market rather than face American competition in China. As a consequence, American exports enjoyed a boom while Vancouver's exports declined. Even in the expansive years of 1928-1929 Vancouver's exports to China formed less than ten per cent of the Pacific Coast's total exports to China.¹⁸

Foreign competition also kept Vancouver's wheat sales to China far smaller than to Japan. The Canadian product had to compete against Argentine, Australian and American grain which was usually slightly cheaper, but its higher quality made it popular in periods of peak demand. A series of famines and droughts in North China between 1921 and 1924 created such a demand, for communications between separate

regions in China were so poor that it was cheaper to import grain from abroad than from another part of China. Twenty million bushels, mainly of number two and three "*Northern*", were imported on an average each year and sold to Chinese flour mills. "*Relatively cheap*" grain sold well in 1925; however, a reduced crop and a larger Oriental harvest, over-buying and, in 1927, the fall in value of silver¹⁹ reduced imports between 1926 and 1928. Only the restoration of comparative stability in 1929 brought a recovery of trade.

Fluctuations in the exports of flour followed those of grain, but, with smaller variations for it held a more secure share of its market. High quality made Canadian flour the most popular of the imported flours, for if a quantity of any other flour baked twenty-three loaves of bread the same amount of Canadian flour would bake twenty-four. Moreover, the Chinese milling industry, although developing, was not as extensive as the Japanese, and was unable to supply the whole domestic demand. As a consequence, Vancouver's flour exports to China increased from 250,000 bushels in 1921 to nearly 2,000,000 bushels in 1929.²⁰

The only other large export from Vancouver was salt herring, which was traditionally eaten in China as a cheap food with rice. The increased availability of relatively cheap British Columbia fish in the early twenties found an

expanding market in Hong Kong, from where it was distributed throughout South China. This trade was impeded by the general unrest between 1925 and 1928, but was particularly retarded by anti-foreign boycotts and strikes in Hong Kong and Shanghai in 1925. The boycotts and strikes were mainly directed against Japanese interests and Vancouver's salt fish exports were largely controlled by Japanese firms, in British Columbia and Japan. Even Canadian firms were affected by this association for at least one Canadian company's goods were left to spoil because Chinese dockers falsely identified them as Japanese owned. ²¹

In addition to the staples of lumber, wheat, flour and fish, heterogeneous goods carried in small quantities and classified under the all embracing motif of "*general cargo*" were exported to China. But these small quantities were roughly equal to the total size of Vancouver's imports from the Orient. These imports were also very varied: the foremost of them were rice, eggs, hemp, whiskey, silk and tea from China and porcelain, rice, Oriental merchandise, silk and tea from Japan. However, unlike general cargo exports, some Oriental imports were very valuable: one cargo of silk landed by the Canadian Pacific Ocean Services in 1921 was valued at \$8,500,000. ²² Yet, while vital to individuals and firms these imports did not influence

Vancouver as vividly as bulk exports did.

As a consequence, literature about Vancouver's Oriental trade concentrated on the spectacular impact of the bulk export trades. Vancouver was no longer the "*Great Tea Route*" but rather "*Canada's Western Grain Gateway*." The great enthusiasm for the potential market in the Orient still survived and familiar themes reappeared. The C.P.R.'s Oriental trade was still "*ever increasing*" and booster publications like the Vancouver Year Book continued to proclaim hyperbolically that, "*the possibilities of trade with Japan, China and India are almost beyond the grasp of human imagination.*"²³

However, such boosterism was far less common and influential than before 1914. It was less common because Vancouver's existence was no longer precarious. Her leading citizens had no need of propaganda to show their city as a stable metropolis with a booming Oriental trade because reality showed exactly that. It was less influential because the expansion of Oriental trade made it more familiar and less easily romanticised. Before 1914 booster literature exploited the shortage of information about Oriental trade and prevented any resonance between cultural explanation and economic fact.²⁴ But the war exposed the myth and the work of Trade Commissioners abroad and publications like Harbour and Shipping in Vancouver, presented a more realistic,

less glamorous view of Oriental trade as just another part of Vancouver's overseas trade.

High expectations were common, but the majority of commentators pointed out that vast potential markets could only be secured through enterprise and ingenuity. Such enterprise required a variety of virtues. In China, firms had to be prepared to invest heavily in the future, their sales organization had to be ubiquitous and their salesmen well versed in Chinese business methods to understand the importance of long term credits, catalogues and colours. ²⁵

The Canadian Trade Commissioner in Shanghai, J.W. Ross, warned against overestimating sales:

The manufacturer should be warned against conjuring up fantastic business on the basis of population, but it must be borne in mind that the great majority of them are illiterate. Many of them live in districts far removed from any outside influence. There is no way of appealing to them en masse. The newly arrived travelling salesman who fancies he can galvanize by one bold stroke the people to take any interest in his commodities . . . and forecast potentialities by per capita calculation is doomed to disappointment. And yet the gradual extension of the railways, the establishment of modern schools, the thousands of Chinese students constantly going to and returning from foreign universities, the steadily increasing traffic with the interior are all making their influences felt and while extravagant estimates regarding the immediate results . . . are to be deprecated . . . the market is capable of illimitable expansion. ²⁶

Endless opportunities existed, but Canadians were still not making sufficient effort and the Trade Commissioners in Shanghai and Hong Kong turned this theme into a litany throughout the decade. As late as November 1926, Commissioner

Cosgrove lamented that, "*very few representatives of Canadian firms have visited China this year.*" Moreover, complaints about bad packing and inappropriate or inadequate sales organizations continued to bedevil trade. ²⁷

In contrast, Canadian traders with Japan had to compete in a highly developed market. Business communications between Japan and the West Coast of North America were excellent and the Japanese companies dominated import and export trade via branch houses in West Coast ports. Unlike the passive Chinese, they actively sought out supplies in North America, and the small portion of trade beyond their control was hotly contested by American and British firms. ²⁸

Nevertheless, Canadian controlled trade through Vancouver grew perceptibly throughout the twenties. The increasing preference of Chinese merchants for direct trade enabled Canadians to break the stranglehold of the old import-export firms. In Vancouver, improved selling techniques, spearheaded by the Association of Timber Exporters facilitated the startling growth of Vancouver's Oriental lumber exports. Similarly, grain exports were expedited by the construction of bulk grain facilities and the foundation of a Grain Exchange. Most important, the equalization of Western and Eastern rail freight rates, in 1925, made it economical to ship prairie grain to Vancouver as well as to

the Great Lakes' ports. 29

These changes enhanced the potential for trade, but the key factor was the steady supply of shipping on the North Pacific. Indeed, the collapse of the post-war boom in 1921 left an embarrassment of shipping in the Far East. By 1922 a rate war was in progress. Shipping Conferences attempted to restrict cut-throat competition, but the situation only eased when a boom in the Atlantic trade lured away a number of tramp steamers. The tramps complicated business of the regular lines because their intrinsic unpredictability upset the regulated balance of demand and supply which the Conferences worked towards. Tramp steamers rushed to the North Pacific during the Japanese lumber "*boomlet*" of 1924, but more often appeared or disappeared according to fluctuations in the wheat trade, and the volatile nature of that trade made for weekly uncertainty in the shipping situation. 30

Competition reduced the number of regular lines and forced the survivors into greater specialization, or improving their services. Three lines started in 1919 lasted less than four years. Struthers and Dixon and the Waterhouse lines ended their service in November 1921 and the Dollar Line in July 1923. The Canadian Pacific Ocean Services further withdrew from the bulk freight trade by replacing two aging freighters, the Mattawa and the Methven

with the Empress of Canada (21,517 tons), and the Empress of Australia (21,861 tons) in July 1922. These ships ran in conjunction with the Empress of Asia and the Empress of Russia, and in 1928 a new still larger Empress of Japan (26,032 tons) was added to the fleet. Refrigeration facilities enabled these ships to carry a greater variety of cargoes, but, despite their size, they still only had a cargo capacity of 3,500 tons. True to the Empress tradition, they were primarily designed to carry first class passengers and such express luxury cargoes as tea and silk. As the fastest ships on the Pacific, they still took some of the silk trade. Moreover, after May 1921 cargo landed by other lines at Vancouver went east on C.P.R. trains. ³¹

In contrast, the Ocean Steamship Company's Blue Funnel line concentrated even more on the highly competitive bulk freight trade. Blue Funnel ships ran in conjunction with ships of the Canadian Government Merchant Marine after September 1920, and in October 1922, the British Company added its two newest ships, Philoctotes and Achilles to its trans-Pacific service. The Blue Funnel line needed all the advantages it could muster against powerful competition. The Admiral line, which entered the bulk freight trade in 1925, and the Blue Funnel line prevented the complete monopoly of this trade by Japanese lines. The giant Nippon Yusen

Kaisha line made Vancouver its Pacific Coast terminus in December 1920, and introduced new ships in November 1921. The Yamashita Kisen Kaisha began its Vancouver Service in 1922 followed by Mitsui and the Ocean Transport Company in 1925. The Mitsubishi line and the Tacoma Oriental Steamship Company also entered the business in 1929.³²

Despite this strong competition, the years from 1923-1928 were good ones for shipping men, and apart from 1922 and 1926 when British coal strikes disrupted services, the supply of shipping generally met demand at Vancouver. Shipping was attracted to Vancouver by the growth of the bulk trades, new dock facilities, revised port charges which made Vancouver the cheapest port on the Pacific Coast, and because Vancouver was the nearest port to Asia with an ice free harbour unhampered by heavy fogs. Numerous other firms set up office in Vancouver and one British firm even made Vancouver its headquarters with its sub-agency in San Francisco, a sure sign of Vancouver's growing eminence in Oriental trade. The number of new firms locating in the city between 1921 and 1926 doubled the membership of the Vancouver Merchant's Exchange.³³ Naturally, such firms were motivated by self interest, but the cumulative effect of thousands of independent business decisions maintained the profound economic significance of Oriental trade to the

evolving economy of the port.

The most obvious example of this was in the volume of shipping: vessels involved in Oriental trade composed between thirty and forty per cent of all Vancouver's shipping, more than any other route. Shipping was the second biggest spender in Vancouver ³⁴ and its influence was widespread. One shipping expert J.H. Hamilton, wrote that:

Every vessel which enters the port of Vancouver is of value to the city and province from two points of view . . . it is a direct link with foreign market and . . . every vessel must spend money while in the port and must give employment to waterfront commerce and industry. 35

The sheer bulk of shipping necessitated dock improvements that poured millions of dollars into the waterfront.

Equally, shipping provided wages for longshoremen and wharf operators, and created demand for tugs, ships stores, ships linings and all other waterfront industries amounting to roughly six million dollars in 1923. ³⁶

The Orient was the single largest market for Vancouver's exports (by volume) between 1921-1929, but not for each particular commodity. The majority of grain exports went to Europe via the Panama Canal, while shipments to the Orient averaged only twenty-five per cent of the annual total.

Thus, Oriental demand was only a secondary incentive toward the building of grain facilities that increased the port's storage capacity from 1,250,000 bushels to 11,000,000 bushels. ³⁷

But while these developments were of great long term importance for Vancouver, for Western Canada and Europe itself, publicity surrounding the burgeoning grain trade obscured the evidence that its immediate value was not as great as that of lumber. One lumberman, E.H. Andrews, argued that:

Wheat is largely a transient commodity passing through and creating no real wealth except the handling and freight charges. The products of the forest, however, must have spent on them in labour and handling many times per unit that of any other commodity before they are fashioned and finished to the demand of customers in foreign markets. 38

The value of "handling and freight charges" disparaged by Andrews was considerable, but his argument for the wider value of lumber exports is otherwise credible. The majority of firms involved in the finishing of timber were located in Vancouver. Moreover, Andrews estimated that the lumber export trade earned \$12 million in freight, occupied sixty per cent of shipping, over one hundred tug boats and scows, and necessitated \$30,000 worth of improvements to Vancouver's harbour. The Japanese market provided the biggest demand for lumber and fifty-seventy per cent of all Vancouver's lumber exports went to the Orient. 39

The same market absorbed four-fifths of Vancouver's flour exports, all of the salt fish pack and between twenty and thirty per cent of her lead and zinc exports. However, the booming metropolis of the 1920s was far more than a

creation of one trade. True the waterfront had altered at its behest: the C.P.R. had built Pier B.C. "*a vast new terminal*" specifically for the Empresses. Moreover, Vancouver's business community was swelled by firms and agencies involved in Oriental trade. However, similar claims could be made for trade with Europe which was only marginally smaller than Oriental trade.⁴⁰ Exports to eastern Canada and the United States were often larger especially in lumber. Oriental trade remained only *primus inter pares* among Vancouver's trades: its influence was evident, but not dominant.

In Vancouver's economy as a whole, Oriental trade was only one factor among very many. Nine of the ten leading manufacturers in 1926 were concerned with serving demand within the city.⁴¹ Many more of the city's enterprises supplied wholesale and financial services to Vancouver's hinterland, which in the case of grain stretched as far as Manitoba. The economy was so highly variegated that even the largest sector, sawmills, was far from dominant.

Appearances aside, nineteenth century dreams about Oriental trade were not realized. Oriental trade was not a panacea for Vancouver's growth nor was it even self-perpetuating. China's economy was not capable of returning raw materials from Vancouver as finished goods. Japan could, but the slow growth and small size of Vancouver's

imports showed that the majority of them were still the traditional products of Asia. The boom in trade during the twenties was largely composed by the expansion of grain and lumber exports to Japan. The sales of lumber continued only as long as Japanese urban reconstruction did, and Vancouver's grain and flour exports only sold extensively in certain specialized conditions. Some Canadian controlled trade had developed, but Vancouver's Oriental trade was still mainly foreign sponsored and controlled. The city's exports had prospered when demand exceeded supply, but the reversal of these conditions in the Great Depression was to expose the instability of this commerce.

Notes - Chapter IV

¹ *H&S* Vol. 2, No. 2 (February 1929), p. 65.

² *Vancouver Sun*, 20 January 1919, p. 3. and for example *Commercial Intelligence Journal*, No. 911 (July 11 1921), p. 113-114.; No. 1033 (November 17, 1923), p. 812.; No. 1146 (January 16, 1926), p. 90.

³ See "Imports and Exports at the Port of Vancouver," *H&S* 1921-1929.

⁴ *Pacific Coast Lumberman*, Vol. 6, No. 12 (December 1922), p. 55.; Vol 6, No. 2 (February 1922), pp. 19 & 52.; Vol. 4, No. 11 (November 1920), p. 44.

⁵ For a description of the damage caused by the earthquake see A.E. Bryan, "Japan and the Earthquake," *CIJ* No. 1042 (January 1924), p. 92.; No. 1043 (January 26 1924), p. 123.; *British Columbia Lumberman*, Vol. 10, No. 7 (July 1926), P. 50.; Vol. 10, No. 10 (October 1926), p. 21.; and Vol. 12, No. 12 (December 1928), p. 48. Possibly the traditional cessation of trade during the period of mourning for the Emperor slightly reduced the trade in 1927.

⁶ Lawrence, *Markets and Capital*, p. 120-121.; *H&S* Vol. 9, No.8 (August 1926), p.451.; Vol. 3, No. 4 (April 1921), p. 786-87.; Vol. 3, No. 2 (December 1921), p. 57.; *CIJ* No. 857 (June 3, 1922), p. 31.; No. 1015 (July 14, 1922), p. 54.; No. 1049 (March 8, 1924), p. 354.; and No. 1071 (August 9, 1924), p. 124.

⁷ A.E. Bryan, "The Wheat and Flour Situation in Japan," *CIJ* No. 1088 (December 6, 1924), p.557.; *IPCR* Vol. 12, No. 12 (December 1914), p. 4-6.; J.W. Ross, "Wheat and Flour in the Orient," *CIJ* No.1182 (September

25, 1926), p. 390-93.; Vancouver Harbour Commissioners, *Annual Report for the Year 1925*, p. 7. and *Annual Reports for the Year 1926*, p. 12. (i) Unusually wet weather conditions on the prairie produced a large amount of *tough* grain - i.e., grain containing too much water,; A.E. Bryan "Canada's Trade with Japan in 1926," *CIJ* No. 1214 (May 7, 1927), p. 546.

⁸Idem, "General Survey of Flour Market in Japan," *CIJ* No. 933 (December 19, 1921), p. 967-969.; "Flour Trade of Japan," No. 1091 (December 1927), p. 640-44.; *Canada's Trade with Japan in 1926*, p. 541-546.; J. Langley, "Trade with Japan," No. 1300 (December 29, 1928), p. 959. Also VHC, *Annual Reports 1926-1929*. Ninety per cent of all Japan's flour imports came from Canada.

⁹Lamb, *Empress Odyssey 1913-1945*, p. 17. (i) In 1921 the lead trade did not exist, but four years later British Columbia refineries supplied one-half of Japan's imports. J. Langley, "Canada's share of Japan's trade," *CIJ* No. 1110 (May 9, 1925), p. 446. This increase was largely attributed to improvements in Provincial refineries. Langley, *Canada's Trade with Japan in 1926*, p. 550-51.

¹⁰VHC, *Annual Reports 1921-29*.; *PCL* Vol. 7 No. 5 (May 1923), p. 22.; Langley, *Canada's Trade with Japan in 1926*, p. 548.; *CIJ* No. 833 (January 3, 1921), p. 29.; J.E. Hall, "The Foreign Trade of B.C. Ports," *Report on General Conditions of Export and Shipping presented to Members of the Vancouver Merchants Exchange - Sixth Annual Meeting September 14th 1927* (Vancouver: Merchants Exchange, 1928), p. 14.

¹¹A.E. Bryan, "Business Conditions in Japan," *CIJ* No. 948 (April 1, 1922), p. 510.; No. 984 (December 9, 1922), p. 925-26.; A.E. Bryan, "Business Conditions in Japan," No. 1070 (August 2, 1924), p. 99.; Idem, "Fiscal and Trade Notes from Japan," No. 1072 (August 16, 1924), and "Economic Conditions in Japan," No. 1124 (August 15, 1925); J. Langley, "Fiscal and Trade Notes from Japan," No. 1175 (August 7, 1926).

¹²J. Langley, "Economic Conditions in Japan," *CIJ* No. 1207 (March 7, 1927); "The Japanese Financial Crisis," No. 1216 (May 21, 1927), p. 612-14.; Idem, "The Decline in the Value of the Yen," No. 1238 (October 22, 1927), p. 585.; Idem, "The Fall in the Value of the Yen," No. 1247 (December 24, 1927), p. 819.; and "Rise in the Value of the Yen," No. 1265 (April 28, 1928), p. 652.

¹³J.W. Ross, "Commercial Conditions in China," *CIJ* No. 889 (February 14, 1921), p. 273.; Idem, "The Foreign Trade of China," No. 1023 (September 8, 1923), p. 378.; VHC, *Annual Report for 1925*, p. 17.; L.M. Cosgrove, "Trade and Economic Conditions in China," *CIJ* No. 1305 (February 2, 1929), p. 185.; Idem, No. 1136 (November 7, 1925), p. 491.; and No. 1144 (January 2, 1926), P. 22.

¹⁴L.M. Cosgrove, "Trade and Economic Conditions in China," *CIJ* No 1243 (November 26, 1926), p. 768.; Idem, No. 1136 (November 7, 1925), p. 451.; Idem, "China's Import Trade in 1926," No. 1224 (July 16, 1927), p. 85.; L.M. Cosgrove to C.M. Payne, March 26, 1927 PAC R.G. 20 Box 111, File 24439.

¹⁵"Canada Protests Action of Bandits. Dr. Lowe of Vancouver one of 15 persons ill-treated in China," *Toronto Globe and Mail*, 15 May, 1923, p. 5.; "Bandits Bargaining to Free Captives," *Globe and Mail*, 16 May 1923, p. 1. ; "Chinese Outlaws Release Captives," *Globe and Mail*, 13 June 1923, p. 1. Lowe, Buswell & Co. were agents for manufacturers within Canada.

¹⁶L.M. Cosgrove to C.H. Payne, May 27, 1927 PAC R.G. 20 Box 111, File 24439.

¹⁷J.W. Ross to F.C.T. O'Hara, September 29, 1924.; J.W. Ross, "Revival of Lumber Market at Mukden," *CIJ* No. 920 (September 1921), p. 463.; Idem, "Timber Market of China," no. 1060 (May 24, 1924), p. 615.; *PCL* Vol.7, No. 8 (August 1923), p. 19.

¹⁸ *British Columbia Lumberman*, Vol.9, "Export Section," *H&S* Vol. 9, No. 8 (August 1926), p. 379.; *BCL* Vol. 12, No. 9 (September 1928), p. 50.; *VHC*, *Annual Report for 1926, Lumber Exports.*; *H&S* Vol. 12, No.1 (January 1929), p. 13.

¹⁹ G.A.R. Emery, "China's requirements in wheat and flour," *CIJ* No. 985 (December 16, 1922), p. 966. ; J.W. Ross, "Markets for Foodstuffs in China and Hong Kong," *CIJ* No. 1047 (February 23, 1924), p. 282.; L.M. Cosgrove, "Wheat and Flour Market in China," *CIJ* No. 1158 (April 10, 1926), p. 473.; Idem, "Wheat and Flour in Orient," No. 1182 (September 25, 1926), p. 390-93.; "Wheat and Flour Situation in China," No. 1199 (January 22, 1927), p. 71-73.

²⁰ Cosgrove, *Wheat and Flour in Orient*, p. 390-393.; *VHC*, *Annual Reports 1920-29*.

²¹ G.A.R Emery, "Opportunities for Canadian products in Hong Kong," *CIJ* No. 1021 (August 25, 1923), p. 279.; Ninety-five percent of Vancouver's salt fish exports went to China. Half of them went via Japan. *VHC*, *Annual Reports 1925-29*. ; North-West Fisheries Ltd to F.C.T. O'Hara, January 22, 1925, PAC R.G. 20 File 24439, Box 111.

²² For examples of *general cargo* see "Imports and Exports at the Port of Vancouver," in any issue of *H&S*. Full details of cargoes are given therein, but the variety of measurements used make accurate comparisons very difficult. However, whether measured in bales, tons or sacks, few imports reached five figure quantities per annum.; Lamb, *Empress Odyssey: 1913-1945*, p. 17.

²³ *H&S* Vol. 6, No. 5 (May 1923), p. 258.; Edgar Walker, *Canadian Trails Revisited* (London: W.Stevens, 1924), p. 145-6.; *Year Book of Vancouver B.C.: A Repository of Miscellaneous Information Relating to Vancouver for Vancouverites.* (Vancouver: Vancouver Civic Federation, 1925), p. 81.

²⁴ *VHC*, *Annual Reports 1921-29*.

²⁵ J.W. Ross, "The Chinese and Colours," *CIJ* No. 872 (October 18, 1920), p. 1139.; Idem, "The Futility of Unpriced Catalogues in the Chinese Market," No. 924 (October 17, 1921), p. 666. and "Long Term Credits in China," No. 975 (October 7, 1922), p. 581.

²⁶J.W. Ross, "Advertising in China," *CIJ* No. 886 (January 24, 1921), p. 163.

²⁷Cosgrove, *Trade and Economic Conditions in China*, November 7, 1925, p. 491.; J.W. Ross, "Packing Goods for Export to China," *CIJ* No. 916 (August 22, 1921), p. 322.; *CIJ* No. 1146 (January 16, 1926), p. 90.

²⁸Langley, *Flour and Wheat Trade of Japan*, p. 713-721.

²⁹United States Department of Commerce, *The Changing China: Significant changes in China's economic life and their relation to foreign trade* (Washington: Department of Commerce, 1925); *IPCR* Vol. 10, No. 1 (January 1922), p. 5.; *H&S* Vol. 9, No. 8 (August 1927), p. 330.; Vol. No. 5 (July 1923), p. 330.; Knox, *The Exportation of Wheat through the Ports of B.C.*, p. 27-9.

³⁰*H&S* Vol. No. 5 (May 1921), p. 786-7.; Vol. 5, No. 5 (May 1922), p. 259.; Vol. 5, No. 9 (October 1922), p. 453.; Vol. 6, No. 1 (January 1923), p. 106.; Vol. 6, No. 5 (May 1923), p. 255.; Vol. 7, No. 1 (January 1924), p. 100.

³¹"Sailings at the Port of Vancouver," *H&S* Vol. 4, No. 12 (December 1921); Vol. 6, No. 7 (July 1923), p. 335.; Lamb, *Empress Odyssey 1913-1945*, p. 17-34.; "Refrigeration in Japan," *CIJ* No. 1020 (August 18, 1923), p. 239.; "C.P.R.'s Traffic Arrangements at the Port of Vancouver," *WB* No. 902 (May 16, 1921), p. 807.

³²*H&S* Vol. 2, No. 12 (September 1920), p. 452.; Vol. 5, No. 9 (October 1922), p. 461.; "Sailings at the Port of Vancouver," Vol. 7, No. 1 (January 1925); Vol. 3, No. 2 (December 1920), p. 595.; Vol. 4, No. 11 (November 1921), p. 21.; "Sailings at the Port of Vancouver," Vol. 12, No. 1 (January 1929), p. 12.

³³*H&S* Vol. 12, No. 6 (June 1929), p. 257.; Vol 8, No. 1 (January 1926), p. 104.; Vol. 12, No. 2 (February

1929), p. 67.; James H. Hamilton, "Factors in the Export Trade of B.C.," *H&S* Vol. 12, No. 2 (February 1929), p. 56-9.

³⁴*IPCR* Vol. 10, No. 3 (March 1922), p. 55.

³⁵*IPCR* Vol. 10, No. 2 (February 1922), p. 33-4.

³⁶*IPCR* Vol. 11, No. 3 (March 1923), p. 60.

³⁷VHC, *Annual Reports 1921-29.*; Leah Stevens, "Rise of the Port of Vancouver," *Economic Geography*, Vol. 12, No. 1 (January 1936), p. 65.

³⁸E.M. Andrews, "What Lumbering means to the city of Vancouver," *Year Book of Vancouver B.C.*, Vol. 2, 1926, p. 41.

³⁹*Ibid.*; VHC, *Annual Reports 1921-29.*

⁴⁰Lamb, *Empress Odyssey 1913-1945*, p. 41.; VHC, *Annual Reports 1921-29.*

⁴¹"Manufactures of Vancouver for the Year 1925, *Industrial Survey of Vancouver and Adjacent Territory* (Vancouver: Progress Press, 1927), p. 30. NOTE: According to the criterion established by the census, the leading manufactures were: Sawmills, Sheet Metal Products, Planing Mills, Meat Packing, Vegetable Products, Non-Metal Products, Laundries, Book Binding, Confectionery and Biscuit making and Bread industries.

CHAPTER FIVE

DECLINE AND DEMISE: VANCOUVER'S

ORIENTAL TRADE

1929-1942

The 1930s proved to be as depressing a period for Oriental trade as the 1920s had been expansive. The volume of trade fell away by one half between 1929 and 1931 and by nearly one half again by 1935.¹ Some optimism from the twenties spilled over into 1930, but the production of booster material was slight during the depression and limited to nostalgia and pure fantasy. Traditionally important exports like lumber and grain did not recover at all after 1935 and the Sino-Japanese war ended Vancouver's trade with China in 1937.

Vancouver's boosters found it more profitable to emphasize the city's expanding trade with Europe. For it was that trade which lifted the port of Vancouver out of the depression and more than filled the gap left by the shrinkage of Oriental trade. After 1937 Oriental trade survived, but only because of Japanese demands for Canadian minerals. Unfortunately for Vancouver, anti-Japanese political pressure

increasingly restricted that trade until Canada's entry into the Second World War ended Vancouver's Oriental trade altogether. The importance of Oriental trade was so reduced, in real and relative terms, that few opposed the campaign to end trade with Japan after 1937.

The reduction of Oriental trade caused by the depression of 1929-1935 was the key factor in this change of attitude. The Stock Exchange catastrophe of 1929 effectively dissolved confidence in trading and thus, the credit on which most international trade was based. As a consequence, fewer transactions could take place, markets became glutted and prices fell. Vancouver's Oriental exports fell to half their 1929 volume by 1931.² Thereafter, increased protective tariffs and depreciations in the value of Japanese and Chinese currencies restricted exports until 1935.

The immediate impact of the Crash was most evident in the bulk trades. Vancouver's exports to Japan which had increased most during the twenties, like lumber and grain, were particularly badly affected. Since 1923 Japanese lumber importers had been able to operate without capital, relying instead on the plentiful credit available. Unfortunately, domestic demand was already decreasing when the Crash dissolved that credit; imports of lumber from Vancouver plummeted by eighty per cent between 1929 and 1931. In

normal years a small, but significant portion of the Japanese market was open to Vancouver lumber. However, in an era of falling prices there was little demand for the relatively expensive Vancouver product, especially as its price was increased by tariffs and a depreciated yen. The rise of the yen in 1933 did stimulate a slight recovery in Vancouver's exports, but in 1934 the demand for medium and small squares ended and for Japan, British Columbia lumber was still seventy-five per cent more expensive than it was in 1931. ³

Vancouver's wheat and flour exports were similarly uncompetitive because of their high prices. The devaluation of the Australian dollar so reduced the price of Australian wheat that Australian merchants could undersell their Canadian counterparts by \$2-3 per bushel. In addition, the depression cut off external demand for high grade Japanese flour and consequently Japanese demand for Canadian wheat used in its manufacture. Canadian wheat faced a tariff of 2.50 yen per picul whereas Australian wheat could earn a full rebate because it was used to manufacture low grade Japanese flour which still sold abroad. As a consequence, Canada's share of Japanese wheat imports declined from seventy per cent to ten per cent (by volume) while Australia's rose from twenty per cent to seventy-five per cent and Vancouver's wheat exports to Japan fell by seventy-five per

cent. Canadian flour exports faced an ever stiffer levy of 4.30 yen per picul which cut Vancouver's flour exports to Japan by three-quarters between 1929 and 1933. ⁴

Lead sales also declined by seventy-five per cent between 1929 and 1935, however zinc, paper and salt fish exports fared relatively well because Japan had no alternate suppliers. For instance, zinc sales rose between 1929 and 1931 and although exports fell thereafter, their decline was limited, because of fixed demand for electrolyte zinc. Paper exports actually increased throughout the depression because the increasing numbers of daily and weekly newspapers in Japan required newsprint. Salt fish exports were similarly unaffected by the depression, declining only in 1932 and 1934 in response to anti-Japanese boycotts maintained by the Chinese receivers of Japanese re-exports from British Columbia. ⁵

Similar aberrations from the general decline occurred in Vancouver's exports to China for small trades required less capital than the staples and were not so badly affected by the tightness of international credit. Lead and zinc exports actually increased slightly between 1930 and 1935, probably because Canada was the only source of supply for the new Chinese plating industry. However, these exports together never exceeded 6,000 tons per annum ⁶ and could not compensate for even a small decline in major exports

like lumber.

The depression left Chinese lumber importers overstocked. By 1931 Vancouver's lumber exports were only seventy per cent of their 1929 volume, despite the aggressive marketing of one British Columbia exporting house. Sales continued to decline in 1932 because the Japanese invasion cut off trade, but fortunately for Vancouver lumbermen construction booms all over China in 1933 revived their sales. The building of telephone lines, bridges, railway lines and skyscrapers continued despite the Japanese invasion. In Shanghai, even during the fighting, the sound of hammers and saws did not cease. ⁷ Such industry continued to support Vancouver's exports at seventy per cent of their 1929 level until 1936.

Lumber shipped from Vancouver was able to meet this demand because the Canadian government subsidized shipping from Vancouver to China. The Federal government introduced the subsidy in 1929 to establish a mail service and promote lumber exports to Australia. When the Australian lumber market collapsed in 1930 the monthly service was re-directed to the steadier Shanghai market. The subsidy of \$4,950 per month was paid to ensure that at least one ship of more than 7,500 tons would carry British Columbia lumber to China each month. The slump had forced prices so low that exporters could only afford to pay freight rates below the break-even

point of shipowners. As a consequence, most tramp shipping left the North Pacific soon after 1929. Only with a subsidy could the British Canadian Steamship Company afford to carry lumber at a loss and continue Vancouver's exports to China. The service was so successful that it was continued until March 1935.⁸

The regular steamship lines also needed government subsidies to stay in business. By 1932 the C.P.O.S. had four Empresses on the Orient run carrying only 700 tons of cargo per trip on average. The passenger business remained valuable, but only its mail subsidy enabled the C.P.O.S. to maintain an unbroken service until 1937. The Japanese and United States governments also subsidized their shipping lines to preserve their Pacific trade and both American and Japanese lines continued to serve Vancouver, although with fewer sailings.⁹

The maintenance of these services was vital to most trades but demands for salt fish, flour and grain were so low in China that the availability of shipping was practically irrelevant. Salt fish exports actually survived the immediate impact of the depression quite well,¹⁰ but upon the Japanese invasion of Manchuria, Chinese importers revived the boycotting tactics used against the Japanese in 1925. As B.A. Macdonald, the Assistant Trade Commissioner in

in Shanghai explained:

This Chinese Fish Guild has definitely agreed not to buy this commodity from Japanese firms. The direct export and import can still be carried on by White firms in Vancouver and by foreign and Chinese firms in Shanghai, but the Japanese have now so long been an important factor in this trade that the fish itself has come to be regarded . . . as Japanese fish. 11

Once again Canadian controlled business was affected by the boycott because Chinese dockers did not distinguish it from Japanese business. But whether Japanese or Canadian controlled, Vancouver lost business and her exports of salt fish declined to one-fifth of their 1929 volume between 1932 and 1935. ¹²

Grain exports to China declined drastically to one per cent of their 1929 size in 1935. As during the 1920s civil war caused some disruption of trade through Shanghai and the appearance of Argentine wheat intensified competition for the shrinking market. But the greatest obstacle to Canadian wheat sales, as in Japan, was the high exchange rate of the Canadian dollar relative to the American and Australian currencies. Stiff competition always kept prices low and in 1931 the situation was worsened when the United States Farm Board sent 90,000 tons of grain to China on credit for famine relief. ¹³

The Canadian Government attempted to arrange a similar loan for Canadian wheat producers who viewed a hungry China as a likely replacement for markets lost elsewhere. As early as December 1930, Prime Minister R.B. Bennett

sent Herbert Marler, the Canadian minister to Japan, to China to arrange a bulk sale on credit. Premier J.E. Brownlee of Alberta added his support and argued that special salesmen should be sent to the Orient to support the resident Trade Commissioners. Unfortunately, little came of Marler's visit. The sale of Canadian wheat would have had to be financed by a loan from Canada and the Chinese had no wish to increase their indebtedness when plenty of cheap Australian wheat was available. As Marler admitted to the press:

At present, owing to the purchasing large quantities of wheat from Australia and the decline in exchange rates, Australians will be able to buy wheat as much as \$4 a short ton under Canadian prices.

By March 1931, the Government was under attack from two Saskatchewan Liberal M.P.s, G.W. McPhee (Yorkton), and W.R. Motherwell (Estevan), for not making a sale. The Minister of Trade and Commerce, H.H. Stevens, the Conservative Member for Vancouver Centre, could only reply that Chinese consumers seem to prefer the Australian soft wheat. But as the depression deepened on and the plight of the prairie farmers grew ever more desperate, the loss of the Canadian market appeared even more serious. In Ottawa, McPhee and Motherwell, repeatedly raised the issue between 1932 and 1934. Motherwell even argued that wheat should be sent to China for famine relief irrespective of price to relieve disaster in the West and, at the same time, cultivate a taste for Canadian wheat.

He later affirmed, "I could pound the stuffing out of the Government with respect to their ghastly apathy in the matter of Oriental markets." 15 But the Government could do little while the exchange rates worked against Canadian exports. As for the idea of giving wheat to relieve famine, Steven's advisors, the Trade Commissioners in China, pointed out that:

The famine stricken areas of China are far inland and are not served by any railway. Many who have carefully studied this matter have concluded that the foodstuff destined for the relief of the famine stricken would fall into the hands of rival armies. 16

The obstacles facing the proposed loan were insurmountable, but the need of grain farmers was so desperate that schemes for selling wheat continued to appear. One extreme idea even suggested that Canada should adopt a bi-metallic standard for her currency to avoid the problems caused by the instability of the silver based Chinese currency. Like so many other Chinese phenomena, the currency was a hangover from the nineteenth century when all the major nations based their currencies on silver. But, between 1870 and 1930 the same nations switched to gold causing the purchasing power of silver to fall to sixty per cent of its strength in 1914 by 1931. The decline from 1928 to 1932 caused a mild inflation which actually staved off a disastrous deflation and stagnation of the economy. The devaluation did make imports more expensive, but its effect was minimised by falling world prices so imports were not too badly affected. 17

However, the general search for stability in gold after 1933 further widened the gap between the price of gold and the price of silver, making imports even more expensive for the Chinese. ¹⁸ For Vancouver's exporters the position was worsened by the fluctuations in the value of silver. As K.J. Middleton, the Pacific Coast Director of Dodwell and Company pointed out:

She, China, must buy in gold and pay in silver, so that every individual transaction is subject to the fluctuating price of the white metal and the risk of exchange is so large as to make the ordinary del credere or merchant's risk relatively negligible. ¹⁹

For example, Middleton continued, in one transaction made in January 1931 a quantity of flour was sold to China at gross \$5.75 a bushel when the Chinese dollar was worth 45 cents. Accordingly, the price was 12.7 Mexican (Chinese Silver) per bushel. However, at the time of delivery the Chinese currency was worth only 22 cents so the Canadian exporter actually only received 12.7 x 22 cents or \$2.79 per bushel. Middleton concluded, "*The Merchant in China lives in a constant state of uncertainty and anxiety for fear that a fluctuation in exchange may defeat all his careful calculations.*" ²⁰

The desire of the Western economies to stabilize the price of silver led to an international agreement on July 22, 1933, to control the price of silver by speculative buying or selling as the need arose. Unfortunately, when the United States Government made large purchases of silver in 1934 it

only attracted the export of silver from China and caused a further decline in Chinese prices. China eventually solved her currency problem by switching to a new currency based on gold, but between 1933 and 1935 the gulf between the price of gold and the price of silver continued to contribute to the decline of her imports.

The other major reason behind the continuing decline was China's increasing adoption of protectionist policies. Traditionally, the influence of the foreign powers had restricted the Chinese import tariff to five per cent *ad valorem*, but in 1928 the Chinese gained tariff autonomy and began to increase their tariffs to raise revenue and protect their own industries. The revision of January 1, 1931 was aimed mainly towards the first objective, but in May a supplementary Consolidated Tax was created which weighed heavily on a few imports, notably flour. Duties on flour were increased even more by the revision of December 1933 cutting Vancouver's flour exports to one-fifth of their volume in 1929. ²¹

China became increasingly protectionist after 1933, but it was only following the example of the western powers, like Canada, where R.B. Bennett's Government increased all tariffs in September 1930 and again in June 1931. However, because demand for Oriental luxury imports was relatively

inelastic, trade only declined by fifteen per cent. ²² A more serious impediment to trade arose out of the Canadian Government's application of extra duties to compensate for the decline in the value of the yen.

The Exchange Dumping Duty was levied after October 1931 on imports from those countries whose currencies had depreciated by more than five per cent. ²³ Moreover, the Canadian Customs Act allowed Canadian authorities to fix an arbitrary par of exchange and levy duty at that or at the actual commercial rate - whichever was higher. Neither procedure was designed to discriminate against Japan but, in practice only Japanese exporters were affected and their Government vigorously protested this *de facto* discrimination. Protracted diplomatic negotiations failed to solve the dispute and so in 1935 the Japanese Government imposed an *ad valorem* super-tax of fifty per cent on wheat, flour, lumber pulp and wrapping paper imports. In retaliation, the Canadian Government imposed a surtax of thirty-three and one third per cent on all Japanese imports, and a tariff war was under way.

The different economic interests of East and West divided Canadian opinion about Bennett's policy. Eastern manufacturers welcomed the Government's stand because the dumping duties applied on goods "*of a class or kind already produced in Canada*" protected their home market from Japanese

competition. They opposed any surrender of the duties in case it led the Government to remove tariffs on imports from Europe. On the other hand, primary producers in the West were seriously affected by the Japanese surtax and campaigned strenuously for the removal of the controversial duties. The issue contributed in part to the defeat of the Conservatives in 1935 and one of the first acts of Mackenzie King's new Government was to neutralize the offensive stipulations. Eastern Textile manufacturers, in particular, warned that Japanese imports would put them out of business, but although imports from Japan did increase, 1936-1938 sales by Canadian mills increased by far more. ²⁴

Exporters welcomed the end of the tariff war on both sides of the Pacific, but while Vancouver's exports had been noticeably reduced, the effect on Vancouver's imports from Japan was less than was then believed. Writing in 1940 C.J. Woodsworth asserted that "*Japanese imports into Canada declined sharply*" and cited a Japanese source "*that claimed some Japanese importers in British Columbia had been forced out of business.*" Canadian trade statistics show that the value of Japan's exports to Canada fell by fifty per cent between 1930 and 1935, but the volume of Japanese imports at the Port of Vancouver only fell by fifteen per cent between 1930 and 1933, and actually completely recovered by 1935. ²⁵ The

value figures given in the Canadian Sessional Papers were misleading because they did not take into account the depreciation of the yen, which meant that Canadians needed to spend fewer dollars to buy Japanese products. Unless the volume of trade rose considerably, the amount spent on imports would naturally fall. The reduction in revenue from sales of Japanese goods was the real reason for the failure of Japanese importers in British Columbia.

Nevertheless, because of the reduction of Vancouver's exports, Mackenzie King could justly claim that "*the effect of the restoration of normal trade relations between Canada and Japan has been to put back to work thousands of men in the Province of British Columbia.*"²⁶ But while the new Prime Minister could rejoice in the completion of one part of his electoral platform, another part was about to threaten his accord with the Far East. The Liberals had been very successful in British Columbia in the Federal election of 1935 partly because they convinced the electorate that the Co-Operative Commonwealth Federation was dedicated to Oriental enfranchisement. In a vicious campaign designed to play upon anti-Oriental fears in British Columbia, the Liberals heavily publicised the CCF's supposed commitment. Liberal propaganda blared out that, "*A vote for any CCF Candidate is a vote to give the Chinaman and the Japanese the same voting rights as you have.*" One radio broadcast

appealed to the electorate's lowest fears:

Look behind the solicitor for a CCF Candidate and you will see an Oriental leering over his shoulder with an eye on you and your daughter. 27

In the subsequent election the Liberals swept into power and only three CCF Candidates were elected in British Columbia. All three recognised the Janus mask of a government compromising between anti-Oriental feeling in British Columbia and Canada's desire for Oriental trade. One of them, Angus MacInnes (Vancouver East) sought to embarrass the Liberals by arguing, with the religious fervour of an unbeliever, that if Orientals in Canada were not allowed full civil rights then immigration should be banned completely. Ignoring this subtle provocation, Mackenzie King donned his public face and reacted to quash the motion. He replied that:

He surely must appreciate the importance to B.C. in the development of its trade on the Pacific of maintaining the friendliest relations with countries with which it hopes to trade. . . . Certainly in the little time that normal trade relations have been restored there has been evidence as a result thereof of a very considerable development of industry in B.C. . . . Any act of exclusion against Orientals would pretty soon put an end to trade relations with countries against which the Act might be directed. 28

Clearly King's last assertion was false: the Chinese Immigration Act of 1923 and the Gentlemen's Agreement with Japan had effectively limited immigration without ending trade. However, the Governments in the 1930s were as sensitive as those in the previous fifty years to the prospect of

offending China and Japan. Moreover, they had a convenient double standard. In 1932, H.H. Stevens, Minister of Trade and Commerce, had opposed a motion by Liberal M.P. Tom Reid (New Westminster) to exclude Chinese seamen from serving on Canadian subsidized ships because, as he put it, *"it would ill become Canada, through its Parliament, to discriminate against the citizens of countries with which we are seeking to develop trade."* Steven's also believed that Canada's trade with the Orient was 'substantial' and 'increasing'.²⁹

The Kuomintang were not happy with this hypocrisy. One part of the Nationalists' programme was the fair treatment of all Chinese abroad and in 1931 several articles appeared attacking Canada's Immigration Act. Writing in the China Weekly Review, C. Pao lashed out at *"the humiliating nature of the Immigration Act and the action of the Canadian Government in subjecting Chinese Nationals to a discriminatory treatment and regarding them as outcasts."* Wang Ai-Tsung wrote in the Shanghai Weekly Review that, *"the success of Canadian trade in China will be short lived indeed if Canada persists in humiliating Chinese immigrants with her inhuman, discriminating Immigration laws."*³⁰

The precise effect of this resentment is unclear, but it was more potentially damaging than previously because Chinese merchants had more control of their trade than ever before. Certainly, Canada's Trade Commissioners in China

saw Canada's Immigration Act as an obstruction to trade.

Assistant Trade Commissioner Macdonald, wrote from Shanghai in 1931:

If the immigration matter can be settled Canada can make her relations equally or more friendly than those of any other country. The fact that silver appears to be strengthening and that our funds are at a discount in terms of U.S. gold dollars . . . is a considerable advantage. 31

However, Chinese merchants had better reasons than prejudice to stop them trading with Canada. Price was the best one. The shrunken international market was crowded with nations cutting prices and, as in the case of wheat sales, Canada's products were generally too expensive. In addition, Canadian entrepreneurs were continuing their inglorious tradition of sloth in exploiting the Chinese market. The Trade Commissioner for Shanghai commented in his Annual Report:

Despite Canada's many years of trade with China and despite its rapid and efficient steamship service, life insurance predominance and geographical location the number of factory or technical representatives of Canadian industries can be counted on the fingers of one hand. 32

Moreover, Vancouver's shipping on the China run was reduced in 1935 by the disappearance of the Robert Dollar Line. As the Trade Commissioner in Hong Kong, V.E. Duclos, noted:

Of particular interest to Canada was the removal of one United States Line from Vancouver as a port of call [leaving two lines] . . . insofar as the interests of one line [CPOS] lies in high rate cargo, direct freight service in raw products and cheaper bulk goods has

therefore been reduced by fifty per cent. 33

Where trade conditions were more favourable, Chinese merchants did trade with Canada, despite Canada's Immigration Act. However, as C.J. Woodsworth claimed at the time, when the price of Canadian goods was the same as others, Canada's policy may have swayed Chinese buyers against them. Determining the exact impact is not possible from the available source material, but if Chinese resentment was a lesser negative factor it was still negative. As L.M. Cosgrove, Trade Commissioner in Shanghai put it:

It is difficult to say how much harm is suffered by Canada's trade through the reaction to our immigration laws on this side. Probably it is not large, but nevertheless it always exists as a potential threat to pleasant relations. 34

Such discussions and the state of trade did little to enhance the myth of Oriental trade. Although, somehow the sterile old lines survived in the odd booster publications. In Vancouver: The Golden City of the West, published in 1935, Oriental trade was denoted as 'ever-increasing'. Even more strangely, a scholarly article by Leah Stevens on the rise of the Port of Vancouver, revived some familiar misconceptions about Oriental trade. Stevens wrote:

Vancouver is more favourably suited than any other North American Port to capture the growing trade of the Orient . . . Japan and China are turning increasingly from rice to wheat flour as a staple food and they favor the hard wheat of Canada. 35

This was a testimony to the longevity of the myth. But apart from such fantasy the only new manifestation of the myth was

appropriately nostalgic. The Empress Exhibition of 1930 in Vancouver attracted thousands who wanted to see and learn about the original graceful white ships which had dominated the harbour thirty years before.

By contrast, C.P. ships in the 1930s were struggling to find cargoes. The Canadian company had lost all the silk and tea carrying trades to Japanese shipping lines. Because of competition with rayon and other substitutes the price of silk fell from \$5.11 per pound in 1929 to \$1.27 in 1934. Accordingly, it was less expensive to insure and the fast transit of the Empresses became less advantageous. As a consequence, the business moved to N.Y.K. which had recently established an all water route to New York via Panama and could undercut the C.P.O.S. In 1936 C.P. ships carried only 736 bales of silk (or 0.1 per cent of Japanese silk exports) and 253 tons of tea (0.7 per cent of Japan's tea exports).³⁶

The C.P.O.S.' fortunes were symbolic of the declining significance of Oriental trade to Vancouver. The depression hurt Oriental trade as badly as the other Oceanic trades, but in 1933 nineteen per cent of sailings from Vancouver were still involved in Oriental trade. Only trade with Europe used more shipping. B.A. Macdonald, Canadian Trade Commissioner in Hong Kong commented that, "*an important share of*

*the trade with the U.S. is carried by the Canadian Steamship line, the C.P.O.S. and the Ocean Shipping Company. This transit trade is of great importance to the port of Vancouver and Victoria."*³⁷

However, the world was becoming increasingly protectionist, increasingly divided into trading blocs. Accordingly, the recovery of Vancouver's overseas trade in 1935-1936 came through trade with Great Britain, Europe and the Dominions, and not trade with China and Japan. By 1936 thirty-five per cent of sailings to and from Vancouver were European, only ten per cent Oriental. Perennially important exports like lumber and wheat failed to recover after 1935. Moreover, the beginning of the Sino-Japanese War in 1937 cut off Vancouver's trade with China altogether. In September 1937, an editorial in Harbour and Shipping expressed the fears felt by merchants in Vancouver:

While Canada's trade with China and Japan constitutes only a very small percentage of her total foreign trade, our total imports and exports from China and Japan amounting to \$32 million, practically all this trade is done through the Pacific Coast ports and the possible effect of the present conflict in the Orient is a matter of great concern for Vancouver.

Eighteen months later the Vancouver Harbour Commissioners ruefully noted "*the loss of tonnage in 1938 due to the decline in trade to and from China and Japan was 191,000 tons.*"³⁸

The only valuable trade left between 1935-1940 was the export of minerals to Japan and that business was controversial from the start. Sales of zinc, nickel and

scrap iron first began to increase in 1934 prompting J.S. Woodsworth, the leader of the CCF, to introduce a motion in Parliament calling for a prohibition of such exports. Woodsworth found little support in 1934, but after Japan's invasion of China, opinion in Parliament and in Canada in general moved strongly against Japan. In Vancouver, Chinese grocers organized a boycott of Japanese goods and anti-Japanese protesters picketed a C.P.R. liner unloading Japanese goods. Both actions were supported by female humanitarians and had very limited practical effect. But, the CCF and Canadian Labour Unions also joined in the boycott, especially of materials used in the manufacture of arms. In Parliament, Angus McInnis lobbied for an embargo on exports to Japan. M.J. Coldwell criticized the Government's policy of ending trade with Spain while profiting from Japanese aggression. Coldwell claimed that:

Our export figures today represent in part the price that is being paid by the mangled bodies of women and children in congested Chinese cities. 39

The official reaction to such criticism was that any action against Japan would imperil the Government's careful policy of neutrality. By placing an embargo on war supplies to Spain, Canada was following an international trend of adherence to the recommendations of the London Committee for Non-Intervention. In addition, Canada's trade with Spain

was far less valuable than that with Japan. Certainly Mackenzie King did not want to destroy a growing part of Canada's trade nor offend the commercial interests involved. The Prime Minister was also wary of offending Japan. Since 1931 Canada's Far Eastern policy had involved a balancing act of the conflicting interests of China and Japan. Thus by 1938, the King Government was still allowing the export of machinery to Japan, while ordering the construction of defence fortifications on the Pacific Coast. ⁴⁰

The motives of the opposition were equally complex. A strong lobby led by J.S. Woodsworth opposed the Government's policy on moral and humanitarian grounds. But, there was also a movement among alarmists who believed Japan was preparing the conquest of Canada, and among the suppliers of Canada's home market who wanted legislation against Japanese imports. The former group was led by Liberal M.P. Tom Reid (New Westminster) and A.W. Neill, (Comox-Alberni) and writers such as C.E. Hope and P.K. Earle. These agitators of long standing, claimed that the Japanese population in British Columbia were working on the Pacific Coast in preparation for a Japanese takeover. Since 1931 Reid had maintained that the Japanese had taken over the British Columbia fishing industry. According to Hope and Earle, Japanese were buying up huge tracts of timber in

British Columbia and/or concealing weapons and performing subversive activities. Naturally, Japan's invasion of China gave new fuel to such fears. When Archdeacon F.G. Scott of Quebec alleged that Japanese navy officers were living in disguise in fishing villages in British Columbia and that their fishing boats were armed with concealed sixteen inch guns, he set off a new round of anti-Oriental agitation in the Province. ⁴¹

Some of the paranoia even crept into traditionally rational arguments of eastern producers. Domestic manufacturers still maintained that Japanese exporters could always undercut Canadian business because of their low labour costs. As an example, Albert Brown, Conservative M.P. for Hamilton East, pointed out that Japanese toys flooding the market had dominated Christmas sales in 1937. However, the fear of Japanese dumping was added to by evidence of 'unfair' competition. In Parliament, H. Green Conservative, (Vancouver South), T. Reid and Vital Malette Liberal, (Jacques-Cartier) presented evidence that Japanese firms were marketing their fish in Australia with Canadian labels, like Birks, Crawford Limited of Vancouver. Investigations by the Commercial Intelligence Service revealed other infringements of copyright on Japanese goods sold in Canada. Levi Jackson and Son complained to the

Minister of Trade and Commerce, W.D. Euler, that their nets remained unsold in British Columbia because of 'unfair' Japanese competition. Subsequent research showed that only nine per cent of the nets sold in British Columbia were made by Japanese and that the fall in Levi Jackson's sales was really do to over supply of equipment in their industry. But while accepting this point Levi Jackson replied that British Columbia fishermen were too poor to buy anything but 'cheap' Japanese nets. ⁴²

The cumulative effect of this stream of protest was to portray the Japanese in general as aggressive, subversive, unprincipled opportunists attempting to seize Canada's trade if not Canada herself. These protests against trade with Japan continued to haunt Parliamentary business throughout 1938 and 1939. M.J. Coldwell quoted the Toronto Star of May 16, 1938 as reporting the sale of Canadian planes to Japan at the same time as the bombing of a Canadian Baptist mission. K.K. Hormuth Conservative, (Waterloo South) informed the House early in 1939 that Japanese firms controlled seventy-two per cent of the cotton-rayon bedspread business in Canada and that imports from Japan supplied forty-three per cent of woolens and sixty-five per cent of worsted material purchased in Canada, forcing Canadian firms out of business. On the hysteria front, Gordon

Graydon, Conservative (Peel) informed the House that a shipment of shaving brushes from Japan had been found to be infected with anthrax. In reality only one had been found in North Dakota, but as some of the brushes were discovered in British Columbia their importation was banned thereafter by Order-In-Council. ⁴³

General demand for an end to trade with Japan took a more organized form in 1938 with an attempt to use a clause of the Canadian Shipping Act of 1934 to restrain Canadian ships from carrying munitions to Japan. But it was largely the threat of impending war that forced the Government into action. Thomas Douglas, CCF, (Weyburn, Saskatchewan) put the issue very clearly in his pursuit of the International Nickel Company, the corporation which controlled all nickel exports to Japan:

Will it be a great source of comfort to certain Canadian boys to know that the bullet which maimed them for life was made from Canadian nickel, sold by the International Nickel Company? To citizens of Vancouver it may be a source of patriotic pride to know that one of the Japanese bombing machines which bombed the city was manufactured by the Canadian Car and Foundry Co. . . .44

In 1939 the King Government initiated a system where permits were required for any export to Japan. This regulation enabled it to limit trade precisely. In October 1940 a ban was placed on copper exports; in September 1941 a Government Order-In-Council ended trade altogether. ⁴⁵

Once legislation against the export of metals was

complete, trade with the Orient practically ended. Paradoxically Vancouver's business community did little to preserve Oriental trade. Fifty years previously they struggled fiercely to defend a far smaller commerce from anti-Oriental agitation, but there were three crucial differences between the two situations. In 1886 the myth helped to protect trade; in 1938 the myth was dead. In 1938 the threat from the Far East affected the entire nation not just a minority in British Columbia. In 1886 Oriental trade was the only factor supporting Vancouver; in 1938 Vancouver had many other economic assets. Despite the reduction in Oriental trade Vancouver's harbour had a record year in 1939 and the city enjoyed a pre-war boom. In this atmosphere, defending Oriental trade no longer appeared to be worthwhile.

Notes - Chapter V

¹VHC, *Annual Reports 1929-35*.

²*Ibid.*

³*BCL* Vol.15, No. 5 (May 1931), p. 26.; VHC, *Annual Reports 1929-35*. ; *BCL* Vol. 14, No. 3 (March 1930), p. 27.; Vol. 15, No. 5 (May 1931), p. 129.; Vol. 18, No. 3 (March 1934), p. 28.; Vol. 18, No. 2 (February 1934), p. 23.

⁴R. Grew, "Japan's Wheat Trade with Canada in 1931," *CIJ* No. 1472 (April 16, 1932), p. 619-21.; J. Langley, "Flour and Wheat Trade of Japan," *CIJ* No. 1492 (September 3, 1932), p. 386-90.; VHC, *Annual Reports 1929-35*.

⁵*Ibid.*; P.V. Mclane, "Zinc Trade of Japan," *CIJ* No. 1679 (April 4, 1936), p. 236.; J.A. Langley, "Paper Trade of Japan in 1933," *CIJ* No. 1580 (May 12, 1934), p. 762-770.; *H&S* Vol. 15, No. 10 (October 1932), p. 267.

⁶VHC, *Annual Reports 1929-35*.

⁷*Ibid.* ; *CIJ* No. 1424 (May 16, 1931), p. 777.; *BCL* Vol. 17, No. 3 (March 1933), p. 19.; Vol. 17, No.9 (September 1933), p. 25.; *B.C. and China* PAC R.G. 20 File 19260, Contract 83, No. 1365.

⁸*Ibid.*

⁹Lamb, *Empress Odyssey 1913-1945*; *H&S* Vol. 18, No. 8 (August 1935), p. 193.

¹⁰Exports fell from an average of 50,000 tons per annum to 37,978 tons in 1930 and 38,199 in 1931, but 14,700 tons in 1932. *H&S* Vol. 15, No. 10 (October 1932), p. 267. and (January 1934), p. 9.

¹¹Macdonald to Cosgrove, September 24, 1931 PAC R.G. 20, File 24439, Box 111, Vol 1

¹²VHC, *Annual Reports 1929-35*.

¹³*Ibid.*; L.M. Cosgrove, "Review of China's Wheat Trade in 1932," *CIJ* No. 1519 (March 11, 1935), p. 321-24.; B.A. Macdonald, "Wheat Import Trade of China in 1931," No. 1483 (July 2, 1932), p. 1-4.

¹⁴Woodsworth, *Canada and the Orient*, p. 233.; "Wheat Salesmen suggested for Orient," *Vancouver Sun* 23 January 1931, p. 16.

¹⁵Canada, *Debates*, March 18, 1931 p. 118-19.; May 15, 1931 p. 539.; May 12, 1931 p. 507.; February 6, 1934 p. 315.; June 7, 1934 p. 3746.

¹⁶L.M. Cosgrove to C.R. Macintosh, April 30, 1930 PAC R.G. 20, File 24439, Box 111.

¹⁷Canada, *Debates*, February 26, 1934 p. 946.; Arthur, B. Lewis, "Silver and Chinese Economic Problems," *Pacific Affairs*, Vol. 8, No. 1 (March 1935), pp. 48-56.; L.M. Cosgrove, "Foreign Trade of China in 1932," *CIJ* No. 1521 (March 25, 1933), p. 421.

¹⁸Lewis, *Chinese Economic Problems* .

¹⁹Kenneth J. Middleton, "Trade Relations with the Orient and Silver," *Proceedings of the 18th Annual Convention: Association of Pacific and Far East Ports at Vancouver, Canada August 13-15, 1931*, p. 24.

²⁰ *Ibid.*

²¹ A.K. Doull, "Central and North China Wheat and Flour Market," *CIJ* No. 1604 (October 27, 1934), p. 655-56.; VHC, *Annual Reports 1929-35*.

²² Woodsworth, *Canada and the Orient*, p. 242.

²³ *Ibid.*

²⁴ K.W. Taylor, "The Canadian-Japanese Tariff War," *Pacific Affairs*, Vol. 8, No. 4 (December 1935), p. 475-77.; Woodsworth, *Canada and the Orient*, p. 244.; Canada, *The Report of the Royal Commission on the Textile Industry*, (Ottawa: Kings Printer, 1938), p. 26-27.

²⁵ Woodsworth, *Canada and the Orient*, p. 243.; Canada, *Sessional Papers, Annual Departmental Reports*, "Trade of Canada 1930-35".

²⁶ Canada, *Debates*, February 11, 1936 p. 85.

²⁷ Ken Adachi, *The Enemy that Never ^{& Japan} Was: A History of the Japanese-Canadians* (Toronto: McClelland, 1976), p. 182.

²⁸ Canada, *Debates*, February 20, 1936 p. 373.

²⁹ Canada, *Debates*, April 28, 1933 p. 4407.

³⁰ Arthur Ransome, *The Chinese Puzzle* (London: University Press, 1927), p. 189.; C.A. Pao, "Canada's Chinese Policy Obstructs Trade," *China Weekly Review*, November 15, 1930.; Wang Ai-Tsung, "Canadian-Chinese Trade blocked by Immigration Laws," *Shanghai Weekly Review*. cited in *Vancouver Sun*, 21 January 1931, pp. 1 & 22.

³¹ B.A. Macdonald, *Business Events* PAC R.G.20, Box 111, p. 13.

³²L.M. Cosgrove, *Annual Report for 1931*, PAC R.G.20, Box 111, p. 82.

³³"Schedule of Sailings," *H&S* Vol. 18, No. 1 (January 1935); V.E. Duclos, *Annual Reports: Hong Kong 1935*, PAC R.G.20, Box 1460, p. 4.

³⁴Woodsworth, *Canada and the Orient*, p. 248.; Cosgrove, *Annual Report for 1931*, p. 44.

³⁵*Vancouver: the Golden City of the West* (Vancouver: Lumberman Publishing Co., 1935), p. 24.; Stevens, *Rise of the Port of Vancouver*, p. 68.

³⁶Lamb, *Empress Odyssey 1913-1945*, p. 38-40.; A.K. Doull, "Japan's Export of Raw Silk in 1937," *CIJ* No. 1777 (February 19, 1938), p. 247.

³⁷The proportion of Vancouver's shipping involved in Oriental trade is calculated from the statistics of inward and outward voyages given in *H&S* 1930-35.; B.A. Macdonald, "Trade of Hong Kong in 1933," *CIJ* No. 1587 (March 17, 1934), p. 337-341.

³⁸VHC, *Annual Reports 1936-1941.*; "Sailings to and from the Port of Vancouver," *H&S* 1930-35.; "Conflict in Orient Disrupts Trade," *H&S* Vol. 20, No. 9 (September 1937), p. 218.

³⁹J. Langley, "Market for Lead in Japan," *CIJ* No. 1590 (July 21, 1934), p. 117-120.; Woodsworth, *Canada and the Orient*, p. 202.; J. Arthur Lower, *Canada and the Far East* (New York: Institute of Pacific Relations, 1940), p. 172.; Adachi, *The Enemy that Never Was*, p. 184.; Canada, *Debates*, February 1, 1938, p. 377 & 106.

⁴⁰The relative values of Canada's Spanish and Japanese trade was discussed in the *Financial Post*, 4 September 1937.; The contradictions in King's policy were exposed by J.S. Woodsworth, leader of the C.C.F. Canada, *Debates*, February 14, 1938 p. 379.

⁴¹Charles. E. Hope and P.K. Earle, "The Oriental Threat," *Macleans Magazine*, May 1, 1933, p. 12-13 & 54-55.; Canada, *Debates*, February 23, 1938, p. 737.; *Toronto Star*, December 17, 1937.

⁴²Canada, *Debates*, February 4, 1938, p. 190.; *Ibid.* April 6, 1939, p. 2643-46.; B.C. Butler to the Director of the Commercial Intelligence Service, May 23, 1939. PAC R.G. 20, File 20783, Vol. 75.; Also, H.F. Dalton to J.G. Parmalee, September 15, 1939.

⁴³Canada, *Debates*, May 16, 1938, p. 2910.; *Ibid.*, March 16, 1938, p. 1397-98.; January 26, 1939, p. 332-33. and February 1, 1939, p. 520.

⁴⁴*Ibid.*, February 1, 1938, p. 374. and April 3, 1939, p. 2521.

⁴⁵"Japan Trade ban will have little effect," *Vancouver Sun*, 26 July 1941, p. 11.; "Canada Restricts Japanese Imports," *Victoria Times*, 29 September 1941, p. 3.

CONCLUSION

Despite its undistinguished demise the growth of Vancouver's Oriental trade was quite respectable between 1886 and 1942. Certainly before 1914 its development was slow and erratic, but the myth hid that unexciting reality and encouraged the C.P.R. to found Vancouver and develop the original core of the city. But thereafter urban growth and economic diversification reduced the impact of any one trade on the city. Moreover, the First World War exposed the myth, the small size of trade, and so many believed, the failure of Canadian entrepreneurs to expand trade. In lieu of Canadian enterprise Japanese businessmen developed Vancouver's Oriental trade and, together with American and British firms, increased trade to record heights during the 1920s. As the largest single trade, Oriental trade contributed greatly to employment and prosperity in the port of Vancouver. But much of that impact was removed by the reduction of trade during the depression of the 1930s. True Oriental trade was still larger in 1935 than it was in 1921 but its slow recovery from the depression and expansion in other trades meant it was barely missed after 1936.

As Oriental trade faded, Canadian Trade Commissioners continued to blame Canadian entrepreneurs for the shortcomings in Oriental trade. A more balanced view of the situation in the

late 1930s would consider problems like internal unrest in China, changes in Japanese trade and the high price of Canadian goods. But Trade Commissioners naturally stressed the role of Canadian merchants because they were employed to assist them. Obsessed with prodding Canadian businessmen, they ignored the positive role of foreign firms and the possibility that Canadians had better opportunities elsewhere. Faced with strong foreign competition and the particular difficulties of trading with the Orient, Canadian merchants may have been wise to hold back on certain occasions. Furthermore, there is no way of proving the inference that more effort by Canadian entrepreneurs would have increased trade. Yet, despite all this there are indications, in the lost opportunities for sales of paper in 1907 and lumber in 1915, that the lethargy of merchants limited trade at certain times.

When Vancouver's Oriental trade first began most Canadian businessmen shared a common lassitude acquired in the domestic market. Intrinsicly cautious, the few firms which probed Oriental trade were not prepared to invest heavily in branch offices in China and Japan until they knew their products would sell. As an experiment they marketed their goods through local agencies who, naturally enough, left the Canadian wares on the shelf while they sold their own products. Sales of Canadian goods were understandably poor and disheartening to their producers.

Canadian entrepreneurs were also discouraged by other hindrances to trade. Resentment provoked by Canada's immigration laws seemed to bias consumers against Canadian goods when other brands were comparably priced. However, high rail and ocean freight rates ensured that Canadian

goods were rarely competitively priced, so one evil negated another. Shipping space was in short supply as well as expensive. The cargo capacity of C.P. ships was small. Space on other shipping was rarely available because Blue Funnel was committed to the European market and Japanese carriers always gave Japanese cargoes preference.

Given these adversities and the limited demand for Western goods in China and Japan Canadian merchants could not be faulted for looking elsewhere. But when a change in the trading situation gave those same businessmen a chance to secure part of an expanding trade they displayed only timidity and a lack of vision which ensured that Vancouver's Oriental trade would remain under foreign control. The chance came during the First World War when British and American competition was reduced. Canadians had an opportunity to take over their business in China and supply the growing demands of an industrializing Japan. Unfortunately, Canadian entrepreneurs could not jump into this opening because they had no means of trade. All the foreign shipping and brokers which normally served Vancouver were active elsewhere. But while this was frustrating, the disruption gave Canadians a golden opportunity to set up their own trading organizations and operate independently. This junction could have made a turning point in the history of Vancouver's

Oriental trade, the period when Canadians could have acquired a permanent share of the city's commerce with China and Japan.

Sadly, the great majority of Vancouver's businessmen ignored the opening. Canadian enterprise was so thin that the Empresses could find no Canadian cargo to carry in 1919. Frustrated by Canadian inactivity Japanese businessmen began to import Canadian products themselves: wheat and flour for their growing population, raw materials for their industry and lumber for construction in their cities. Returning shipping restored American and British dominance in China and Vancouver's Oriental trade was once again controlled by foreign enterprise.

During the 1920s this was not necessarily bad for Vancouver. Oriental demand was so buoyant that normally over priced Canadian products sold very well; provided foreign brokers and shipping were there to deliver them. But when the boom collapsed after the Crash of 1929 so did Vancouver's exports. In a world of falling prices Canadian goods became relatively expensive. Oriental customers who had purchased Canadian grain and lumber in the 1920s sought out wheat from Australia and timber from the United States instead. No Canadian companies had the business organization to support Canadian trade in hard times so Vancouver's

commerce fell to a fraction of its former size. The same absence of commitment explained why no Canadian firms fought against the anti-trade legislation proposed after 1936.

Reality was so obviously at variance and Vancouver's destiny so manifestly elsewhere that the myth could no longer have any currency. Like all falsehoods the myth flourished best when reality was unclear as in Vancouver before 1914. But its influence was strong then because it represented the aspirations of Vancouverites. In its first years Vancouver was little more than a railway and steamship terminus for trade with China and Japan. The myth provided evidence that this alone would assure Vancouver of a great future, so it was eagerly adopted by investors in the new city. Wanting to believe in the myth they saw each sailing of the Empresses as sure indicators that the prophecies of the myth were coming true. They heard the testimonies of eminent politicians and businessmen to the great growth of Oriental trade. They read the 'evidence' of C.P. directors that Vancouver was dominating Oriental freight and passenger traffic. In the 1900s, they were informed of the expanding grain export business and impressed by the establishment of the Blue Funnel line. The myth required no plot against the truth, merely Vancouverites' willing acceptance of claims about Oriental trade.

This acceptance continued while the city acquired new businesses and grew in prosperity. However, when the First World War brought depression and cut off many avenues of trade the real value of Oriental trade was closely appraised and the myth exposed. The myth did return when trade thrived in the 1920s but it was much diluted. The experience of isolation between 1914 and 1918 did much to free Vancouverites of the false consciousness of the myth and they were never so strongly influenced again. The real details of trade and Vancouver's growth were readily available and they belied the need to consider any fantasy. The myth did survive through the 1930s but without followers or influence. Appropriately its final basis was nostalgia, founded like all other legends, on a romantic past which had never existed.

Ironically, this emascualtion of the myth mirrored the fading influence of Oriental trade in Vancouver. But the fate of the myth and reality were always linked. The myth was often prominent when Oriental trade was actually influential in Vancouver because evidence of that real impact was interpreted to justify the claims of the myth. For instance, the Empress liners were important to Vancouver because they created employment and necessitated expenditure in the port. However, the myth hid this fact by identifying

those ships as proof of the city's ever increasing trade.

On the other hand, the myth also boosted reality. It was the lure of a lucrative, augmenting commerce that brought the C.P.R. to build its railway and steamship terminus at Coal Harbour on Burrard Inlet. Certainly there were other considerations, including the financial incentives offered by private business and the Provincial Government, but the first criterion in selecting a site was its potential as a deep sea harbour. In pursuit of Oriental trade the C.P.R. invested millions of dollars in that site, gave birth to the company town of Vancouver and supported it through its first fragile years.

If the C.P.R. had not been so interested in Oriental trade the railway would still have been built, but the terminus would not necessarily have been on Burrard Inlet. The city of Vancouver may well have grown up irrespective of the C.P.R., but its development would have been completely different. Although there were other contributory factors, the C.P.R.'s pursuit of Oriental trade was the primary reason why the city of Vancouver was born in 1886 and why its original core on Burrard Inlet developed as it did.

After 1896 Vancouver attracted other economic activity and as its economy diversified the relative significance of Oriental trade declined. Except in the 1920s, the size of trade was never very large. The Empresses and the Blue Funnel

ships only carried small annual cargoes compared to lines sailing out of American ports and each company possessed only a tiny share of Oriental trade as a whole. Their value to Vancouver lay in facilities and work force needed to service them. During the First World War shipping on the Orient run kept Vancouver's docks alive and between 1919 and 1930 the proliferation of shipping lines on that route brought millions of dollars of expenditure to the port.

The passage of bulk exports also created employment and investment in the city. Packing and wholesale facilities developed to deal with break bulk cargoes like apples and salt fish. Bulk storage and transfer equipment had to increase to service expanding grain and flour exports. Most important of all, the Oriental market provided the largest demand for Vancouver's saw-mills which, throughout the period, were always among the biggest employers in the city.

The loss of these trades and shipping during the depression was very harmful to Vancouver, yet by the end of the decade Vancouverites watched academically as Japanese trade was ended by legislation and Chinese trade by war. They were indifferent because Oriental trade was no longer that significant to the city. Other oceanic trades had recovered sufficiently after 1935 to raise Vancouver's deep-sea commerce to record heights while Oriental trade languished

at low levels. In a city recovering rapidly because of a multitude of trades and industries, the disappearance of one commerce was not too disturbing.

Oriental trade could die quietly because, for the first time in fifty years, it was not influential in Vancouver. The myth no longer existed to attract population and investment. The reality was not visible in the city's harbour or docks. Between 1886 and 1942 the myth bolstered the real impact of Oriental trade on Vancouver and reality provided support, when misinterpreted, for the myth. When the Great Depression revealed the basic instability of the boom and war and politics forestalled the recovery of trade, the symbiotic relationship between myth and reality vanished, and Vancouver's Oriental trade soon followed.

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APPENDIX

Vancouver's Oriental Trade 1921-1935

Sources: Vancouver Harbour Commissioners, *Annual Reports 1921-1935* ; *Harbour and Shipping 1921-1939*.

TABLE 12
VANCOUVER'S TRADE WITH
JAPAN 1921-1929
(In Tons)

YEAR	IMPORTS	INDEX	EXPORTS	INDEX
1921	36,216	100	84,318	100
1922	38,163	105	211,333	251
1923	36,382	100	236,688	280
1924	29,203	80	315,314	375
1925	35,708	97	309,709	367
1926	41,662	113	964,460	1147
1927	52,576	144	835,816	994
1928	55,375	152	1,233,378	1467
1929	57,012	158	1,029,958	1225

Source: Vancouver Harbour Commissioners, *Annual Reports 1921-1929*.

TABLE 13
VANCOUVER'S TRADE WITH
CHINA 1921-1929
(In Tons)

YEAR	IMPORTS	INDEX	EXPORTS	INDEX
1921	42,283	100	57,446	100
1922	36,775	85	54,730	94
1923	52,350	123	131,585	229
1924	41,625	97	326,479	571
1925	38,137	90	234,775	410
1926	36,649	85	211,207	370
1927	44,147	104	163,948	285
1928	48,648	114	277,480	485
1929	35,535	83	564,288	989

Source: Vancouver Harbour Commissioners, *Annual Reports 1921-1929*.

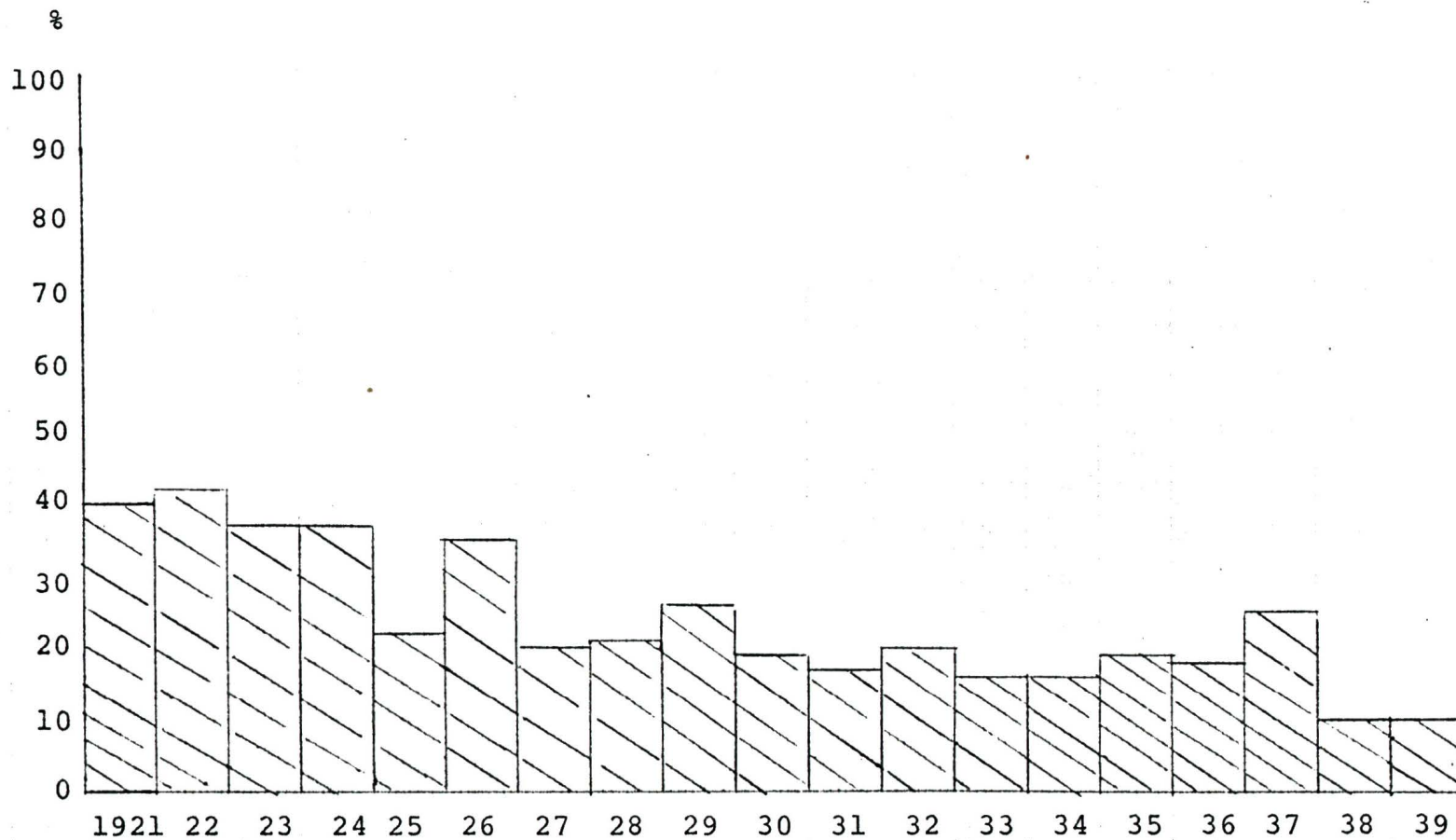
TABLE 14

VANCOUVER'S PRINCIPAL EXPORTS TO THE ORIENT 1921-1929

PRODUCT	YEAR	1921	1922	1923	1924	1925	1926	1927	1928	1929
	Bushels ('000s)	359	3,680	5,397		1,1254	14,820	9,148	21,258	22,978
Grain	Index	100	1025	1503		3133	4128	2548	5919	6398
	% of all Grain Exports	31	25	22		32	33	21	22	31
	Board Ft (millions)	77	84	158	205	130	269	251	295	223
Lumber	Index	100	108	204	264	168	346	322	380	286
	% Age	46	41	36	37	26	42	43	51	44
	Barrels ('000s)	68	315	746	878	990	1,120	1,400	20,056	30,867
Flour	Index	100	463	1097	1291	1455	1647	2058	29,494	45,392
	% Age	68	65	92	93	85	77	77	81	91
	PKGS	110,479	100,543	86,155		39,080	50,019	48,507		56,089
Salt Fish	Index	100	91	78		35	45	43		50
	% Age	98	97	96		98	99	99		98

GRAPH 1

PERCENTAGE OF VANCOUVER SHIPPING DESTINED FOR THE ORIENT 1921-1939



Source : "Imports and Exports at the Port of Vancouver,"
Harbour and Shipping 1921-1939.

TABLE 15
 VANCOUVER'S TRADE WITH
 JAPAN 1929-1935
 (In Tons)

YEAR	IMPORTS	INDEX	EXPORTS	INDEX
1929	57,012	100	1,029,958	100
1931	48,719	85	559,478	54
1932	48,270	85	459,570	45
1933	48,477	85	448,745	43
1934	58,721	103	441,241	43
1935	57,270	100	302,981	29

Source: Vancouver Harbour Commissioners, *Annual Reports 1929-1935*.

TABLE 16
 VANCOUVER'S TRADE WITH
 CHINA 1929-1935
 (In Tons)

YEAR	IMPORTS	INDEX	EXPORTS	INDEX
1929	35,535	100	564,288	100
1931	30,501	85	290,738	51
1932	16,303	45	284,464	50
1933	30,297	85	185,782	33
1934	35,492	99	136,093	24
1935	35,015	98	123,604	21

Source: Vancouver Harbour Commissioners, *Annual Reports 1929-1935*.

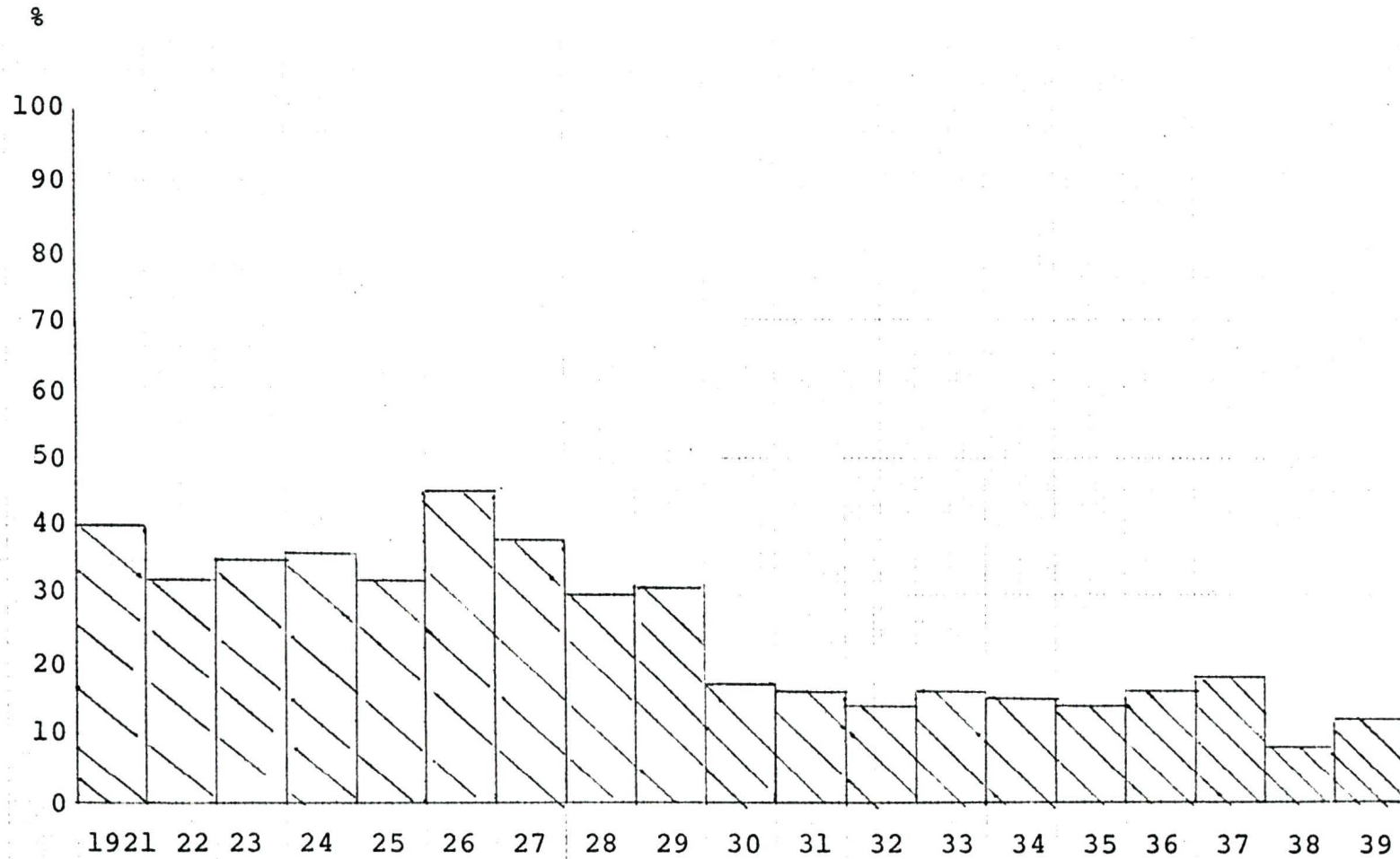
TABLE 17

VANCOUVER'S PRINCIPAL EXPORTS TO THE ORIENT 1929-1935

PRODUCT		YEAR					
		1929	1931	1932	1933	1934	1935
GRAIN	Bushels ('000s)	22,978	136,32	11,967	7,175	3,787	2,126
	Index	100	59	52	31	16	9
	% of all Grain Exports	31	19	11	10	7	4
LUMBER	Board Ft (millions)	214	54	33	47	46	38
	Index	100	25	15	22	21	18
	% Age	42	19	15	17	10	8
FLOUR	Barrels ('000s)	2,513	498	523	499	478	433
	Index	100	20	20	20	19	17
	% Age	91	34	49	46	49	47
	Tons	56,089	54,990	21,866	25,548	20,093	19,478
SALT FISH	Index	100	98	38	45	35	34
	% Age	97	94	88	88	80	97
	Tons	21,213	12,612	9,987	8,111	5,847	7,873
LEAD	Index	100	59	47	38	27	37
	% Age	29	39	26	45	42	38
	Tons	6,185	7,086	5,343	3,764	4,244	5,166
ZINC	Index	100	114	86	60	68	83
	% Age	17	23	28	44	53	35

GRAPH 2

PERCENTAGE OF VANCOUVER SHIPPING ARRIVING FROM THE ORIENT 1921-1939



Source: "Imports and Exports at the Port of Vancouver,"
Harbour and Shipping 1921-1939

VITA

Surname: ADAM Given Names: ROBERT DAVID

Place of Birth: LONDON, ENGLAND

Date of Birth: 21 FEBRUARY, 1954

Educational Institutions Attended, with Dates of Entering and Leaving:

University of Warwick, Warwickshire, 1972 to 1975

England

University of Victoria 1975 to 1980

Degrees, Diplomas, Etc., Awarded, with Dates and Names of Institutions:

B.A., (with Honours) 1975 University of Warwick

Honours and Awards:

University of Victoria Fellowship, 1975/1976

Teaching Assistantship, 1976/1977

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Author



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ROBERT DAVID ADAM

April 29 1980

Date