

**THE DECLINE OF VICTORIA AS THE METROPOLITAN
CENTRE OF BRITISH COLUMBIA 1885 - 1901**

by

STANLEY EDWARD RUZICKA

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to the required standard**

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Supervisor: Doctor Patricia E. Roy

ABSTRACT

In 1885 Victoria was the undisputed metropolis of British Columbia dominating the transportation, industrial and commercial facilities of the province. Seventeen years later she had lost her premier position to a new city, Vancouver. This thesis, using the metropolitan concepts formulated by N.S.B. Gras,¹ endeavours to explain why Victoria lost her status and the effects of this loss on the attitudes of her residents to their city. Most of Victoria's problems were linked with the changing nature of transportation in the province which was shifting its focus to the terminus of the Canadian Pacific Railway.

Although the Canadian Pacific Railway was completed to Vancouver in 1887, Victoria's relative position in the province was not immediately affected. Her residents felt uncertain about the future competition with Vancouver but, in 1892, Victoria reached the height of her prosperity.

Between 1893 and 1902 Victoria was forced to compete for the business of the province with her rival, Vancouver. In this competition Vancouver constantly advanced while Victoria stagnated or experienced minimum gains at best. By 1900 Victoria began to accept the idea that her rival was equal to, if not more powerful than, herself. At the close of 1901/

¹N.S.B. Gras, Introduction to Economic History. (New York: Harper 1922) states the guidelines for the development of a metropolitan centre as organizing the markets, industrial development, development of transportation and financial organization.

Victoria admitted that Vancouver was the metropolis of British Columbia although Victoria still claimed to be one of the most prosperous cities of British Columbia.

Victoria had had doubts about its future as early as 1886 when she blamed the loss of terminal status on the Canadian government and on the ambitious Canadian Pacific Railway Company. These doubts were magnified over the next fifteen years by the constant pressure of the energetic Vancouver. Victoria, never blaming herself for the decline in status, believed that Vancouver and the Canadian Pacific Railway Company were working to destroy her influence and business in the province. The attitudes expressed by Victorians about their role in provincial affairs coupled with the growing influence of Vancouver resulted in the acceptance of Vancouver as the first city in the province. The rise of a new city as the terminus of the railway led to the downfall of Victoria as the centre of trade and commerce in British Columbia.

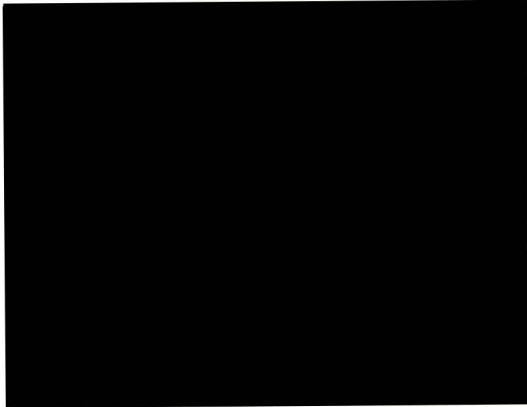


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CHAPTER 1

VICTORIA, TRADING POST TO METROPOLIS

"Situating as Victoria is on tide-water, affording communication with all parts of the world year round; surrounded by an excellent agricultural country, the capabilities of which is but on the threshold of development, she will ere long be the store house for sustaining a vast industrial and commercial population"¹. On January 1, 1884, the Victoria Colonist summed up the feelings of Victorians toward the position of their city in the province of British Columbia. The confidence radiating from this statement exemplified the premier position of the city in British Columbia. Yet, Victoria was about to embark on a decade and a half of losing struggle to retain her dominant metropolitan status. Confidence in Victoria's success as a commercial centre had been a vital factor in the city's growth since her founding as a Hudson's Bay Company outpost in 1843 to the metropolis of British Columbia in 1884.

On the recommendation of Governor Simpson of the Hudson's Bay Company², James Douglas established Victoria in 1843 to serve as the distributing centre for the company's fur trading territories of New Caledonia and Vancouver Island. The site was chosen for its protected harbour, its easy communication with the fur bearing lands of New Caledonia and the outside world markets as well as for its agricultural possibilities. For the next fifteen years Victoria served as the company's major supply centre on the North West Coast. During these years the site grew only in response to the needs of the Hudson's Bay Company.

Then, in 1858 excitement over the discovery of gold on the Fraser

2.

River caused phenomenal growth of the settlement. Although the gold was found on the Fraser River, Victoria became the miners' headquarters because of her easy access to the gold mining region and the actions of James Douglas, Governor of the Colony of Vancouver Island. During the gold rush, the Fraser River was the main transportation artery, but Victoria offered the only harbour in British territory where there were substantial business operations and a connection with the rest of the world. Douglas proclaimed Victoria a free port of entry, (the only one in this British held territory) with the result that Victoria became the business centre for the miners who had migrated from California. In a few months Victoria sprang into prominence as a distributing centre. Gold provided the stimulus which brought people and commerce to Victoria. Gold remained the life blood of the colony.

Free Port of
Entry
△

Because of the direct link between gold and growth, Victoria's success was bound to the fluctuation of the gold production of British Columbia. Placer gold production reached a peak in 1863 and gradually declined until 1867, when the opening of new mining areas increased production although it never reached the 1863 high.³ Although the hamlet grew from village to city in the four years from 1863 to 1867, Victoria's economy prospered and suffered alternately during the period of unstable returns from the gold mines.⁴

Without a diversified economy the colonies of Vancouver Island and

British Columbia linked their fates with the wandering miner. By 1866, the colonies had severe financial problems as the production of gold failed to provide enough revenue to pay for government operations and public works. These problems led to the union of the colonies into one, British Columbia, and to attempts to diversify the economy by increasing lumber and salmon canning production.

With the unification of the colonies, New Westminster was made the capital city, but due to political pressure the capital was moved to Victoria in 1868.⁵ This move touched off a rivalry between Mainland and Island residents over which part of the new colony was the more important. Naturally, the controversy which reached its peak during discussions on the railway route, was centered in the two rival cities of New Westminster and Victoria. Although the Canadian Pacific Railway chose a route preferred by many Mainlanders, Victoria in 1885 seemed to be the victor with approximately three times as many residents as New Westminster.⁶

Victoria in 1885 properly claimed to be the metropolitan centre of British Columbia. As well as being the capital, Victoria was the focal point for both local and foreign transportation systems. The city had begun to develop local industry and controlled both wholesale and retail trade throughout the province. The main offices of British Columbia's financial institutions were almost exclusively located in Victoria; those in other parts of the province were merely branches of Victoria oriented services.

The resources of British Columbia with which Victoria gained her prominence were mineral, fish, agricultural and forest products. During Victoria's great boom in the late 1850's and early 1860's, the prime

resource for both Vancouver Island and British Columbia, was gold. This was supplemented in a minor way by the exporting of coal from the Nanaimo area to San Francisco.⁷ As soon as gold mining ceased to be sufficient to support the economy of the colonies, local business men tried to stimulate activities in other areas of production.

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gold

One of the early attempts at diversifying the economy of British Columbia began in the early 1860's with the development of a fishing industry. But the industry did not play a significant role in the economy until the development of a canning process that made large scale exporting possible. The fish canning industry began in 1867 on the Fraser River but did not expand greatly until the 1870's.⁸ By 1882, there were thirteen canneries producing 250,000 cases of canned salmon, the majority of which was exported to England.⁹ Although the actual operations of the fish canning industry were carried on in the Fraser Valley and on the north coast of British Columbia, the managerial headquarters were situated in Victoria where there were port facilities and financial and commissioned firms providing capital and marketing knowledge. The growth of the fishing industry's importance was noted in 1885 when the value of its exports was almost on a par with the value of gold exports.¹⁰

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An addition to the fishing industry was the sealing industry which began in Victoria in 1868 when one ship brought a return of a thousand pelts.¹¹ The original sealing fleet was Victoria based. By 1885 Americans were also involved in sealing. Although the American and Canadian fleets competed with each other, Victoria's proximity to the sealing grounds and her commercial connections with the English market made her the working base for both fleets. The Victoria fleet consisted of ten ships employing forty sailors and 350 Indian hunters with 140 canoes who, in 1880,

secured pelts valued at \$150,019¹² in the export market. Since the sealing fleet was Victoria centred, the money earned was one base of the commercial prosperity of the city.

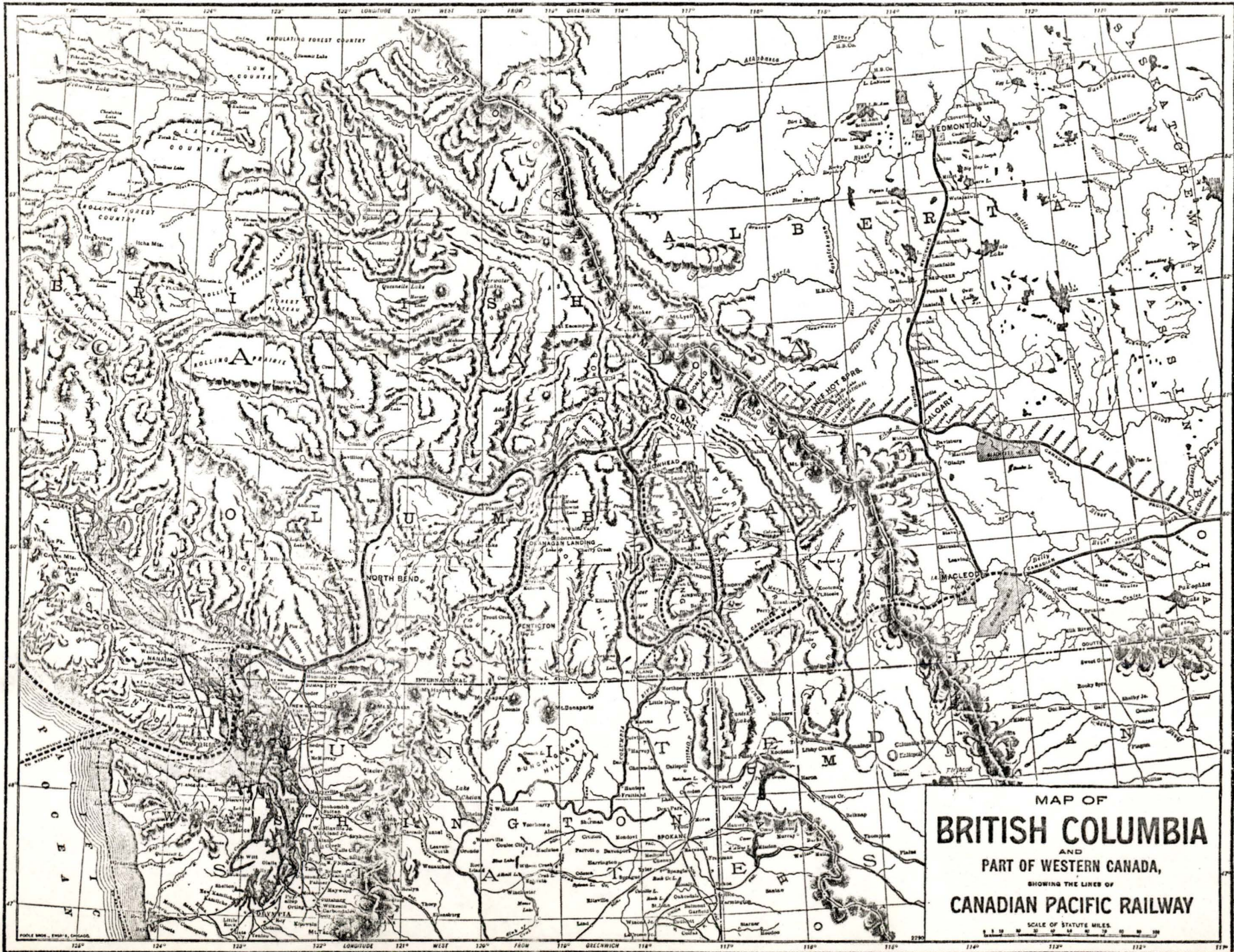
Sealing

Victoria's trading connections were also a vital factor in the development of her participation in the lumbering industry. Lumber operations began in the Alberni Valley in 1861 and in 1862 produced \$119,917 of rough and dressed lumber. After a change in world market conditions and a fire, the Alberni mill closed in 1869. The production of lumber for export began on the Mainland at New Westminster in 1862.¹³ Although it was not an immediately profitable operation due to depression and the faltering of the gold rush, the industry gradually developed into a major factor in the economy of the province. In 1867 a group of Victoria businessmen led by Andrew Welch of Welch, Rithet and Company invested in a mill owned by a Sewell P. Moody.¹⁴ This mill and that of Captain Edward Stamp were the two major lumbering firms on Burrard Inlet. Victoria was of minor importance as an exporter of lumber, but the city participated financially in these operations.

Alberni

Although location was a liability for Victoria in the lumbering industry, it was an asset in the development of agriculture. Although British Columbia had a suitable climate and very fertile soil in the Fraser Valley and on the southern end of Vancouver Island, few people actually farmed. In 1885 the total export of agricultural products from the port of Victoria consisted of 71 bundles of cranberries, valued at \$846.¹⁵ Agricultural production could not supply the needs of the people of the province and Victoria became the centre of a profitable food importing business.

agriculture



MAP OF
BRITISH COLUMBIA
AND
PART OF WESTERN CANADA,
SHOWING THE LINES OF
CANADIAN PACIFIC RAILWAY

SCALE OF STATUTE MILES
0 10 20 30 40 50 60 70 80 90 100

As the metropolis of British Columbia, Victoria controlled the transportation facilities radiating from the city. Water transport in 1885 was still the only practical means of transportation between British Columbia and the outside world. Victoria's most important connection was its regular steamer route to San Francisco, the base from which the miners and trading goods had come during the gold rush. The other outside link was with Britain. The early Hudson's Bay Company influence from Britain via the fur trade, established Victoria's important connection with shipping and wholesale firms in that country. These connections grew in importance in the years following the initial feverish activity of the first gold rush.¹⁶ *q. v. 18*

In addition to the world connections, Victoria was the base for local transportation systems. The combination of shipping and stage routes acted as a funnel for Victoria businessmen since all routes to the Fraser River were directed through Victoria. The coasting trade or local shipping centred at Victoria, in 1885, had 969 arrivals and 977 departures, involving 288,209 tons of shipping.¹⁷

Two navigation companies were largely responsible for Victoria's importance as a centre for local transportation. The Canadian Pacific Navigation Company¹⁸ which had a regular run between Victoria and New Westminster and from there to all points on the Fraser River, also served the Burrard Inlet points. Captain J.D. Warren's fleet served the northern coast. Independent ships provided transportation to Alberni, Nanaimo, Comox and New Westminster.¹⁹

The expansion of the gold region away from the Fraser River led to the construction of the Cariboo Road and the Dewdney Trail which terminated

controlled transportation

at the Fraser River where they met steamers making direct connections with Victoria. The areas of the mainland that were not accessible by boat were served by F.J. Barnard's Express Company which had stage routes that "extend from Savona to Barkerville, Clinton to Lillooet, Spence's Bridge to Nicola, and Savona to Kamloops".²⁰ Although the Express service served on the mainland, it made connections with Victoria's steamers on the Fraser River. Before 1885 British Columbia depended upon the local and foreign transportation systems for connections with the outside world. She had no close connection with Canada, of which she had become a part in 1871.

Since joining Confederation, the province had been looking to the Dominion government to complete the terms of British Columbia's entry into the Canadian union. Foremost among the terms was the construction of a trans-continental railway to connect British Columbia with the rest of Canada. Victoria had a vital interest in this project; the city believed that it was the logical terminus because of its location and its status as the commercial and political centre of the province.

As a result of early surveys Prime Minister John A. Macdonald, in 1872, reserved Island land between Esquimalt and Seymour Narrows for railway purposes.⁽²¹⁾ ^{or msby} This act seemed to assure the people of Victoria that their city would be the terminus of the great railway. But after the Pacific Scandal, Macdonald was replaced by Alexander Mackenzie as Prime Minister. During Mackenzie's years as Prime Minister, British Columbia was distressed by his failure to begin construction of the trans-continental railway. Because of the depressed condition of the economy and a lack of conviction in the feasibility of the railway, Mackenzie /

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line
in
confederation

changed the original route of the railway. He chose what appeared to be the least expensive route and began surveys to ease the conflict with British Columbia. The decision to construct the railway along the Fraser route resulted in a great uproar in Victoria.²² In 1879, the Macdonald government which had returned to power in 1878, confirmed the route of the railway along the Fraser and called for tenders.²³ As compensation for the angry Islanders, the federal government promised a graving dock and made Victoria the terminus for the Esquimalt and Nanaimo railway.

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of entering
Confederate*

*concessions
to loser
Victoria as
rail terminus.*

The graving dock,²⁴ a joint Dominion-Provincial project, aided local shipping interests and was an invaluable service for the many ships using Victoria harbour and the British naval ships stationed at Esquimalt. When the province learned that the dock would cost them \$150,000, the project was delayed. In 1884 the Dominion government agreed to take over the responsibility for the building of the graving dock, repaid the province the \$182,000 it had already spent, and added an additional \$250,000. The dock was completed in 1887 at a cost of \$1,175,000.²⁵ Although the dock eventually became a reality and aided the commercial position of Victoria, it naturally did not compensate the city fully for the loss of the railway terminus.

The Esquimalt and Nanaimo Railway was another attempt by the Dominion government to compensate the Island for its loss of the terminus. The contract for this railway was awarded to Robert Dunsmuir who began construction in 1884. Its completion, on August 13, 1886,²⁶ gave Victoria a direct link to the Nanaimo and Wellington coal mining districts and opened the central part of the Island for settlement. This area, in turn became commercially and industrially subservient to Victoria. But the

*EdN
railway*

immediate commercial benefits of the Esquimalt and Nanaimo Railway were less than anticipated since Nanaimo had direct steamship connection with the mainland and was becoming important itself as a port of entry.

During the first gold rush, Victoria had become the financial centre of the province. Miners returning from the Fraser River brought gold to Victoria in such large amounts that the Hudson's Bay Company was unable to provide the required financial facilities. Wells Fargo, a well-known American firm, the first banking institution established in Victoria, opened for business on July 17, 1858.²⁷ This company acted merely as a forwarding agent and did not provide Victoria with the services of a true bank. On March 12, 1859, Macdonald's Bank was opened in Victoria by Alexander Davidson Macdonald.²⁸ This bank was joined by the Bank of British North America on May 18, 1859.²⁹ The Bank of British North America, based in London, held the most prominent position in Victoria's financial circles until the Bank of British Columbia became a member of the Victoria financial community.

Wells Fargo 1st bank in vic. 20 19

The Bank of British Columbia which received a British charter in May 1862, had the power to "make and issue notes, grant cash credits, make advances upon approved securities and generally conduct all business connected with the deposit, exchange and remittance of monies, and all other business usually transacted by bankers".³⁰ Once the bank was established in Victoria, it became a vital factor in the development of British Columbia.

The Bank of British Columbia was one of the more secure banking institutions in British Columbia. During its early years of operation the bank set up branches in Yale, New Westminster, Richfield and

Quesnelle. It also moved into the United States with major branches at San Francisco and Portland which reported to the main branch in Victoria. These branches increased circulation from \$20,452 in 1864 to \$182,549 in 1865. This figure, however, was not reached again until 1874. Victoria was the most profitable centre of the Bank of British Columbia from 1879 to 1887, due mainly to the stability of the business community and the bank's handling of the financial affairs of the provincial government. ³² *govt.*

As the banking institutions and Victoria businesses showed continued success, the value of Victoria real estate climbed. At the time of Victoria's founding the land was totally owned by the Hudson's Bay Company. The gold rush of 1858 resulted in a tremendous rise in the value of land. Property values remained relatively stable during the period from 1858 to 1869 as successive gold rushes provided the Victoria business community with lucrative markets. From 1869 to 1875 real estate was depressed. With the rejuvenation caused by the beginning of surveys for the Canadian Pacific Railway, the construction of the granery dock and the Esquimalt and Nanaimo Railway real estate values in Victoria again reached great heights. A traveller, William Barneby, in 1884 indicated the prosperity of Victoria and the high value of her real estate:

Victoria seems to be a rising place, and the town lots are exorbitantly high. We saw one in Government Street which had just sold; it was only half a lot -- 30 feet by 60 feet -- the usual size being 60 feet by 120; but it was a corner frontage, and it fetched no less than 15,000 dollars.³³

The Eolonist on January 1, 1885, indicated that the real estate business had been "very active" with a large amount of property changing hands in

the city and Mainland "at good prices".³⁴

The high cost of real estate did not inhibit the growth of the Victoria business community. The Hudson's Bay Company established Victoria as the distributing centre for its operations west of the Rocky Mountains. The merchants who came with the gold rush followed proven Hudson's Bay Company routes in their distribution of goods to the interior miners. Communication facilities and Victoria's unique status as a free port for both Vancouver Island and the Mainland tied the miner to the Island allowing the merchants of Victoria to hold a monopoly of trade in the colonies. This total domination of trade was shown through the percentage of imports that entered Victoria and were then distributed to the mainland. In 1860 almost all imports for both Island and Mainland entered through Victoria.³⁵ Because of this heavy concentration of trade on Victoria, merchants found it advantageous to set up their businesses in Victoria. A quarter of a century later, though, Victoria was no longer a free port. Then, only sixty-nine percent of the province's imports cleared customs at Victoria.³⁶

In 1885, local businessmen were divided into two groups, wholesalers and retailers. There were eighteen wholesalers and six wholesale shipping and commission merchants.³⁷ Another six businesses combined wholesale and retail functions. These firms distributed imports in Victoria and throughout the province. In contrast to Victoria, New Westminster, had only two wholesale shipping and commission merchants and only three wholesale liquor outlets. Nanaimo, Victoria's Island rival, had no wholesale merchants. The retail field in Victoria had 184 businesses that varied from grocer to jeweller to liquor outlet. Since Victoria held the central transportation position in the province and had supporting financial

services, Victoria remained as the commercial centre in British Columbia.³⁸

As early as 1863, Victoria had shown signs of developing secondary industries. The British Columbian and Victoria Guide and Directory for 1863 carried advertisements for the London Bakery which made "all kinds of Cakes and Confectionary" and had "bread delivered to families in all parts of town"; for Wallace and Stewart Brass Founders and Gas Fitters who were "manufacturers of Gas, Steam and Water Cocks, Force Pumps, etc."; for Nesbitt's Biscuit Bakery where "will be found the Largest and Freshest Assortment in the City, consisting of Soda, Boston Butter, Sugar Water and Pic-Nic Crackers"; and for Wm. B. Bolton, Ship Builder, Mast and Spar Maker.³⁹ By 1874 there was considerable expansion and diversification as: cigar makers, builders and contractors, cabinet makers, shoe manufacturers, candy manufacturers, iron works, harness and trunk makers, breweries and ship builders appeared.⁴⁰ The next fifteen years saw further expansion in the industrial field in an attempt to keep the wealth of the province within the province by using home manufactured produce and thereby reducing the influx of imports. This expansion may in part be attributed to ambitious businessmen who were interested in good profits. By 1885 Victoria had ninety-three businesses involved in secondary industry.⁴¹

Because of the services Victoria provided and the availability of capital and goods, Victorians and the people of the province looked on Victoria as the first city of the province even though it was sometimes in sarcastic tones. On August 25, 1880 the Colonist carried a dispatch from New Westminster pertaining to a recent earthquake in the British Columbia coastal area:

"Victoria Always Ahead" — On the arrival of the Enterprise at New Westminster the other day there was a comparing of notes respecting the earthquake that occurred on Saturday last. It was soon ascertained that there was but one perceptible shake at the Royal City, while here there was one of considerable duration and severity, besides two others of small calibre. "There it is Again", said a prominent Westministerian. "Those Victorians are always ahead of us!" But Westminster may still hold up its head, for the earthquake was not felt at Yale at all.⁴²

The people of New Westminster still resented the loss of the capital to Victoria in 1868. Since that time, a definite rivalry had continued between the Island and the Mainland. Mainlanders complained about the expenditures on the Esquimalt graving dock and the Esquimalt and Nanaimo Railway. They believed that the money should have been spent improving the roads and services of the mainland now beginning to develop due to the construction of the Canadian Pacific Railway on the mainland.

The controversy over the final terminal point increased the hostility of the two sections. The terminus would reap large commercial gains. Once the site on Burrard Inlet was given the name Vancouver, an excited reaction followed in Victoria. The British Columbia Board of Trade, a group consisting of ninety businessmen, only thirteen of whom were from towns other than Victoria, wrote to the Provincial Secretary disputing the use of the name Vancouver since:

...such a name being given to any town in British Columbia would seriously complicate business correspondence, more particularly in the matter of Cable messages and respectfully request the interference of the Provincial Government with a view to the name of Vancouver being disallowed.⁴³

The Colonist which also felt strongly against the name, "Vancouver" summed up its attitude on January 21, 1885:

The Colonist has all along protested against the adoption of the title "Vancouver" for the town because there is already a town called Vancouver on this coast; (in the Washington Territory) and second, because the name is calculated to cause confusion in mercantile and postal circles from proximity and sameness to Vancouver Island. It is stated that a memorial or protest against the use of the name at Coal Harbour will be circulated for signature. It ought to be generally signed, for while no good reason can be advanced for the appellation to Coal Harbour — any other name would do as well — the objections urged to its use there would seem to be sufficient to induce the projectors to change it for one more appropriate and not confusing.⁴⁴

Although the petition and the protests had no effect on the name, Vancouver, the people of Victoria were hearing the name of the town that would rise to challenge and eventually surpass Victoria as the first city or metropolitan centre of British Columbia.

In 1885 Victoria had very high opinions of herself. She gathered these from local publications and from various travel accounts and books concerned with British Columbia. The notion of prominence was evident in the 1885 Annual Report by Mayor R.P. Rithet⁴⁵ who was "especially gratified" to state that the advancement of the City has been more marked that during any previous year in its history". He referred to "the many substantial buildings which have been erected during the year" as "unmistakable evidence of the great confidence which is generally felt in its future".⁴⁶ The Colonist continually boasted of Victoria's favourable position:

The advantage of position is one of the great factors that promote the growth of small cities to metropolitan proportions, and in this respect Victoria is one of the most favoured places on the coast. Situated between two great overland railroads, the prospective terminus of a third, with a magnificent harbor contiguous with Puget Sound, dotted at intervals with prosperous towns

already conceding Victoria to be the metropolis, there is every indication that this young city must ultimately be placed on a status with the leading cities of the Pacific Coast ... Reports from points all along the coast confirm the fact that Victoria is the only city of its ratio of population at this season showing a steady increase of building and municipal improvements.⁴⁷

The Canadian Gazette in 1884, printed a romantic picture of the rise of Victoria: "The busy marts of trade in the city, the ships of commerce, laden with exports for the most distant parts, numerous manufacturing industries, well graded streets, and good public and private buildings, all show what rapid progress this Western city has made in the twenty years or so since it was mere wilderness, the trapping and hunting ground of the Hudson's Bay Company, and the gold field of the adventurous miner".⁴⁸ N.H. Chittenden, another traveller, described "the brilliant future which awaits Victoria. The resources of the vast region to which she holds the commercial key are only in the bud of their development".⁴⁹ Further assurance of Victoria's prominence was portrayed in an article entitled "The Province of British Columbia" in the American periodical

The West Shore:

...its history has been one of steady progress. Population has increased, business has expanded and property values have steadily ascended. The steamer lines of the Province all centre in Victoria whence they reach all the coast ports where sufficient settlements have been made, and penetrate far into the interior by ascending the Fraser River. The trade of all this extended region centers in the metropolis, and increases annually as the tributary settlements, and industries expand.⁵⁰

With these many reassuring statements Victoria looked forward in 1885 to an extended period of prosperity as the metropolis of British Columbia.

FOOTNOTES

- ¹Victoria Colonist, January 1, 1884, p.1. (hereafter, Colonist.)
- ²Governor Simpson reported from Honolulu on March 1, 1842 that the new depot to replace Vancouver on the Columbia River "must be a protected port so that it can easily carry on foreign trade and shipping." He recommended a site on lower Vancouver Island. W.K. Lamb, "The Founding of Fort Victoria". British Columbia Historical Quarterly, VIII (April, 1943), p.66.
- ³See graph of mineral production in British Columbia, 1858-1900 taken from the British Columbia, the Mineral Province of Canada, (Victoria: Queen's Printer, 1901), p.20
- ⁴In 1862 Victoria was incorporated as a city by an act of the Colonial Assembly headed by Governor James Douglas.
- ⁵Margaret A. Ormsby, British Columbia: A History, (Vancouver: MacMillan, 1964), pp.221-226.
- ⁶The population in Victoria slowly rose from a few Hudson's Bay Company employees in 1857, to an estimated population of 12,000 in 1885. Its closest rival in terms of population in 1885 was New Westminster with an estimated population of 4,000. W. Wolz, comp. William's British Columbia Directory 1884-1885, (Victoria: Colonist Publishing Company, 1885), p.9.
- ⁷J.M.S. Careless, "The Lowe Brothers, 1852-70: A Study in Business Relations on the North Pacific Coast", BC Studies No.2 (Summer, 1969), pp.6-12.
- ⁸Ormsby, British Columbia, p.238. See also Paul Phillips, "Confederation and the Economy of British Columbia", W. George Shelton, ed., British Columbia and Confederation (Victoria: Morriss Printing Company, 1967), p.55.
- ⁹W.A. Carrothers, The British Columbia Fisheries, (Toronto: University of Toronto Press, 1941), pp.6-7. Keith Ralston, "Patterns of Trade and Investment on the Pacific Coast, 1867-1892: The Case of the British Columbia Salmon Canning Industry", BC Studies, No. I (Winter 1968-1969) pp. 37-45, traces a definite trade pattern between Victoria, San Francisco and London.
- ¹⁰The fishing industry provided exports from the port of Victoria worth \$538,669 in 1885 while gold accounted for \$764,983 in exports. Sixth Annual Report of the British Columbia Board of Trade: Fourth of

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*
effort
value

July, 1884 to Third July, 1885, (Victoria: Colonist Publishing Company, 1885), p. 123.

¹¹Colonist, March 14, 1943, p. 18. "Captain Christianson sailed from Victoria in the Spring of 1868 aboard the schooner Surprise on an off-shore cruise, hoping to encounter the seal herds as they migrated north. His equipment comprised of four canoes manned by natives who used spears and bows and arrows on that pioneering voyage... His catch on this second venture tallies 1,000 prime plets... Vessels were outfitted and sailed from San Francisco, Seattle, Port Townsend and Vancouver; but at no time were the fleets of the other ports comparable to Victoria in numbers".

¹²Canada, Parliament, "Annual Report of the Department of Fisheries", Sessional Papers, Fourth Session of the Fifth Parliament of the Dominion of Canada, Session 1886, (Ottawa: Queen's Printer, 1886), pp. 292-297.
E.W. Wright, ed., Lewis and Dryden's Marine History of the Pacific Northwest, (Seattle: Lewis and Dryden Printing Company, 1967), p. 428
 "The entire Victoria fleet (1885) furnished employment to over two hundred canoes and five hundred Indians", The Sixth Annual Report of the B.C. Board of Trade, 1885 stated that the value of the sealing catch was \$164,592.

¹³J.C. Lawrence, Markets and Capital: A History of the Lumber Industry of British Columbia, unpub. M.A. Thesis, University of British Columbia, 1957, pp.16-22, passim.

¹⁴Ibid., p. 26. The Burrard Inlet operations continued to profit and expansion took place in 1867 when Andrew Welch, of the Victoria Firm, Welch, Rithet and Co., Hugh Nelson and William Dietz invested \$100,000 in a mill owned by Moody.

¹⁵B.C. Board of Trade Annual Report, 1885, p. 123. For a more detailed description of the economy of British Columbia before Confederation see Paul Phillips "Confederation and the Economy of British Columbia", W. George Shelton ed., British Columbia and Confederation, (Victoria: Morriss Printing Company, 1967).

¹⁶J.M.S. Careless, "The Lowe Brothers, 1852-70: A Study in Business Relations on the North Pacific Coast", B C Studies, No. 2. (Summer 1969) pp. 1 - 18 and Keith Ralston, "Patterns of Trade and Investment on the Pacific Coast, 1967-1892: The Case of the British Columbia Salmon Canning Industry", B C Studies No. 1 (Winter 1968-1969) pp.37-45. In 1885, 809 foreign vessels under British, United States, French and German flags totalling 385,106 tons of shipping entered the port of Victoria. B.C. Board of Trade Annual Report, 1885, p.66. There were 782 American ships that entered the port of Victoria in 1885. 247

¹⁷Ibid., pp. 70-71.

18 This company which was formed by Fraser River steamboat interests headed by Captain J.P. Irving made its headquarters in Victoria. Ormsby, British Columbia, pp. 301.

19 Colonist, January 1, 1886, p. 9. *read this*

*transport
links & connections.*

20 Ibid., p. 9.

21 Margaret A. Ormsby, British Columbia: A History, (Vancouver: MacMillan, 1964), pp. 263-292. A brief history of the terminus problem is given in this general text on British Columbia.

22 Ibid., pp. 277-278.

23 Colonist, October 8, 1879, p.2

24 At a graving dock ships can receive maintenance and repairs.

25 F.W. Howay, British Columbia: The Making of a Province, (Toronto: Ryerson Press, 1928), pp. 213-216. *get this!*

26 Ibid., p. 23.

27 Victoria Gazette, July 17, 1858, p.2. *q.v. 10 read this*

28 Colonist, March 12, 1859, p.3.

29 Colonist, May 18, 1859, p.3. The Bank of British North America was the first chartered bank of Vancouver Island and was established in 1836 in Eastern Canada with headquarters in London. It did not do much for the private citizen, doing most of the banking for the City of Victoria and the Colonial government. Vertical File P.A.B.C. *q.v. 10*

30 Colonist, June 4, 1862, p.3.

31 Ibid., p. 2.

32 V. Ross, A History of the Canadian Bank of Commerce, (Toronto, Oxford University Press, 1920), p. 267, p.273, p.329. *→ q.v. 11 - read this -*

33 W.H. Barneby, Life and Labour in the Far Far West, (London: Cassell, 1884), p.48.

34 Colonist, January 1, 1885, p.4.

³⁵E. Mallandaine, comp., Mallandaine's Victoria Directory, 1860, (Victoria: Colonist Publishing Company, 1860), p.85.

³⁶The total imports into British Columbia was \$4,931,573 while Victoria handled \$3,489,609 of this total. British Columbia: as a field for emigration and investment, (Victoria: Queen's Printer, 1891), p.51. B.C. Board of Trade, 1885, p. 125.

³⁷Findlay, Durham & Brodie; R.C. Janion; Turner Beeton & Company; Robert Ward & Company; Captain J.D. Warren; and Welch, Rithet & Company.

³⁸The number of wholesale firms are listed in the section entitled Victoria City Business Directory. William's B.C. Directory, 1884-1885, pp.99, 169, 170.

³⁹F.P. Howard and G. Barnett, comp., The British Columbian and Victoria Guide and Directory for 1863, (Victoria: Frederick P. Howard and G. Barnett, 1863) pp. 11-23 passim.

⁴⁰Mallandaine's Victoria Directory, (Victoria: E. Mallandaine and R.T. Williams, 1863), pp. 1-44.

⁴¹William's B.C. Directory, 1884-1885, pp. 92-99. An indication of the growth of industry in Victoria by 1885 was revealed by the list of firms in the Victoria directory for that year. There were thirteen bakeries one book manufacturer, three boat builders, two boiler makers, thirteen boot and shoe makers, seven breweries, two brick manufacturers, one brush maker, seven carriage and wagon makers, three cigar manufacturers, one cigar box factory, one coffee and spice manufacturer, one corset manufacturer, four door sash and blind makers, nine dress makers, three foundries, six furniture manufacturers, one match factory, four planing mills, two organ builders, one sail and tent maker, three ship builders, one shirt factory, one soap manufacturer, two soda water manufacturers and three tanneries.

⁴²Colonist, August 25, 1880, p.3.

⁴³B.C. Board of Trade, 1885, p. 23.

⁴⁴Colonist, January 21, 1885, p. 2.

⁴⁵R.P. Rithet came to Victoria from Scotland in 1862 and worked as a labourer. He worked from 1865 to 1870 for A.C. Anderson and Company, a shipping and commission firm. He founded Welch, Rithet and Company in 1870. In 1888 Rithet bought out the heirs of Mr. Andrew Welch in the Company. He was also president of California and Hawaii Sugar Refining Company of San Francisco. He was mayor of Victoria in 1875 and from 1894 to 1898 he was a member of the British Columbia Legislature.

E.O.S. Scholefield, British Columbia IV, (Vancouver: The S.J. Clarke Publishing Company, 1914), pp. 1134-1136.

⁴⁶Annual report of the Corporation of the City of Victoria, 1885, (Victoria: Colonist Publishing Company, 1885), p.1.

⁴⁷Colonist, July 5, 1885, p.3.

⁴⁸"A Tour Through Canada" -- reprint from the Canadian Gazette, (London: 1884), p. 70.

⁴⁹N.H. Chittenden, Settlers, Prospectors and Tourist Guide, (Victoria: n.pub. 1882), p. 14.

⁵⁰"The Province of British Columbia", The West Shore, X (September, 1884), p. 276.

CHAPTER II

VICTORIA RECOGNIZES A RIVAL, 1885-1892

The completion of the Canadian Pacific Railway changed Victoria's status. During the years of growth from outpost to metropolis, the city was clearly the undisputed leader of British Columbia. With the introduction of a new transportation system; the city's pre-eminence was challenged between 1885 and 1892. The city that formerly believed her future was unquestionably secure now sensed insecurity. By 1892, Victoria recognized the rise of Vancouver as a threat to her position as the first city in British Columbia, but still, she clearly dominated the affairs of the province.

British Columbians looked upon the completion of the Canadian Pacific Railway with mixed feelings. The railway was the catalyst bringing prosperity to the province but many businessmen feared economic depression with the cessation of railway construction. But each year between 1885 and 1892, British Columbia's economy, based on the staple industries of fishing, lumbering and mining, advanced. World conditions provided a strong market for canned salmon, fur seal pelts, lumber and minerals.

Before 1886 Victoria had been content to report her successes and growth in a calm manner of superiority; after 1886, almost everything that affected the city was compared with corresponding developments in Vancouver. The population of British Columbia reached 92,767 in 1891 of whom approximately 30,000 were native Indians. Victoria, with a population of 16,849, was still the leading city but Vancouver already had a population of 13,685. The other two cities in the province with large

1885-1892
staples
drive
economy

VAN
VIC
population

populations were New Westminster with 6,641 and Nanaimo with 4,595.¹ These population figures indicated the rapid growth of Vancouver and its resulting challenge to Victoria.

Although Vancouver grew at a phenomenal pace in its early years, Victoria was also progressing rapidly. The assessed value of property in Victoria rose from \$5,178,800 in 1885 to \$21,764,080 in 1892.² The city's area was increased from 1,800 acres in 1885 to 5,400 acres in 1891.³ While expanding her territory, the city also enjoyed improved public services: electric lighting,⁴ telephones, an electric street railway,⁵ and a sewage and water system. These improvements made the city a more attractive site for individuals interested in establishing permanent homes and businesses in Victoria. /

City's Area increase
2038

In Vancouver and Victoria the increase in retail and wholesale outlets mirrored the prosperous times.⁶ But, with the increase of wholesale outlets in Vancouver, Victoria's merchants received a shrinking portion of the provincial trade.

In 1887 the Vancouver News-Advertiser acknowledged that "a great deal of the wealth which has been realized in Victoria has come through that being the supply point for all the little towns and settlements of the province. Indeed, during the last year Vancouver herself has been a large customer of Victoria".⁷ Victoria's strong wholesale firms provided a good basis for Vancouver's business community when they established trade connections in the infant Vancouver.⁸ Yet, little more than a year later, Vancouver showed its resentment toward the domination of its wholesale trade by Victoria, suggesting that wholesale houses /

2038

should be established in Vancouver to cut down on the costs of handling and transportation.⁹

The new rivalry between Vancouver and Victoria extended to the industrial field in which both cities tried to gain an advantage over the other. To allow Victoria to retain her superiority, the British Columbia Board of Trade actively encouraged industrial expansion and the City Council offered subsidies to firms willing to establish a rice mill, a sugar refinery and a paper mill in Victoria.¹⁰ Vancouver had not been idle during the years after its inception and had developed its own industries in opposition to those of Victoria. By 1891 she had a shipyard, boiler makers, bookbinders, brewers, brick manufacturers, carriage makers, cigar manufacturers, a sugar refinery, planing mills and a smelter which was not a great success.¹¹ Because of this industrial boom in the two largest cities of the province, the role of the banking institutions became of utmost importance in the rivalry for the position of dominance.

Vancouver
A
rivalry of banks

In financial circles the Bank of British Columbia continued to play a prominent role in Victoria and elsewhere in the province. By 1887, the Bank had established branches in Vancouver, Nanaimo and Kamloops. The profits were very large during this period, especially in Vancouver where, by 1891, the profits were larger than either of the branches in San Francisco or Portland and had even exceeded that of Victoria. Because of expansion and the keen rivalry between the two cities in 1890 the Court of Directors decided "it was no longer possible to keep the Vancouver agency under the supervision and control of the Victoria branch, as it had hitherto been" and they "made Vancouver a separate and independent

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branch".¹² This move was a definite blow to Victoria's financial domination of Vancouver.¹³

Bat BC
- Leaves
Victoria

The other financial institutions in the province were the Bank of British North America, the Bank of Montreal, Gareshe Green,¹⁴ a private bank, and the Dominion Government Savings Bank. Both the Bank of British North America and the Bank of British Columbia were owned by English capitalists who were happy with the annual dividends paid by their respective banks during the years of prosperity. A branch of the Bank of Montreal was first established in Vancouver in 1887 and later a branch was opened in Victoria under the Vancouver manager. Because of its direct link with eastern Canada, Vancouver was the logical place for the western branch and the headquarters in British Columbia. Because Victoria controlled the trade of the province through its commission firms, the city was a logical site for financial institutions even though it did not have direct connections with eastern Canada.

BANKS

Victoria, very conscious of the financial superiority it had held in 1885, was amazed to see Vancouver gain a strong role in the financial world. Vancouver, on the other hand, boasted of its own progress as she gained some of Victoria's original investments. The News-Advertiser explained:

The field for investment is where the monetary institutions concerned in cultivating it must ultimately be located, and already Vancouver has more banking institutions than Victoria, while within the next two months two important accessions to the number of the former will be made. Then there is another description of securities which although at present owned in Victoria, will

gradually be transferred here. We allude to the capital stocks of water works, gas works, etc. These were necessarily organized in Victoria to carry out enterprise here. But as has already happened in the case of the Electric Light Company, they will be transferred gradually to Vancouver ownership.¹⁵

Victoria played an important role of financier and organizer in Vancouver during its early development but as Vancouver's influence in the world of finance began to grow, Victoria could no longer claim monopolistic control of British Columbia's financial affairs.¹⁶

VIC
Central of
Money &
Banking

Perhaps the greatest change for the Victoria community during this era of prosperity was her fall from her position as the transportation capital of British Columbia. The city still had the port facilities, the financial and communication networks and the business experience, but these could not solve the geographical problem that prevented Victoria from becoming the terminus of the Canadian Pacific Railway. But in 1892 even without the railway terminus, Victoria retained her position as the trading centre of the province due to her intricate water transportation system.¹⁷ In the local shipping services or the coasting trade, Victoria held its initiative of 1885 and increased the services of her coasting trade.¹⁸ With this network of steamers centred at Victoria, the city was able to remain the supply centre for most of the centres on navigation routes in the province.

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One of the major problems Victoria faced was competition in freight rates, especially on goods shipped by railway from eastern Canada to Vancouver. Victoria businessmen complained bitterly over this extra

/ expense of transferring freight to ships and bringing it to Victoria.

Height
rates
to vic

R.P. Rithet, a prominent businessman, speaking to a Victoria meeting considering freight rates and their effect on Victoria's participation in provincial trade, predicted a gloomy picture for Victoria's commercial rivalry with Vancouver:

...he did not see at present where the greatly increased traffic was to come from. He did not think the business to be done in Vancouver and New Westminster by Victoria houses would be very much increased, unless it were possible for Victoria to give better prices, which of course was out of the question. So far as rates from the East were concerned, Victoria was in just the same position as Vancouver and had nothing to complain of.¹⁹

Some of Victoria's trade with the interior was threatened especially where the railway gave Vancouver the advantage. / Since most of the small towns throughout the province were on navigable rivers and lakes, Victoria's shipping connections, that had been established before the construction of the railway, were maintained and Victoria remained as the chief distributing centre of the province except where these centres were close to the transcontinental railway.

rail
advantage

One notable exception was Nanaimo. This coal mining centre had acquired steamer connections with Vancouver when the Canadian Pacific Railway was completed. When the Esquimalt and Nanaimo railway was completed in 1888, the Colonist expressed optimism for: "not only did it mean that Nanaimo, nay Wellington and Victoria were united by a band of steel, but it foretold that no distant day it would be extended to Comox and to the very north of Vancouver Island, giving us easy communication with our own mainland coast and the territory of Alaska".²⁰ Yet, only five years later the Board of Trade in Victoria was bemoaning the fact

railways
Nanaimo

that the Esquimalt and Nanaimo Railway and the City of Nanaimo provided no great benefit to the Victoria business community:

...that it was an undoubted fact that the E. & N. Co., in holding up their rates on the railway were standing in their own light as they were allowing the business which should be done from Victoria to go to the Mainland and into the hands of a rival steamboat company, which, though it was carrying the freight very cheaply, must be doing so at a loss. However, [there were] hopes that in the near future there might be such a reduction as would enable greater volume of business to be done with the coal city by Victoria merchants.²¹

At the same meeting, Colonel Prior²² referred to the railway rates which were causing a falling off of business for Victoria in the Kootenay area as Winnipeg firms competed for the trade of the area.²³ This loss of trade and threats of further losses of trade for the Victoria business community seemed to typify the sense of frustration in Victoria as the city tried to assert itself as the dominant city in the province.

As early as 1886, Victoria encountered the first of a long series of frustrating problems that generated considerable cries of indignation from the Victoria community. These problems caused a feeling of insecurity within the city and formed a solid ground for the claim of Vancouver that she was overtaking her rival and that Victoria, as the metropolis of British Columbia, was a part of the past. Although Vancouver had not overtaken Victoria by 1892 the problems Victoria encountered indicated the city no longer had the secure position it held before the completion of the railway. /

When the Canadian Pacific Railway completed its transcontinental line, the railway tried to obtain an Imperial subsidy to carry the mail by steamer from the Orient to Vancouver.²⁴ Due to lack of an immediate

response from the British government, Frazer and Company placed seven sailing vessels on this route to carry cargoes of tea and silk to Burrard Inlet, the first of which arrived on July 26, 1886. Because of the success of this sailing fleet, the Canadian Pacific Railway Company organized a steamship service between Vancouver and the Orient without an Imperial subsidy. The first steamer arrived at Vancouver on June 14, 1887, with a cargo of tea and silk for Vancouver and Victoria. On this first trip and most succeeding trips the Oriental steamship service passed by Victoria causing a great outcry of resentment from the Victoria business community.²⁵

Even before the arrival at Vancouver of the first sailing vessel from the Orient, the Colonist was calling on the people of Victoria, especially the business community and the Board of Trade, to ensure the stopping of the steamers from the Orient at Victoria, making it the first and last port of call:

The contract once signed without the stipulation that the steamers shall touch, coming and going, at Victoria or Esquimalt would place these ports completely at the mercy of the steamship company....It would never do to assume that this will be the headquarters of the China fleet because it ought to be ... If the China steamers should be compelled by the terms of their contract to touch at Esquimalt or Victoria both ways, the question of commercial supremacy would be settled forever.²⁶

Despite the continued protests by the Board of Trade, the City Council and the citizens of Victoria to the provincial, federal and Imperial governments, the Imperial government, in July 1889, granted a mail subsidy to the Canadian Pacific Railway Company for an Oriental steamship service, without a stipulation that Victoria be a required port of call.²⁷ Before signing the mail subsidy contract, W.C. Van Horne, the president of the

Canadian Pacific Railway Company, visited Victoria in 1887. He promised the steamers would call once the proper port facilities made it safe for the steamers to dock.²⁸ But soon after the inaugural trip from the Orient, the Colonist censured the Canadian Pacific Railway Company and the passive acceptance of their policies by the people:

How much nearer, I would ask, are Victoria and Esquimalt to the realization of their hope and right to be made the practical terminal of the Canadian Pacific now than when they were before Mr. Van Horne came? ... In the absence of remonstrance from the C.P.R. the great steamers continue to show Victorians the blades of their propellers, carry our freight on to Vancouver and send it back at our expense for lighterage ... Every important enterprise that is or has been projected on island or mainland seeks or had sought the required capital of Victoria.

'Soft words butter no Parsnips'. What are needed are hard words, strong arguments and decided action. Fellow citizens of Victoria and Esquimalt, your future lies in your own hands. By moving now you can shape your own destiny — gloriously and brightly. By idling in your tent you will miss the golden opportunity and when you have grown weak and enervated the enemy will devour you at his leisure. Are you prepared to act promptly and decisively; to refuse all overtures that are only made to delude and cast your patronage into the hands of those who will appreciate it and who are prepared to stand loyally by the terms they may make until another trans-continental line shall have traversed British Columbia and broken forever the cursed conspiracy against your well being? Every man who earns his bread in this city or Esquimalt; every man who owns a town lot; every man who has driven his home stakes here is interested in this momentous question.²⁹

The sharp criticism of Victorians in an attempt to spur them into action was partly due to the incessant boasting and sarcasm of the editor of the Vancouver Daily News Advertiser who, referring to the feelings of Victorians at the first departure of the Abyssinia from Vancouver, commented on the weeping and gnashing of teeth in the island.

Victoria [is] weeping for the steamers and will not be comforted because they will not call there".³⁰ The editor of the Daily News Advertiser also used this occasion to show Victoria's decline and the rise of Vancouver: "That the real, the tangible supremacy is falling away — if it has not done so already — from Victoria, and her place being taken by Vancouver, they have probably by this time come to know".³¹

During March 1888, the arguments for and against Victoria becoming a port of call for the Oriental steamships were put forward by the opposing newspapers. The Daily News in Vancouver argued that the poor harbour facilities in Victoria did not meet the safety requirements of these large ships; and the through mails would be delayed by the stop at Victoria.³² The Colonist argued that Victoria was the first and closest Canadian port; that mail landed at Victoria could be distributed throughout the province twenty-four hours faster; that passengers could be saved an extra journey; and that freight could be handled more efficiently in Victoria.³³ But regardless of the relevance of the arguments, Victoria was continually by-passed.

Although Van Horne repeatedly assured Victoria that she would be a port of call,³⁴ the by-passing of the city detrimentally affected her position in the province. The Colonist attempted to keep the public involved by reporting that the lack of the China mail steamers in Victoria "still continues to adversely affect the commercial interests of the port".³⁵ The cause was continually supported by conversation and demands, but, with one exception, little or no money or initiative was shown. In 1890 R.P. Rithet and Company began building an outer wharf to accommodate the large steamships of the Oriental service. The wharf was

completed in July 1893.³⁶ But, during this period of great prosperity, Victoria lacked direct trade with the Orient and remained second best to Vancouver, the only port in British Columbia with a direct link to the Orient. Only in July, 1894, did Victoria gain a share in the trans-Pacific trade when the Upton Line, a British Company, made Victoria a port of call.³⁷ Therefore, due to the initiative shown by one Victorian, the city was able to obtain a vital connection with the Orient.

This seeming neglect of Victoria by the Canadian Pacific Railway Company led Victorians to rally behind any new railway project that would ultimately make Victoria its terminus. In 1887 the Southern Pacific Railway planned to build a line from Portland, Oregon, to Crescent Bay, Washington, which, with the addition of a ferry and a small branch line from the Esquimalt and Nanaimo Railway would give Victoria its desired connection. This proposal led the Honourable Robert Dunsmuir to introduce to the legislature a bill "providing for the building of a branch line from a point of the Island railway near Goldstream to Beecher Bay on the straits".³⁸

The enthusiasm toward the project soon died, but in 1890 interest was revived when the Northern Pacific Railway proposed to run a branch line to Port Crescent, Washington, and incorporate the Victoria, Port Crescent and Chehalis Railroad Company on May 14, 1890. In welcoming the incorporation of the company, the Colonist explained "that nothing so vivifying and so generally beneficial in its effects has happened to Victoria since its first settlement, as will be its connection with the great railroad systems of the continent by the Victoria, Port Crescent and Chehalis Railroad".³⁹ Alas, this scheme failed.

new port
still 2nd
Best to
VANCO.

new rail road
as a link.

The final proposal to gain Victoria's support in this period was the Canada Western Central Railway Company which, in 1892, proposed a line running from the eastern boundary of the province to Victoria.⁴⁰ But, like other proposals, this line failed to materialize. By the end of 1892 Victoria was still not a railway terminus and remained subservient to Vancouver and the Canadian Pacific Railway.

While seeking a railway, Victorians nurtured a growing feeling of discontent with the Canadian Pacific Railway. Their belief that the decision to locate the terminus on the mainland was a deliberate discrimination against their city seemed confirmed by the problems over the Oriental steamship service. Less than a year after the arrival of the first train in Vancouver, Victoria merchants were complaining about rising freight rates and the company's failure to acknowledge their city:

Victorians
view of
the CPR
& its
boats.

In furtherance of the bad policy that has characterized the Canadian company since they became mixed up in land speculation on the Mainland, Victoria has been systematically ignored in most of their publications. They have issued maps on which this city does not appear at all, Vancouver figuring in place of it.⁴¹

Specifically, Victoria's merchants complained:

...of the way in which freight coming in the Pacific railway steamers is delayed in Vancouver. Discrimination, they say, in this matter is made against this city by the company's officials ... It is said that the company keep the goods at Vancouver, waiting till their own boat, the Mongkut, is ready to take them to Victoria — We are not surprised that Victorian shippers who are treated in this way feel indignant.⁴²

This treatment by the Canadian Pacific Railway caused Victorians to lose trade in the province and also put them on the defensive against the Railway Company.

In the short run, a more important issue was the future of the fur-sealing industry. The Canadian fur-sealing industry on the Pacific, owned and operated exclusively by Victoria businessmen, annually circulated well in excess of \$150,000 in Victoria. The city benefited from the sale of provisions and the building and maintenance of equipment. As the sealing industry had developed before the founding of Vancouver, the new city played only a minute role in it. For Victoria, the sealing industry was a definite commercial advantage allowing the city to maintain and strengthen its position as the commercial metropolis of British Columbia.

Fur Seals

Fur-sealing was a substantial industry which had encountered success after success in the years before 1886. Then, Britain and the United States disagreed over the ownership of territorial waters and a dispute arose in the Behring Sea over the source of seal skins. Americans began seizing British vessels, mainly of Victorian registry, in 1886.

qv 35
note 43!

By 1892 the total value of claims against the Americans for seized vessels, including the costs for fighting one case in the courts, was \$857,702.23.⁴⁴ These seizures resulted in the loss of a large amount of Victoria capital and increased the feeling of insecurity in the business community.

In spite of the seizures, the annual return from the sealing industry continued to increase prior to 1892. Nevertheless, a settlement in favour of the Victoria based sealers seemed to be of the utmost necessity to the continued prosperity of Victoria.

After the 1886 seizures, the Colonist drew attention to the

importance of the sealing industry:

We have reason to believe that in the near future our fleet will be very considerably augmented, and that Victoria instead of receding from the proud position which she has long occupied, being the pioneer of the trade, will continue to be abreast of the times and push the advantages she has gained. The fact means very much to this city in the money which will be expended among our people.⁴⁵

As the effect of the American seizures continued to create hardship among the owners and employees of the sealing vessels, Victorians demanded a judicious and quick settlement by the Imperial government of their claims against the United States.⁴⁶ Because little progress was being made in regard to a settlement, sealing owners in 1889 organized a public meeting to protest the seizures of sealing vessels and formed a Sealer's Association "for mutual assistance and protection".⁴⁷ The Association sent protests to the Canadian and Imperial governments and also the Boards of Trade across Canada. Despite their protests and attempts by the Imperial government to find a quick and satisfactory solution, the United States banned foreign sealers from the Behring Sea in 1890. The British Columbia Board of Trade predicted disastrous effects from this closure on Victoria's capitalists believing that many businessmen would be ruined.⁴⁸ Regardless of this pessimism, the year's catch resulted in increased catches and higher profits.

By 1892, Victoria still doubted the future of the sealing operations. She had not heard the results of negotiations, started in 1891, for a Treaty of Arbitration to settle the sealer's claims.

This constant necessity to defend, eventually led to a psychological state of uncertainty about the city's dominant position in the province. The sectional difficulties became more intense after the completion of the railway and the competition for the trade of the province caused a further antagonism. During the 1886 session of the provincial legislature Mr. Orr, a Mainland member, proposed to move the capital of the province to the mainland because the future trade of the province would be located on the Canadian Pacific Railway and because the Island city was not easily defended at times of war. ⁴⁹ Though overwhelmingly rejected, this motion indicated the pressures that would come to bear on Victoria in ensuing years.

With the Vancouver News Advertiser's blustering support of a small growing community, backed by a powerful railway company, Victoria had to contend with continual attacks on her dominant position in the province. ⁵⁰ These attacks, although unsupported by any concrete evidence, placed Victoria at a definite disadvantage because she continually had to defend her position. The Colonist declared:

Let them (Mainlanders) send men to the Legislature who will support the Government which has already shown a disposition to treat Victoria fairly, and not to strengthen the hands of the Opposition who will do all that lies in their power to give the mainland so great a preponderance in the representation that this city will not be secure in the possession of the advantages it enjoys for a single year.⁵¹

This uncertainty about Victoria's future was unfounded since the actual trade statistics in 1891 indicated Victoria's dominance in the field of trade. The only possible answer was that the uncertainty was

the result of continued attacks on Victoria by Vancouver-based organizations who claimed that Victoria was a dying metropolis.

From 1885 to 1892, Victoria prospered. Both the city and its businesses grew, but inroads were being made on her position as the metropolis of British Columbia. In the new age of railway transportation Victoria was at a distinct geographical disadvantage. The straits separated the city from the mainland and many of her old markets could be more easily serviced by the terminal city. Yet, Victoria far out distanced Vancouver in shipping and commercial operations and retained the major share of her inland markets. The most profound effect of Victoria's status as the metropolitan centre of British Columbia was not in a reduction of any of her business activities but rather in an abstract field of attitudes within the city, itself, and in the province. The city no longer radiated the absolute assurance within, that it was and would forever be the commercial centre of the province. There were continual accusations that the city was forced to deny or repudiate and there was the problem of achieving a railway connection that would place it on a par with its booming and extroverted rival, Vancouver. Perhaps, the best illustration of the attitude in Victoria during the seven years of prosperity was that portrayed by the Colonist on February 11, 1890:

The time has come for Victoria to assert herself, to show that the boasters and boomers of Vancouver have systematically misrepresented her to the world, to prove that she is far and away the most important city in British Columbia, and to make it clear that there are good grounds for believing that she will maintain the position she now occupies. 52/

FOOTNOTES

¹William's British Columbia Directory, 1892 (Victoria: Colonist Publishing Company, 1892), p. 34, p. 89.

²Colonist, January 1, 1893, p. 3.

³William's B.C. Directory, 1892, p. 408.

⁴In 1883 R.B. McMicking and E. Crow Baker proposed a system of electric lighting for streets which City Council accepted. In 1884 Victoria bought an electricity plant from Baker and McMicking. In 1886 the Victoria Electric Illuminating Company was built and promoted by S.Z. Mitchell, a Seattle electrician and McMullen to provide light for residential and commercial customers. Patricia E. Roy, The British Columbia Electric Railway Company: A British Company in British Columbia: 1897-1928, (Unpublished Ph.D. dissertation University of British Columbia 1970), pp. 1-3.

⁵Ibid., pp. 1-3. In 1888 Captain J.D. Warren, National Electric Tramway and Lighting Company, obtained a franchise from City Council to establish an Electric street railway. Using local capital he built his railway which opened in February 1890. The lines were extended but due to the depression the company went into receivership in 1896.

⁶William's B.C. Directory, 1884-1885, p.99, pp. 169-170. Henderson's British Columbia Directory and Street Index 1891 (Victoria: L.G. Henderson, 1891) pp. 725-774. Retail outlets increased in Victoria from 184 in 1885 to 350 in 1891. Wholesale outlets increased from 18 in 1885 to 23 in 1891. Vancouver had 267 retail outlets and 10 wholesale outlets.

⁷The Vancouver News-Advertiser, June 18, 1887, p.2.

⁸Some good examples are Oppenheimer Brothers, Rand Brothers and A.A. Green. 2023

⁹Henderson's B.C. Directory, 1891, pp. 725-774.

¹⁰Colonist, December 24, 1889, p.4. Council formulated bylaws that required the consent to the people to supply the mentioned industries with a monetary bonus along with other concessions. Colonist, January 8, 1890, p. 4. The by-law passed with 1,538 for and 481 against. Although large incentives were offered for a sugar refinery and paper mill, they were never built.

¹¹Henderson's B.C. Directory, 1891, pp. 725-774.

¹²V. Ross, A History of the Canadian Bank of Commerce, (Toronto, 1920) I, pp. 333-334.

¹³Ibid., p. 338.

¹⁴Francis Garesche entered the service of Wells Fargo in San Francisco. He came to Victoria as the representative of Wells Fargo. He then entered the banking business for himself under the name of Francis Garesche, Banker. He died at sea in 1875.

¹⁵News-Advertiser, February 6, 1890, p. 4.

¹⁶In fact, Victoria did not control her own finances since the head offices of the local banks were in London or Eastern Canada.

¹⁷See table on Victoria import and export returns. Also, Fourteenth Annual Report of the British Columbia Board of Trade, 1893, (Victoria, 1893), p. 18, pp. 64-69.

¹⁸Fourteenth Annual Report of the British Columbia Board of Trade, 1893, (Victoria 1893), p. 62. The largest steamship company in British Columbia servicing coastal areas was the Canadian Pacific Navigation Co., established in 1883, and owned by Victoria business interests. The firm had begun operations with six steamers and by 1892 had added nine more steamers, all fifteen of which were involved in providing services from Victoria to coastal and interior areas of British Columbia. This company gave the Victoria business community connections with Vancouver, New Westminster, Hope, Popcum, Sumas, Chilliwack and Langley in the Fraser Valley and Fort Simpson, Metlahkatla, Skeena River, Bella Bella, Alert Bay and intermediate ports on the Northern coast, Vancouver and Queen Charlotte Islands, Alberni, ports on Barclay Sound, Bute Inlet and Alaska. Other companies gave Victoria transportation connections with other coastal points were the Union Pacific Railway, the Pacific Coast Steamship Company, that provided service to San Francisco, Skeena River, Port Simpson, River's Inlet and way ports; and W.P. Sayward's line serviced Alberni and way ports. Williams B.C. Directory, 1892, pp. 417, 418, 423. In 1893 Victoria had 1,491 arrivals which amounted to 654,569 tons of shipping, while she had 1,512 departures with an aggregate tonnage of 664,844 tons.

¹⁹Colonist, August 18, 1893, p. 3.

²⁰Colonist, March 30, 1888, p. 2.

²¹Colonist, August 18, 1893, p. 3.

²²Brief outline of Colonel Prior's life. See footnote one, chapter five.

²³Colonist, August 18, 1893, p. 3.

²⁴W. Kaye Lamb, "The Pioneer Days of the Trans-Pacific Service, 1887-1891", British Columbia Historical Quarterly, I (July, 1937), pp. 143-144.

²⁵Colonist, March 3, 1888, p. 2.

²⁶Colonist, April 27, 1886, p. 2.

²⁷Lamb, "Trans-Pacific Service", British Columbia Historical Review, p. 157.

²⁸Colonist, August 2, 1887, p. 1.

²⁹Ibid., p. 1.

³⁰Vancouver Daily News Advertiser, June 15, 1887, p. 2.

³¹Ibid., p. 2.

³²Colonist, March 3, 1888, p. 2.

³³Colonist, March 8, 1888, p. 2.

³⁴Colonist, June 18, 1889, p. 1.

³⁵Colonist, July 6, 1889, p. 1.

³⁶Colonist, July 14, 1893, p. 6.

³⁷Lamb, "Trans Pacific Service", p. 161. The Upton Line was established in 1891 and travelled from Port land stopping at Victoria and continuing to the Orient. By 1892, the line was bankrupt but was re-organized into the Northern Pacific Steamship Company which continued to use Victoria as a port of call.

³⁸Colonist, May 16, 1890, p. 6.

³⁹Colonist, May 18, 1890, p. 4.

⁴⁰Colonist, May 29, 1892, p. 1. Robert Dorman, comp., A Statutory History of the Steam and Electric Railway of Canada, 1836-1937 (Ottawa: 1938), p. 140.

⁴¹Colonist, June 1, 1887, p. 4.

⁴²Colonist, January 28, 1890, p. 4.

⁴³R.E. Gosnell, The Year Book of British Columbia (Victoria: Bureau of Provincial Information, 1897), pp. 266-267. "Historically the origin of the present dispute lies in the possession of Alaska and the islands pertaining thereto by the Russians, and the subsequent transfer of this territory by Russia to the United States, the Government of which acquired all the inherent rights of property and domain of the former. The Pribyloff Islands in the south-east corner of the Behring Sea are the great breeding grounds of the fur seals, on the coast of North America, and consequently seat of the sealing industry. As the Pribyloff Islands are exclusively the property of the United States, that country leased to the North American Commercial Company the right to kill annually on these islands 100,000 seals. It is not probable that the United States Government of its own volition made the dispute, but the private commercial interests which this arrangement created undoubtedly suggested claims to rights in regard to the seals which the United States Government fathered and subsequently undertook to establish. Control of the breeding ground, if it were accompanied by control of the sea itself, would carry with it a monopoly of the sealing industry. Hence, to secure this the claim was set up that Behring Sea was mare clarrsam, (sic.) or closed sea, although over a hundred miles wide and a part of the Pacific Ocean. This claim was based on a right arrogated by the Russians to exclusive jurisdiction, — which, by the way, was formerly taken exception to by the United States government itself, and was never recognized by any nation, much less Great Britain — on the plea of inheritance by purchase. Great Britain, in the first place, denied the existence of any such right had previously existed on the part of Russia, that nation had by conventions with the United States and Great Britain in 1824 and 1825, respectively renounced such claim. Canada through Great Britain disputed the claim in 1886 and from that time disputes and seizures were frequent'. Five vessels worth \$142,711.39 were seized in 1886. In 1887, seven vessels were seized at a value of \$322,764.57. In 1889 nine vessels and their cargoes were seized valued at \$286,277.00 and in 1890 and 1892 four more were seized which were valued at \$43,102.15.

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⁴⁴The preceding statistics on the seizures of British sealing vessels were obtained from R.E. Gosnell, The Year Book of British Columbia (Victoria: 1897), p. 266.

⁴⁵Colonist, March 20, 1887, p. 2.

⁴⁶Canada, "Reports, Returns, and Other Papers, presented to the Imperial Houses of Parliament of Great Britain and Ireland relating to Canada", Imperial Blue Books on Affairs Relating to Canada, 1888-1891, (London: 1891), Vol. 26, pp. 1-512 passim.

⁴⁷Minute Book of the Sealers Association which later became the Victoria Sealing Company. P.A.B.C., Meeting August 27, 1889.

⁴⁸Colonist, July 9, 1892, pp. 2-3.

⁴⁹Colonist, April 3, 1886, p. 3.

⁵⁰News-Advertiser, June 15, 1887, p. 2. "That the real, the tangible business supremacy is falling away — if it has not done so already from Victoria, and her place being taken by Vancouver, they have probably by this time come to know". Colonist, July 31, 1888, p. 2. "With regard to the general trade at present centred at Victoria we have frequently been informed that our business men would have to transfer their base of operations to Vancouver". Colonist, August 7, 1888, p. 2. The Vancouver News-Advertiser announced that the headquarters of the Hudson's Bay Company would be moved from Victoria to Vancouver. Colonist, October 4, 1890, p. 4. The Vancouver World claimed Vancouver was the shipping centre of the province.

⁵¹Colonist, June 13, 1890, p. 4.

⁵²Colonist, February 11, 1890, p. 2.

CHAPTER III

DEPRESSION, 1892-1896

During the 1880's and early 1890's, British Columbia and particularly Victoria, prospered. The construction of the Canadian Pacific Railway had been a boon but lumber, salmon and fur seal production had increased in response to a large international demand. As long as the staple industries prospered there was little immediate concern about a lack of secondary industry. In Victoria, businessmen had surmounted their transportation difficulties and continued to dominate the foreign and domestic trade of British Columbia. Then, after the international demand for British Columbia's products declined in 1892 as the result of a world-wide depression which was compounded by a financial crisis in the United States in 1893, the basic weakness of British Columbia's economy became apparent. And, as traditional sources of developmental capital dried up, Victoria lost her pre-eminent role in the provincial economy.

During 1892, the Bank of British Columbia observed that: "in the face of much depression in trade, and in the extreme cheapness of money; nearly all the leading industries of British Columbia, and on the Pacific Coast, viz. lumber, grain, coal and fishing, have suffered more or less from the slackness of demand and the extremely low prices ruling".¹ The lumber industry, for example, was already feeling the effects of local depressions in various parts of the world. The collapse of South American markets in 1891 resulted in over production of sawn lumber. A year later, stagnation in the American and Australian markets led to the curtailment of production. In 1894, markets improved slightly and 46,490,000 board feet were exported from British Columbia but prices were

low and profits declined. Market conditions continued to improve and when large gains were made early in 1896, the British Columbia Board of Trade believed the depression was over. Late in the year, however, the industry again suffered reverses.²

In the short run, Vancouver, the main lumbering centre of the province, suffered more from the depression than did Victoria. Indirectly, the capital city was more seriously affected for it still acted as the wholesale centre of the mainland. Consequently, the depressed mainland economy restricted the ability of Victoria merchants to provide developmental capital and the lumber industry sought new sources of financial support. Thus, Victoria's slight influence over the lumber industry was further diminished.

A similar situation occurred in the salmon canning industry where the problem was complicated by the cyclical nature of the salmon runs. The year 1891 had been an "off season" on the Fraser River with a pack less than half that of a good year. Moreover, according to the British Columbia Board of Trade, prices were very low because the large consuming countries were over supplied and the canners had a very bad year.³ The increased supply of canned salmon was partly the result of the beginning of serious competition from American-owned canneries in Alaska. Salmon catches improved in 1893 and conditions were better for British Columbia canneries when a record high of 520,229 cases was packed in 1894. The industry, however, laboured under the strains of depressed world markets, low prices and competition from Alaska in the British market. In 1895 the return of stability to the world market brought prosperity to the industry which produced a total pack of 566,395 cases valued at \$2,831,875.⁴

The depression in the salmon canning industry severely affected the commerce of Victoria. At the beginning of the depression in 1892, Victoria exported 85% of the fisheries products from British Columbia.⁵ Near the end of the depression, in 1896, Victoria exported only half of the fisheries products while Vancouver and New Westminster exported the remaining half.⁶ The distribution centre for the fisheries industry shifted to the mainland during the depression mainly due to closeness of supply and the opening of commission firms on the mainland.

In contrast to the lumbering and salmon canning industries, new markets were opening for Victoria in the mining industry. In 1892 the British Columbia Board of Trade was concerned with bolstering gold production and expressed hope for success in the new Kootenay mining operations.⁷ At the beginning of the depression Victoria was the leading mineral exporter in the province. With the opening of the Kootenay mines the city hoped to develop further business.⁸

After the depression, the Kootenay mining industry boomed with large amounts of capital investment from Britain and the United States. Capital was also invested in the hydraulic mining companies formed to wash the low yield gravel of creeks and rivers that were unprofitable as placer mines. Both Victoria and Vancouver shared in this mining boom as the new companies used both cities as bases of operations. However, Vancouver gained more of these mining companies than Victoria because it had the railway to provide rapid transportation into the interior and access to the railway steamers on the Kootenay waterways.⁹ At the close of the depression Victoria's position as a major mineral exporter

was reversed, exporting only one tenth of the total mining products while Vancouver, New Westminster and Nelson exported the remaining nine-tenths.¹⁰

In any attempt to develop the natural resources in the interior, railways were an absolute necessity. Since 1888 there had been twenty-nine railway charters granted in British Columbia. The only three to be completed ~~in 1893~~ were the Shuswap and Okanagan, the Columbia and Kootenay, and the New Westminster Southern. Construction began on six others in 1893; four to bring railway transportation to the mineral rich Kootenay area and two to connect Vancouver and Victoria with railways in the United States.¹¹ Some of these railways, which were started before the full impact of the depression were in the process of completion or had already been completed in 1895, but in that year the British Columbia Board of Trade reported, "Other proposed railways to open up various portions of the Province, for which charters have been obtained, have not been commenced, owing to the absence of required capital".¹²

When the Canadian Pacific Railway became directly linked with the Kootenay mining district in 1894, by the completion of its branch between Arrow Lake and Revelstoke on the mainline, it provided the only direct Canadian access to the region. This connection gave Vancouver an opportunity to gain commercial influence in this boom area. But even Vancouver's business community faced stiff competition from eastern Canadian merchants ~~who~~ who also had direct access to the Kootenay country by the Canadian Pacific Railway. American competition was the strongest because of the relatively short distance between the mining district in Canada and Spokane, Washington on the Great Northern Railway. Moreover,

Spokane had long standing links with the area. It was to this American city that most of the Canadian ore was sent while the Canadian counterparts remained outside the inner circle of commerce in the area.

Victoria, faced still greater difficulties in her attempts to gain a portion of the Kootenay trade. Because of the inability of the coastal cities to gain what they felt was a sufficient share of the Kootenay trade, a movement was organized to construct a railway from the coast to this rich mining district. The Provincial Legislature offered a bonus for the construction of a railway linking Boundary Creek and the coast with an added stipulation that a ferry be provided to extend the line to the Island.¹³ The influence of the Victoria business community was clearly put forth in this scheme, as shown by the conditions attached to the actual building of the railway. The importance of the railway to Victoria was stressed in the Colonist before the beginning of the depression:

Magnificently situated, as she is, enterprising as her people may be, Victoria lacks one very important factor to her being the great and important centre which so many persons believe she is destined to be. If, as is continually proclaimed, the more remote sections of the province can only be developed by means of railways, so may it be said of Victoria — from many points of view the most eligibly situated city on the Pacific Coast. Her great need is railways.¹⁴

This realization that a railway was of utmost importance to Victoria was carried through the depression. However, the rash attempts that had been made during the period of prosperity to gain a railway were replaced by slow and thoughtful deliberation over the problems and necessities of gaining the railway.

The Canada Western¹⁵ had been given a charter and supported by /

Victorians in the period of prosperity. This railway was still before the public, but the change of attitude was evident when the British Columbia Board of Trade discussed it:

Mr. Earle pointed out that thus far the promoters of the British Pacific, [Canada Western] Mr. Rithet and his associates, had not applied for any assistance from the Dominion Government, for the reason that their plan was not yet sufficiently matured. When they were ready it would be ample time for Victoria members to take the proposed action, and he had no reason for believing that their request would be denied by the Dominion Government.¹⁶

Although no request was made of the Dominion Government for a grant for this railway, the railway scheme remained alive in the minds of the people and promised prosperous times when capital could be obtained more easily.

At the close of the depression, the railway construction of the province still centred on the Canadian Pacific Railway. All new lines in the interior were directly or indirectly connected with Vancouver; Victoria retained the almost insurmountable problem of bridging the straits before gaining any direct benefit from the railway lines of the province. With the rise of the Kootenays to prominence, Victoria was almost a forgotten factor in the province's commercial character because of her isolated position on Vancouver Island.

This isolated position initially led to Victoria's development of water transportation systems. Before the depression, Victoria was the premier port in the province in relation to the number of ships involved, tonnage, and value of cargoes; at the end of the depression, Vancouver surpassed the older established city in some respects.¹⁷ The Vancouver Board of Trade in 1896 stressed that Vancouver's shipments were four

times those of Victoria.¹⁸ Although the tonnage of exports and imports was greater in Vancouver, the value of this trade was much greater in Victoria.¹⁹ However, by the end of the depression, Victoria's complete superiority over shipping had disappeared under the challenge of the busy port of Vancouver.

Water transportation was not one of Victoria's major problems although her pride was bolstered in being made the first and last port of call for the trans-ocean steamers that used Vancouver as their terminus. When the city received its desired connections she proceeded to brag about her importance to Canada and more so, the British Empire. In fact, she was merely one of the stopping points for ocean shipping, not the terminus. At the beginning of 1894 the Colonist observed:

During the year just closed a new and important link has been forged in the chain of communication, uniting the Colonies of the British Empire. The Canadian-Australian line of fast mail steamers has been inaugurated, and has already demonstrated its great value to the Empire, providing improved mail facilities, inaugurating profitable reciprocal trade between Canada and the Australian colonies and bringing into closer relationship the kindred communities between whom roll the water of the Pacific. The first port of call in America and the last of departure for these fine steamers is naturally Victoria. To China and Japan there are at present two competing lines operating fast and well equipped steamers, with definite promise of a third entering the field during the present year.²⁰

A few months earlier, when the inaugural voyage of the new Australian line of steamships by-passed Victoria, the Colonist had complained that the steamship lines' procedure was unfair to Victoria's merchants. The paper also used this opportunity to illustrate again the unfair and discriminating tactics used by the Canadian Pacific Railway against Victoria.²¹ If this situation continued, Victoria merchants would be completely eliminated from the markets of the province. Thomas Earle,

Member of Parliament for Victoria, summed up the situation after the Warrimo left for the port of Vancouver:

It places Victoria merchants in this position. By the time our fruit is received here the Vancouver merchants will have flooded the market; their fruit will be in New Westminster and Nanaimo to-day, while we have not even got ours to supply the Victoria market, where they are allowed by this proceeding to get ahead of us.²²

The steamship company clarified the situation after pressure was applied by the Federal Government. Victoria then became a required port of call and was given full time to receive all her freight from Australia.

The Canadian Pacific Railway bore the brunt of Victoria's dissatisfaction with her position in relation to foreign and local trade. In December 1893, the railway company proposed to form its own shipping fleet between Vancouver and Victoria to rival the Victoria-owned Canadian Pacific Navigation Company.²³ The Colonist quickly called on local merchants to support the Victoria based company in opposition to the proposed new enterprise and pointed out the benefits that the city gained from the Canadian Pacific Navigation Company in contrast to the apparent disregard for the city by the Canadian Pacific Railway Company.²⁴ The Colonist continued its attack on the strong railway company throughout the depression. These attacks, primarily against the restrictions imposed on the city's trade, became a general condemnation of the Canadian Pacific Railway Company:

A good many Victorians believe that there is a powerful influence at work to injure their city. Disparaging remarks are made about it whenever an opportunity offers, and it is, they say, often ignored altogether. Jealousy of Victoria and determination to prevent its advantages and its beauties from being known, they say, are shown in a hundred ways, some of them mean and petty, but all of them intended to be effective.²⁵

This condemnation was directed at the railway's dominance, although the full effects of the Canadian Pacific Railway were still not felt in Victoria at the end of the depression.

The sealing industry, which had already been sharply curtailed by the political difficulties in the Behring Sea, continued to decline. Victoria had awaited the results of the Behring Sea Arbitration which was convened to settle the claims for seized vessels. The Arbitration provided no relief because of restrictions imposed on the season and hunting methods.²⁶ The Americans also failed to settle the problem of awards to the owners of the seized sealing vessels. The sealers in British Columbia believed that the "...one sided regulations accompanying the Award have practically ruined our Behring Sea Fur Seal industry, in which so much of British Columbia capital was invested".²⁷ Under these conditions, the Victoria fur sealing fleet was forced to gather its catch outside the prime area in the Behring Sea. In the years from 1892 to 1896 the catch diminished and the prices dropped.²⁸ An additional handicap was Russia's establishment of a protective zone around most of her prime sealing grounds.²⁹

The problems surrounding the sealing industry were very detrimental to the commercial activity in Victoria during the depression years. At the beginning of the depression, the Commercial Journal evaluated the effect the seizure of Victoria sealing vessels had on the business of the community:

The Victoria market is perfectly featureless this week. The seizures of the sealing vessels by the Russians in the Behring Sea are being discussed on all sides. From the fact that the sealing industry is indissolubly linked with the present and

prospective future of Victoria, the mercantile people are inclined to give more attention to the matter than would be otherwise be the case.³⁰

Accompanying this feeling of uncertainty about the future of Victoria's sealing industry was the realization that without it a principal part of the city's economy would be lost. This industry had given the city considerable support in its claims to the status, as the metropolis of British Columbia.

The depression did not actually curtail the growth of Victoria but slowed it down to a crawl when compared to the growth of Vancouver. Victoria's retail and wholesale outlets showed small growth in numbers while Vancouver's were nearly equal to those of Victoria at the end of the depression. Vancouver's industries, also increased while Victoria's remained the same. At the close of the depression both cities provided similar services in type and in number.³¹ Therefore, in 1896, Vancouver could rightfully claim to be the rising metropolis of British Columbia, able to provide commercial services to her hinterland.

Financial institutions in British Columbia experienced contrasting business activity during the depression. Although the banks were very conservative in their lending policies in the coastal cities during these lean years, the ore discoveries in the Kootenay kept British Columbia in the financial limelight. The Bank of Montreal improved its position in the province during the depression by opening new branches at Nelson, New Westminster, Vernon and Victoria.³² With its strong base in eastern Canada and only small investments in the coastal cities, the bank weathered the lean years of the depression and was prepared for the return of prosperity. On the other hand, the Bank of British Columbia suffered

sharp reverses during the depression, especially in its Washington State branches. This resulted in the closure of these branches and the continuation of a tight policy toward loans.

The depression curtailed production of manufactured products and these industries were the most indebted to the banks. The Albion Iron Works of Victoria was one of the firms depending heavily on the resources of the Bank of British Columbia. During the depression the bank constantly urged the company to keep its financial requirements on a sound basis. In September 1893 the bank called Albion Iron Works attention "to the largeness of the Company's overdraft and requesting that it might be reduced to the limits of \$50,000 with as little delay as possible".³³

At the general meeting of the bank in February 1896, Sir Robert Gillespie reviewed the overall effect of the depression on the bank's position in British Columbia:

It has been my misfortune at the last two meetings of the shareholders ... to deplore the almost unprecedented stagnation and depression of trade on the Pacific Coast, affecting all our branches, depreciating all classes of security and property, paralysing the commercial interests of the country and ruining many local financial institutions in Washington and Oregon, which a few years ago were supposed to be possessed of ample means to meet their engagements. The result has been that many of our customers, more particularly those in Vancouver, Portland, Seattle and Tacoma, are now unable to pay the advances made them, and though we hold security at one time considered ample, it has now so depreciated that we fear a contingent loss of a considerable sum may result.³⁴

The great losses of the foremost Bank in British Columbia had a profound effect on Victoria's stature as the financial centre of the province. When business revived, the Bank of British Columbia was unable to recover its previous position. In addition, the failure of Green, Worlock and

Company (formerly Garesche, Green and Company), furthered Victoria's loss of financial stature.³⁵

During the depression the financial headquarters of British Columbia were split between Victoria and Vancouver. Both cities had branches of the Bank of British Columbia, the Bank of British North America, the Bank of Montreal and the Dominion Savings Bank. Vancouver, though, had two private banks to Victoria's one. The headquarters of the Bank of British Columbia and the Bank of British North America in British Columbia were in Victoria but the Bank of Montreal had its head office in Vancouver. With the severe problems of the Bank of British Columbia during the depression, Victoria was forced to recognize the claims of Vancouver that that city had surpassed Victoria as the financial capital of the province.

The depression years had not lessened the rivalry between Victoria and Vancouver over the control of trade and commerce of the province but they had resulted in less criticism and bragging by the opposing newspapers in the two cities. The depression caused numerous problems within the two cities which the newspapers felt were more important than the rivalry.

The attempts of merchants of both cities to survive poor business conditions had led to limited cooperation. With the opening of the Kootenay mining operations both cities attempted to gain a share of the trade which was being threatened by the competition from eastern Canadian and American firms. The joint efforts of the two cities to push a railway from the coast directly to the mining area was one important instance of this cooperation. The Boards of Trade of the two cities

also attempted to gain freight rate concessions from the Canadian Pacific Railway. The Victoria based British Columbia Board of Trade dealt with this problem at a meeting in 1894 when R.H. Hall explained that neither Victoria nor Vancouver could compete with Eastern Canadian cities because of high freight rates.

He found that the Canadian Pacific Railway was quite willing to arrange matters that British Columbia's needs could be supplied by British Columbia merchants, and he thought a committee should be appointed to study the tariff rates so as to put our cities in a better position to compete on equal terms with Eastern merchants. Some such move was necessary if this Province was to retain the trade with the Kootenay district, for instance, in any articles which could be imported from the East.³⁶

Although the attitude of the two cities toward each other had undergone somewhat of a change during the depression, there was one instance when the rivalry flared to its former sharpness.

In 1893 Premier Theodore Davie decided to build new Parliament Buildings in Victoria. This brought the sectional controversy out into the open. Victorians strongly supported the cause for their own benefit. The opposition was at first quite mild and based on the idea that at the present time British Columbia did not need new parliament buildings. But the Colonist, once again, brought the old rivalry out into the open:

The Vancouver World opposes the erection of new Provincial public buildings, in Victoria, because in its opinion, they are 'not yet wanted'. This is the objection of a certain class in every community to improvements and reforms of all kinds. As soon as a proposal is made to start anything new or to diverge from the beaten path they raise the cry that the change is not wanted, or that the time has not yet arrived in which it ought to be made. We do not think that the Vancouver World belonged to this unenterprising, unprogressive class ...

There may be something behind the World's opposition to the building of the proposed legislative halls which /

it finds it politic to keep in the background, for we find it hard to believe that it would oppose such reasonable and much needed improvement on grounds that are merely obstructive and unprogressive.³⁷

But as the sectional differences became openly apparent, the Colonist in Victoria took an entirely different approach in its defense of having the new buildings built in Victoria. The Colonist pointed out that Mainland cities were jealous of Victoria although they did not admit it openly:

If the truth were known the principal cause of their opposition is that the buildings are to be erected in Victoria. They hate Victoria with bitter hatred, and it is because they believe that if these buildings are allowed to be erected, Victoria will be the permanent Capital of British Columbia, that they oppose so strongly the measure that ensures their construction.³⁸

Because the mainlanders felt that they were entitled to more public works, they demanded that the Premier should have the public works constructed on the mainland. Davie defended his decision to have the buildings erected in Victoria by explaining that in the last fifteen years the mainland had had double the money spent than the Island for public works. He went on to say, "that the Province was a large estate and that what benefited one portion — whether the Mainland or the Island — helped the whole; that the Province must be governed as a whole, and the money should be expended wherever it would be the most advantage".³⁹ Despite all the protests and sectional claims the Parliament Buildings were begun in 1893 and the controversy died with the beginning of construction.

Although the depression affected the whole of the province, Victoria was relatively the hardest hit city. The people realized the state of

business and could do little about it. The air of confidence, about the city's status in regard to the rest of the province, was shaken. The Colonist, in October 1895, explained that although the Canadian Pacific Railway had reduced its freight rates the city had not made any significant progress in trade.⁴⁰ The city had recognized the fact that it did not have complete control over the commercial affairs of the province and was no longer calling itself the metropolis of British Columbia.

Vancouver also suffered through the depression but retained most of her business and continued expanding. Vancouver had, "... not escaped the general depression in trade, yet there are indications that actually the trade of the City is growing steadily, if not with the rapidity that characterized the movement a year or two ago ... the returns for Vancouver exhibited an increase of about 32 per cent over those of the same month last year".⁴¹

In 1896, as the depression ended, the Vancouver Board of Trade reaffirmed its belief in the city's position as the chief city of the province.⁴² Thus, the attitude of both cities changed during the depression: Vancouver, no longer claimed to be the next metropolis of the province but asserted that she had made substantial progress, while Victoria, ceased to profess that she was the metropolis and accepted the reality that she was no longer totally dominant.

Visitors to the two cities also recognized that Victoria and Vancouver were still rivals. Life in Victoria and Vancouver was classified as being of two totally different types. An English traveller described Victoria as: /

The habitation of the Mossbacks. Mossback is not a kind of Indian. It is the Yankee Canadian description of the easy going Englishman, who prefers to work on steadily to killing himself by the frenzy of business excitement, by which his brethren on the mainland wear themselves out prematurely. The Victorian moves so leisurely, says the cute Yankee (or the Canadian from the east, still cuter), that the moss has time to grow on his back.⁴³

This clasification implied that Vancouver was the centre of great business activity although there might not be any substantial results while Victoria had a more solid base that resulted from slower, well thought-out business. G.R. Parkin, in The Great Dominion, still regarded Victoria as the metropolis of the province but had reservations about the city's retention of that position:

Among the towns, Victoria, though not on the mainland still holds the foremost place. Originally a Hudson's Bay trading post, it sprang into importance when gold was discovered on the Fraser River. The wealth then gained has been increased by the mining, sealing and fishing industries, and by its being the chief centre of wholesale supply for the province. In this last particular, it still holds its own against the rivalry of Vancouver.⁴⁴

Another tourist, J.G. Colmer, observed that Victoria's position in the province was second to that of Vancouver and that considerable jealousy existed between the two cities. He reported that:

You must never expect a Victorian to say anything good of Vancouver, or Vice Versa; but surely there is room enough for two cities like Vancouver and Victoria in British Columbia. Vancouver Island is as large as Great Britain; it has extensive coal measures, abundance of timber; as well as much mineral wealth. A good deal of the land, when cleared, will be available for agriculture, and will grow anything that a temperate climate will produce. It is probable therefore, that in the future Victoria will greatly develop. It will never, perhaps, be as important as Vancouver, in view of the fact that the latter is the terminus of the railway, a great shipping port, and the possible landing place of the Pacific cable, and being in mind also the development of the mineral resources /

of the mainland which must take place in the near future⁴⁵ and for which Vancouver is the natural source of supply.

These books treated Victoria as an equal to Vancouver but she appeared to be on the losing end of a struggle to retain its position as the metropolis of British Columbia.

The depression resulted in many losses for Victoria in its contest with Vancouver for the trade of the province. Some of the business went to Vancouver and the remainder to other mainland and interior centres. The rivalry between the two major cities continued as Vancouver made large gains on its Island rival. Victoria's position as the metropolis of the province was rapidly being eroded. As prosperity returned to the province, Vancouver was in a preferred position, mainly because of its position as the transportation centre of the province.

During the depression Victoria lost part of the trade from the salmon canning industry, most of the trade from the mining industry, a reduction in the fur sealing industry and part of her distribution business. Without the direct linkage with a railway system, Victoria was in a very disadvantageous position. The attempts of her merchants to gain new markets in the recently opened mining districts in the Kootenay had been only partially successful. The financial institutions in Victoria had been hard hit with the failure of Worlock, Green and Company, and the grave problems of the Bank of British Columbia. Now, Canadian banks established branches in Vancouver, before Victoria. As prosperity returned, Victoria's future as the metropolitan centre of British Columbia did not appear bright. With the return of prosperity, Victoria's business community would be forced to find new markets and a direct connection with a railway in order to retain its position as the leading city in the province.

FOOTNOTES

- ¹Colonist, March 10, 1893, p. 3. See Appendices IV to VI.
- ²Thirteenth Annual Report of the British Columbia Board of Trade, (July 1892), p. 31. B.C. Board of Trade, (July 1893), p. 32. B.C. Board of Trade, (July 1894), p. 23. In 1893, although limited lumber shipments were made to Australia, South America, Japan, China, Cape Colony and Europe, the industry was still in a very depressed condition. B.C. Board of Trade (October 1895), p. 24. B.C. Board of Trade (August 1896), p. 24. B.C. Board of Trade (August 1897), p. 20.
- ³B.C. Board of Trade, (July 1892) p. 17. See Appendix II.
- ⁴B.C. Board of Trade, (August 1896), p. 21. See Appendix II.
- ⁵B.C. Board of Trade, (July 1892), p. 69. In 1892 Victoria exported \$2,004,597 of the \$2,351,083 total of fisheries products, exported from British Columbia. See Appendix V.
- ⁶B.C. Board of Trade, (August 1896), p. 60. In 1896 Victoria exported \$1,550,942 of fisheries products out of a total of \$3,288,776. Vancouver exported \$256,035 and New Westminster exported \$1,472,799. See Appendices V and VI.
- ⁷B.C. Board of Trade, (July 1892), pp. 19-20.
- ⁸Gosnell, The Year Book, p. 391. B.C. Board of Trade, (July 1893), p. 68. The total production of minerals in 1893 was \$2,898,947. Of this total Nanaimo exported \$2,550,136 of coal and Victoria exported \$276,376 of minerals other than coal.
- ⁹Colonist, January 1, 1895, p. 11. William's British Columbia Directory and Street Index, 1895, pp. 719, 748.
- ¹⁰B.C. Board of Trade, (August 1896), p. 60. In 1896 Victoria exported only \$309,862 of mining products out of a total, excluding coal products, of \$3,288,776. Nanaimo exported \$2,486,172 worth of coal. Vancouver, New Westminster and Nelson exported \$2,976,219 worth of mineral products. See Appendices III, V and VI.
- ¹¹B.C. Board of Trade, (July 1893), p. 16.
- ¹²B.C. Board of Trade (October, 1895), p. 16.
- ¹³B.C. Board of Trade (August 1897), p. 23.

¹⁴The Commercial Journal, March 31, 1891, p. 8.

¹⁵Sessional Papers. Second Session Seventh Parliament of the Province of British Columbia, Session 1896 (Victoria: Queen's Printer, 1896), p. 837. Letter to Hon. J.H. Turner from Mr. E.V. Bodwell, Men involved in promoting the British Pacific Railway formerly the Canadian Western Central Railway Company incorporated in 1889: Mr. E.V. Bodwell, Mr. R.P. Rithet, Mr. Armstrong from Victoria; Sir Thomas Selby Tancred, Baronet of London, England; Charles Newhouse Armstrong and the Honourable Joseph Rosaire Thibaudeau both of the city of Montreal; LaFayette Hayt de Trisse and Baynes Wright Smurthwaite, both of London, England.

¹⁶Colonist, April 6, 1895, p. 8.

¹⁷B.C. Board of Trade (October 1895), p. 84. Report of the Vancouver Board of Trade, 1895-96, (Vancouver, 1896), pp. 59-60. The vessels arriving at the port of Victoria from the sea with cargo was 1,034 carrying a total of 37,911 tons of cargo. The number of vessels leaving the port of Victoria was 733 carrying 28,456 tons of cargo.

¹⁸Report of the Vancouver Board of Trade, 1895-96, (Vancouver, 1896), pp. 14, 59, 60. In 1895 Vancouver's port facilities were used by 207 ships going outwards to sea that carried 111,000 tons of cargo while 200 ships entered the port carrying 61,504 tons of cargo.

¹⁹B.C. Board of Trade, (October 1895), pp. 80-81. The total value of exports and imports in Victoria during 1895 was \$3,777,394 and in Vancouver it was \$1,114,407.

²⁰Colonist, January 1, 1894, p. 7.

²¹Colonist, September 9, 1893, p. 4.

²²Colonist, September 10, 1893, p. 5.

²³The Canadian Pacific Navigation Company was formed in 1883 and originally owned by William Charles, Alexander Munro, John Irving, R.P. Rithet, William Spring, Peter McQuade and M.W. Drake. Canadian Pacific Navigation Company Ltd. Memorandum of Articles of Association of the Canadian Pacific Navigation Company, (Limited), (Victoria, 1898).

²⁴Colonist, December 21, 1893, p. 4.

²⁵Colonist, April 28, 1895, p. 4.

²⁶B.C. Board of Trade, (July 1894), p. 22.

- ²⁷Ibid., p. 22.
- ²⁸B.C. Board of Trade, (July 1893), p. 43. B.C. Board of Trade (July 1894), p. 22. B.C. Board of Trade, (August 1896), p. 23. B.C. Board of Trade, (August 1897), pp. 20-21, 44. See Appendix I.
- ²⁹B.C. Board of Trade, (October 1895), p. 23.
- ³⁰The British Columbia Commercial Journal, September 20, 1892, p. 4.
- ³¹B.C. Board of Trade (August 1896) p. 59. William's British Columbia Directory, 1895, p. 268 and pp. 711-760.
- ³²Merrill Denison, Canada's First Bank, II (Toronto: McClelland and Stewart, 1967), p. 265.
- ³³Albion Iron Works, Minutes of the Directors, September 5, 1893, p. 146.
- ³⁴V. Ross, A History of the Canadian Bank of Commerce, II, (Toronto: Oxford University Press, 1920), p. 344.
- ³⁵Colonist, March 4, 1894, p. 3.
- ³⁶Colonist, January 6, 1894, p. 3.
- ³⁷Colonist, March 12, 1893, p. 4.
- ³⁸Colonist, March 22, 1893, p. 4.
- ³⁹Colonist, October 27, 1893, p. 4.
- ⁴⁰Colonist, October 22, 1895, p. 4.
- ⁴¹Vancouver News-Advertiser, June 3, 1893, p. 4.
- ⁴²Report of the Vancouver Board of Trade, 1895-96, (Vancouver 1896), p. 41.
- ⁴³Alexander A. Boddy, By Ocean, Prairie and Peak, (London: Society for Promoting Christian Knowledge, (1896), p. 170.

⁴⁴G.R. Parkin, The Great Dominion, (London:Macmillan, 1895), p. 169.

⁴⁵J.C. Colmer, Across the Canadian Prairies, (London: European Mail Ltd., 1895). p. 75.

CHAPTER IV

RECOVERY, GOLD AND RE-EVALUATION, 1897-1898

As British Columbia emerged from the depression in 1896 most of the staple industries showed a profit. The full benefits of these industries were now being enjoyed by mainland centres. Many salmon canneries had moved to the more convenient mainland location and Victoria had less to gain than the mainland cities from a revival in salmon trade.¹ Moreover, the sealing industry had been restricted by political problems and uncertainty about claims against the United States was seriously affected by declining catches.² As both catch and prices declined, Victoria was faced with a drop in business. Lumbering continued to be predominantly a mainland industry while Victoria participated in limited exporting and local trade.³ In these staple industries Victoria's influence continued to decline in spite of the revival of prosperity.

Through the depression, and prior to the Klondike boom, mining provided the only spark in the economy and kept British Columbia before the eyes of the capitalists in Britain and the United States. The value of mineral exports rose by three million dollars in 1896 but export statistics indicated that Victoria did not control the exports of the mineral industry.⁴

Mining had changed. Unlike the earlier gold discoveries in the province, the Kootenay mines produced silver, lead and zinc. The character of mining had also changed from one of individuals and small companies developing placer mines, to lode mining requiring large amounts of capital to provide machinery and labourers for the reaping of the new bonanza.

In contrast to the communities of the gold fields, the settlements in the new mining districts were of a permanent nature.

The two major areas of mineral production in 1897 were the Kootenays and the Nanaimo district. At its general meeting in 1897 the British Columbia Board of Trade indicated that the mining industry experienced a great influx of capital during the depression and the recovery, but pointed out that most of it had been of a speculative nature. Now the Board of Trade believed that the speculation would be replaced by the organization of companies which would start developmental work.⁵

The interest in the Kootenay mines by overseas capitalists was paralleled by the competition of Spokane, Vancouver and Victoria for the markets of the new mines and their large working force. Spokane, only two hundred miles from the centre of activity, was the early supplier of the Kootenay. Spokane's proximity and established communication lines almost allowed Spokane merchants to monopolize its trade. After the Canadian Pacific Railway Crow's Nest Pass Line was completed, eastern Canadian merchants, especially those in Winnipeg, sought and gained a large share of the trade from the Kootenay district because of special freight rates⁶ and the absence of custom duties that faced the Spokane merchants. The seemingly logical centres of supply, Vancouver and Victoria, were faced with problems of communication and price competition. By the end of the depression the two cities had gained a share of the Kootenay trade because of a reduction in freight rates and the individual efforts of coastal merchants. By the end of 1896 Vancouver and Victoria were attempting to exclude both American and eastern Canadian business interests from the Kootenay Mining district.

During the depression Vancouver gained on Victoria in all fields of commercial enterprise while Victoria struggled to retain her established trade connections. When prosperity returned, Victoria conceded that Vancouver was almost her equal as the commercial hub of the province. Yet, Victoria still hoped for direct railway communication with the mainland. The proposed British Western Railway would make Victoria a terminal city. During the joint attempts of the Board of Trade in Vancouver and Victoria to push a railway from the coast to the Kootenay district, the Victoria members agreed with the proposition only as a means to an end. Simon Leiser⁷ a retail and wholesale grocer, and E.M. Johnson,⁸ a realtor, supported any railway development in British Columbia but felt the prime concern for Victoria was to establish direct railway connection with the mainland. They believed that the joining of Victoria and Vancouver in the Kootenay Railway scheme was one method of gaining a direct connection with the mainland.⁹ This link would permit Victoria merchants to ship directly to their mainland customers without paying extra costs for transferring their goods to the Canadian Pacific Railway and receive stock direct from eastern Canadian suppliers. Finally, the direct railway connection would save the Victoria merchants time in receiving and shipping goods and thereby place them on equal footing with Vancouver merchants. Victoria, however, failed in all her attempts to gain a railway. Once again, the city had to fall back on water transportation.

The city was constantly on the look-out for new markets to enable it to retain its weakening commercial position in the province. As early as January 1896, the British Columbia Board of Trade advocated

that Victoria should make a determined effort to gain the trade of the Yukon, then inhabited by only a few miners and fur traders. Dr. George Milne¹⁰ estimated that Victoria's share of the Yukon trade was \$150,000 annually. Simon Leiser recommended that the Board press for direct steam-boat connection with the Yukon since annual exports from the Yukon might reach millions of dollars.¹¹ This attempt to gain new markets for Victoria was off-set by the attempts of Vancouver to take some of Victoria's established markets in the Fraser Valley.¹²

Early in 1897 reports of placer gold began to filter down from the Klondike.¹³ Following these reports the Colonist recommended that if British Columbia cities were to gain the trade:

The government must provide a trail into the country. This is about to be done. The newspapers must make it widely known that the Yukon is Canadian territory and hence that Canadian cities are the proper places to outfit. This will, we are sure, be done. The merchants must cater to the trade and advertise their own ability to do at least as well by the miners as any one else can. We believe that this also will be done.¹⁴

On July 6, 1897, the Colonist urged the Victorian business community to pursue a vigorous course in developing facilities to serve the Klondike. The full implications of the earlier reports was brought forth when, on July 17, 1897, the Colonist carried a dispatch from San Francisco under the following headline:

GREAT MASSES OF GOLD, ALL REPORTS AGREE THAT KLONDIKE DEPOSITS ARE THE RICHEST IN THE WORLD, A MILLION DOLLARS IN GOLD DUST RECENTLY BROUGHT AWAY IN ONE STEAMER.¹⁵

With the announcements of the rich strikes in the Klondike, Victoria's self-image bounced from one of worry over retention of existing markets to one of boasting of Victoria's advantages over the mainland centres:

In view of this, what we may justly say, tremendous fact, we think that almost any anticipation as to the possible expansion of Victoria as a business centre will not be felt to be an exaggeration. For the 100,000 square miles omitted from consideration it may be claimed, though we do not admit the claim, that Vancouver, New Westminster, or some other point on the Mainland has advantages over Victoria; but this much vaster and we believe, incomparably richer area, Victoria holds a position that is in some respects unrivalled.¹⁶

The major part of outfitting trade would take place in the spring of 1898 when it was expected that thousands would rush to the gold fields.

All areas along the Pacific coast competed for the outfitting trade. When Seattle announced its intentions early in 1897, the Colonist asked Victoria businessmen what they would do about Seattle's plans. Although the Victoria and Vancouver business communities refused to recognize Seattle's claim as the supply centre of the Yukon, Seattle had seven years' experience in the Alaska trade.¹⁷

For Victoria, the discovery of gold promised an opportunity to amass profits as easily as in the 1858 gold rush when the city was the only port serving the gold rich area of the Fraser and the Cariboo. Hasty preparations were made to provide transportation facilities to Dyea, the terminus for ocean going vessels and the beginning of a long land route to the gold fields.¹⁸ By the end of August 1897, the Victoria-based Canadian Pacific Navigation Company had begun to make trips to Dyea. Although this was a Victoria firm, the Vancouver business community exerted a voice in the company's business affairs. When the Canadian Pacific Navigation Company announced its steamers to the Klondike would not stop at Vancouver, that city successfully protested and was restored as a port of call.¹⁹

The initial announcement of the gold on the Klondike resulted in a short boom for Victoria businessmen. The Colonist noted that Victoria merchants were well organized for the amount of business being done.²⁰ As a result of the short shipping season in the north the markets were soon closed and business fell off.

As the long wait for the opening of navigation in the spring of 1898 began, the Colonist urged the business community to advertise Victoria as an outfitting centre. Taking Seattle as the all-known example of how to obtain the business of the Klondike, the Colonist urged Victorians to follow similar lines:

People are now preparing all over the civilized world to rush to the Yukon next year. The trade of these people is legitimately ours; or rather a share of it is ours, and the remainder should go to Canadian cities. We have, however, in Seattle the liveliest kind of a competitor, which, though handicapped by the fact that it is in a foreign country and hence can only sell goods subject to a duty averaging 30 per cent., its setting itself to work to secure the greater part of the trade. Already every line of business is feeling the impetus of coming business men and everyone else have combined to force the city upon the attention of the world as the one great outfitting point for the Yukon. We need the same sort of united action here, and the suggestion made above is a practical ready and inexpensive line to follow.²¹

The Victoria business community immediately recognized the need for haste. Merchants predicted that once sufficient transportation facilities were provided, outfitting businesses would be set up in the Yukon.²² This forecast was not long in coming true. When news of the gold rush reached Vancouver in 1897, Frank Hart, a businessman in Vancouver sold his store and packed up for the Klondike. This was just one example of

an energetic businessman interested in developing a strong business. Men like this soon cut into the trade of the merchants of Victoria.

On the other hand, Vancouver was interested in both the trade of the Klondike and the possible growth of a business community which would remain as a permanent part of the city. In order to make the city a feasible outfitting centre, some form of transportation to the gold fields was an absolute necessity. Therefore, the mainland city asked the Canadian Pacific Railway Company to supply steamship service to the Klondike. In October 1897, Van Horne announced that the company would put two steamers for the northern trade by spring.²⁴ Once Vancouver had a direct transportation system to the gold fields her merchants began planning for the outfitting business and attempting to gain more business operations for the city. The Vancouver Daily News-Advertiser reported:

We have been told that two or three large firms have been only waiting until such an announcement was made, as that we are able to give to-day, to establish branches in Vancouver in lines of trade connected with the outfitting business. Firms already established here, will also take steps to enlarge their operations so as to be able to cope with the greater demands that will be made on them for particular classes of goods.²⁵

This optimistic outlook indicated that this city was just as concerned about the future as the present boom. Vancouver soon undertook an extensive advertising campaign. Advertisements were placed in Canadian, British, American and Australian newspapers. A variety of pamphlets were prepared, the Vancouver World turned out a Klondike edition, and a small agency was established in Seattle to drum up business in the rival camp.²⁶ With these efforts, Vancouver was presumably ready for the great rush that was expected in 1898./

Victoria, feeling the competition between Seattle and Vancouver, attempted to ally herself with Vancouver in order to gain some of the benefits that Vancouver would receive after its vigorous campaign for the Klondike trade: "There need not be the least reason for any jealousy between Victoria and Vancouver on this subject" argued the Colonist:

If the facts of the case are rightly understood abroad the number of people, who will purchase supplies in these two cities, will be enough for both. No good reason can be given why the two places should not act in harmony in this matter, the railway company co-operating impartially with both. It is not a matter of selling a few dollars worth of goods to a few hundred people, but of selling hundreds of dollars worth to thousands.²⁷

This appeal for unity indicated Victorians were unsure of their prospect in the Klondike trade in the first few months of 1898. In the fierce rivalry between Vancouver and Seattle, Victoria remained a subsidiary port although a small advertising campaign was initiated and the merchants in the city obtained a large stock of goods.

At the beginning of 1898, Victoria merchants appeared optimistic, but they soon realized that sharp businessmen in other centres on the Pacific coast would relegate them to a minor role. Early in 1898, J.H. Todd,²⁸ one of the long-time merchants in Victoria observed that "the Klondike rush is setting in pretty strong and will increase our store work very considerably but so far the profits are very light caused by the hot competition for the trade".²⁹ Late in 1898 the British Columbia Board of Trade indicated that in 1898 the anticipated boom had not occurred but bravely hoped that 1899 would show better results since "many persons who intended to go to the Canadian Yukon country are only holding back for the results of the wash up of last spring. The reports

received are very conflicting".³⁰ A Colonist survey of some leading merchants in October 1898 also exhibited the belief that the next year would be more successful. Thomas Earle,³¹ a wholesale grocer and Member of Parliament, believed that business was better than ever before and hoped that business would continue to improve. L.G. McQuade,³² a ship chandler, thought business was good although it had fallen off badly in the last part of 1898.³³ But the personal report of J.H. Todd to his son in November 1898 did not coincide with these feelings of confidence: "Business is anything but prosperous and making money appears to be a thing of the past — and the utmost economy is needed".³⁴

The varying accounts of the state of business in Victoria were further magnified by outsiders. The account of one gold seeker on his way to the Klondike showed the sharp contrast in business activity between Vancouver and Victoria:

On reaching Vancouver we found it to be a city of some 18 thousand residents, swelled considerably by almost as many transients heading for the North. Many of the transients had banked on purchasing their supplies here, but most of the stores throughout the city were totally unprepared to meet the sudden demand for the enormous amount of supplies these men claimed they needed.

We were advised to cross over to Victoria and outfit there, where the demand was not so great. Victoria certainly was a quieter city of 16,000 residents, whom we suspected would have much preferred to see this wave of noisy locusts stay on the mainland. Most of the stores were short of staple goods too, but this was only because Vancouver merchants had called on them for help to meet orders which had to be filled right away.³⁵

Joining with Klondikers in their description of conditions in the two cities was the Colonist which gazed across the straits in wonder at the prosperity of Vancouver even after the major part of the rush to the Klondike was finished for 1898. /

Something like the beginning of a boom is in progress in Vancouver just now. We do not mean inflation but of actual business ... No one seems to know just what gave things a start. The Klondike trade is advanced by some as the explanation, but it appears inadequate. The importance of the city as a railway and ocean terminal point is suggested by others, but these features were not present at any time during the past five years as much as they are now ... The confidence of the people in the future ^{x 35} almost reaches enthusiasm, and the verdict of the travelling public is that is a go-ahead place.³⁶

This article urged the business community of Victoria to "be up and doing if they are to hold their own".³⁷ At the close of 1898 Victorians were looking on Vancouver as the centre of commercial activity in the province. This attitude was a pointed contrast to the attitude that had preceded the rush of 1898.

The most important reason for the change in Victoria's attitude was Vancouver's large business gains since the end of the depression.³⁸ By 1898 Vancouver claimed more entries and departures in her coastal shipping than Victoria.³⁹ In foreign shipping, Vancouver was behind Victoria in the number of entries but Vancouver handled almost double the volume of freight.⁴⁰ In both cities retail and wholesale outlets were nearly equal in 1898; this represented a large gain for Vancouver. Manufacturing industries in Vancouver had also increased.⁴¹

In finance, Vancouver became at least an equal of Victoria during the depression. With the return of prosperity and the excitement caused by the Klondike, Vancouver became the banking centre of the province. Vancouver had seven banks in 1898, five of which were Canadian. Victoria in 1898 had only five banks of which only three were Canadian. The many years of dependence on the Bank of British Columbia by Victoria businessmen was sharply curtailed during the depression when that bank suffered,

severe losses. The business community had to transfer part of its business to the new Canadian banks with their head offices for the province in Vancouver. As the strong influence of the Bank of British Columbia passed from the financial circles of the province so did Victoria's domination of the financial affairs of the province.

Vancouver re-inforced its claim to the title of financial centre of British Columbia when, in October 1898, she opened the first bank clearing house for the province. The Daily News Advertiser used this opening to reinforce Vancouver's claim:

It marks this city as the financial centre of the West; the only recognized one beyond Winnipeg. The weekly returns published throughout Canada will be a continual advertisement of Vancouver. They will attract capital here; they will indicate a field for trade and manufactures; population will come with that we shall have increasing employment for labour and those who will meet that demand.⁴²

But only a month later Victoria also had a clearing house. After the first week of operations the new financial institution had a greater volume of business than its Vancouver counterpart.⁴³ The Colonist recognized the directory but cautioned Victorians to wait before again asserting that Victoria was the financial centre of the province.

These frustrations in the business community were apparent in 1897 when the Province predicted that the future of Victoria was not as a commercial centre but as a residential centre:

For the fiftieth if not the hundred and fiftieth time we would point out that herein lies the sources of Victoria's future wealth--not as a commercial or industrial, but as a residential city. As the population and wealth increases, there will be yearly more people to the south and the east of us who will be only too glad to come and spend their money here, if only we are

in a position to offer them their money's worth, in the shape of good roads, good drains, good accommodation, good lights, good water, etc., etc., etc.⁴⁴

This was by no means the opinion of just the editor of the Province.

The idea had also been explored by the Colonist when the future of Victoria's commercial community appeared bleak and the promise of the Klondike was not yet there to brighten the picture. "Whatever may be the future of Victoria as a commercial or manufacturing centre, there is no room for doubt that it will become a residential city of great importance".⁴⁵

A London Times correspondent described Victoria as almost a rest home for the miners of the 1858 gold rush. He observed:

At the present time there is a noticeable difference between the people of Vancouver and Victoria (the capital of the province). In the latter place which is the seat of government and largely a residential owing to a number of more or less wealthy people having found it a peculiarly beautiful place to live in, there is not much enterprise; the inhabitants are quite content, and very rightly so, to live at ease, having in many cases won their fortunes with hard work as miners in the Cariboo, and desire to finish their days in comfort. Consequently, they do not feel tempted to risk their incomes in new mining ventures.⁴⁶

Because the press at home and abroad pictured Victoria as a residential community without much initiative, the rest of the province and the new immigrants looked to Vancouver as the centre of business activity.

This lack of initiative in Victoria during the early days of the Klondike affected her image as the metropolitan centre of the province. The Kamloops Sentinel questioned the right of Victoria's Board of Trade to call itself the British Columbia Board of Trade.⁴⁷ When the attack was relayed to the public through the pages of the Victoria Province, the newspaper agreed with the Kamloops Sentinel, adding, "it is no use

aspiring to a title when you can't show your right to it and the institution in question, admirable though it be, is not in point of fact the B.C. Board of Trade".⁴⁸ Although the Province was not against claiming commercial prominence for Victoria, the newspaper was very realistic, giving Vancouver credit for its achievements. The newspaper believed that Vancouver, as the centre of commerce in the province, would continue to grow and become more influential while Victoria, though not declining, would advance at a much slower rate. Because of this belief, the publishers of the Province transferred their operations to Vancouver in April 1898. This transfer was another indication that Victoria was no longer a prosperous and rapidly progressing centre.

Descriptions of Victoria by visiting writers agreed with the Province's evaluation. In describing Victoria for the British Columbia Mining Record, Charles Gibbon referred to Victoria's prospects as bright if the city should obtain a railway connection.⁴⁹ A pamphlet distributed in 1897 by the Canadian Department of the Interior referred to Victoria as only, "the chief city of Vancouver Island",⁵⁰ rather than the chief city of British Columbia. A book published in London, England, entitled British Columbia for Settlers by Frances MacNab, urged new settlers going to British Columbia to go to Vancouver rather than Victoria because Victoria offered little chance of advancement:

It is in Vancouver rather than Victoria that merchants will find their best opportunity ... Vancouver has a much finer harbour, admitting larger ships than Victoria. But even should Victoria be able to secure a better harbour than the present one, the terminus of the C.P.R. is on the mainland, and this alone is sufficient to draw a good deal of trade. For some years past Victoria has received considerable consignments for transshipment through America into the Kootenays; but this business will be reduced when the railway through the Crow's Nest Pass reaches Nelson.⁵¹

With these confirmations of Victoria's fall from the number one position in the province the future did not appear too favorable for the dethroned metropolis of British Columbia.

Vancouver's gains on Victoria were due to its communication advantages. As prosperity returned in 1896, the British Columbia Board of Trade championed the cause of the British Pacific Railway when it was blocked by the Provincial government.⁵² The British Pacific was only a hope but the Colonist used it as an issue in the provincial election in 1898:

'Remember the British Pacific', says the Times. Well the British Pacific is a good thing to remember. It is a project of immense importance to Victoria ... The British Pacific is not a dead project by any means. The intense excitement in regard to the Klondike has kept its construction in abeyance, but that it will be built within a few years is reasonably certain, because its merits are such that they will commend themselves to the financial world. If the opposition had had its way, the British Pacific project would be as dead as Julius Caesar and the people of Victoria should not forget it.⁵³

This article demonstrated Victoria's need for a railway connection with the mainland; at the moment the British Pacific was the only one proposed. Without the railway Victoria's merchants could not serve the mainland towns which were now conducting their business with Vancouver. The Colonist again illustrated the frustrations of Victorians in their attempt to gain a railway connection by bridging the straits or providing direct ferry service to the railway on the mainland. It poked fun at the attempts that had been made to gain this connection: "If the people of this city, instead of looking for some good fairy in the guise of a railway president to come across the mountains and shower down prosperity upon them, would get together and see what they can do themselves to help themselves, they would be surprised how much they would find they might accomplish".⁵⁴

During the depression and, for that matter, since the completion of the trans-continental railway, Victorians had looked upon the Canadian Pacific Railway Company as the one and only reason for all of their problems. When the Canadian Pacific Railway proposed a new steamship line to provide fast, efficient service between Victoria and Vancouver, Victorians were angry enough to propose a boycott of the company by the merchants and traders of the city. Yet, after the depression, their attitude changed and this change was quickly noticed by the Vancouver News-Advertiser. Now Victorians were hoping that the Canadian Pacific Railway would put a fast steamer on between Victoria and Vancouver to help the city's trade connections, especially with the news of the gold in the Klondike.⁵⁵ When Victorians realized that no proposed railway could be built in time for them to reap the benefits of the Klondike, the only alternative was to make peace with the Canadian Pacific Railway.

By the end of 1898, Victorians had lost the optimism they had had at the beginning of the Klondike excitement. During 1897 and the first part of 1898, Victorians appeared very confident about maintaining metropolitan status. The city believed that as in 1858, it would be the focal point of the great rush to the gold fields. After the 1898 season, Victoria realized that she was only a minor outfitting centre; that Seattle and Vancouver were the major outfitting points on the Pacific Coast. As markets became almost stagnant in the latter half of 1898, Victorians looked to Vancouver with awe and began to make plans to retain some of the business of the province. The Colonist published a lengthy editorial on October 26, 1898 admitting that Victoria's failure to secure adequate transportation facilities had greatly hindered the city's attempts to stay ahead of Vancouver. The editorial explained that to retain at

least a portion of the former trade the city would have to advertise its value as a residential city, try to increase trade with Island and coastal areas, continue development of trade with the Yukon and Northern British Columbia and support railway development there, seek compensation for the loss of the sealing industry, and make an effort to secure more of the Kootenay trade.⁵⁶ This confession by the Colonist that much of Victoria's future as a commercial centre was based on hope and on the individual initiative of her merchants, suggested that Vancouver had replaced Victoria as the metropolitan centre of the province, at least in the minds of inhabitants of the capital.

Therefore, the future of Victoria as the metropolis of British Columbia would revolve around the gaining of the railway connection with the mainland. Without this connection, the future of Victoria would be only as a residential city rather than as a commercial city. The future appeared so bleak at the end of 1898 that a public meeting was called by concerned citizens "to find some means for rousing the city from its apathy and of getting citizens to keep Victoria in the fore-front of the cities of the Province".⁵⁷ The meeting agreed on a resolution which moved Victoria away from things Canadian and British Columbian toward American interests. The frustrations of waiting for a railway to connect Victoria with the mainland resulted in a resolution made to serve Victoria not British Columbia:

That this meeting is of the opinion that the time has arrived when more vigorous action should be taken by the business people to induce one of the American trans-continental railways to make Victoria the terminus; therefore be it resolved, that the citizens generally be requested to act unitedly so as to induce one of the American railway companies to place Victoria in close connection

by establishing a fast car ferry service and erecting suitable buildings and that the committee appointed be asked to use their efforts towards carrying out the above suggestions.⁵⁸

In 1897 and the early part of 1898 Victoria had great expectations of taking the major portion of the Klondike supply trade away from Vancouver and Seattle. Then, as the first wave of the gold rush terminated, Victoria found her role in the commercial affairs of the rush had been minor in comparison with the bustling activity in the other coastal cities. Victorians could not understand how Vancouver became a commercial centre while the established firms in Victoria gained little of the trade, but the city finally realized that without a railway connection it would be unable to compete with its rival across the straits.

FOOTNOTES

¹B.C. Board of Trade, (August 1897), pp. 18, 48. Victoria exported \$1,660,527 of fisheries products while the combination of Vancouver and New Westminster exported \$1,906,619. See Appendices V and VI.

²Ibid., pp. 19-20. See Appendix I.

³Ibid., p. 49. Vancouver exported \$523,931 of lumber products out of the total of \$742,173 exported from the province. Victoria exported only \$31,152 of lumber products. See Appendices V and VI.

⁴Ibid., p. 49. The total value of all minerals exported was \$8,909,592. The port of Victoria exported \$351,308 of mineral products and the port of Vancouver exported \$323,795 of mineral products. But the two cities that exported the largest amount of mineral products, other than coal, were New Westminster and Nelson which exported \$947,632 and \$4,841,460 respectively. See Appendix III.

⁵Ibid., p. 18.

⁶A.W. Currie, Economics of Canadian Transportation, (Toronto: University of Toronto Press, 1959), p. 47. The railway company received a bonus from the Dominion government in exchange for a reduction of three cents per hundred pounds of eastbound wheat and flour and 33-1/3% to 10% reduction on fresh fruit, coal oil, cordage, implements, pipe, horseshoes, wire, building materials, livestock and furniture.

⁷Simon Leiser was the owner of Simon Leiser and Company since 1880. He carried out business with all areas of the province including the Kootenay and also Alaska. He was a member of the British Columbia Board of Trade and took an active part in its affairs. Colonist, April 5, 1896, p. 3.

⁸E.M. Johnson arrived in Victoria from San Francisco in 1878 and worked for Lowenburg and Company. After a years time he branched into the realty business, in which he worked for over forty years. Colonist February 20, 1920, p. 4.

⁹Colonist, October 24, 1896, p. 6.

¹⁰Dr. George Milne, a doctor, came to Victoria from Toronto in 1880. He became the Dominion medical officer, immigration agent and controller of Chinese immigration. He was health officer for Victoria from 1884 to 1890; from 1886 to 1897 he was registrar and secretary of the medical council; he was a member of the Victoria public school board from 1887 to 1890 and from 1890 to 1894 he was a member of the British Columbia

legislature. He had important business connections as: president of the West Coast Fishing Company and honorary president of the Ramsey Manufacturing Company of Vancouver. F.W. Howay and E.O.S. Scholefield, British Columbia (Vancouver: S.J. Clarke Publishing Company, 1914), Vol. IV, pp. 312-313.

¹¹Colonist, January 30, 1896, p. 3.

¹²News-Advertiser, March 27, 1896, p. 4.

¹³Colonist, March 20, 1897, p. 5.

¹⁴Colonist, May 20, 1897, p. 4.

¹⁵Colonist, July 17, 1897, p. 1.

¹⁶Colonist, July 15, 1897, p. 4.

¹⁷Norbert MacDonald, "Seattle, Vancouver and the Klondike", Canadian Historical Review, XLIX (September, 1968), p. 239.

¹⁸See map of the Klondike in the British Columbia Board of Trade Annual Report of 1898.

¹⁹Province, August 21, 1897, p. 524.

²⁰Colonist, July 30, 1897, p. 5.

²¹Colonist, September 22, 1897, p. 4.

²²Colonist, September 24, 1897, p. 4.

²³Frank William Hart, Reminiscences Manuscript, 1929.

²⁴News-Advertiser, October 19, 1897, p. 4.

²⁵Ibid., p. 4.

²⁶MacDonald, "Seattle, Vancouver and the Klondike", Canadian Historical Review, p. 239.

²⁷Colonist, October 3, 1897, p. 4.

²⁸J.H. Todd came to Victoria in 1862 and started in business in partnership with J.H. Turner. In 1863 he moved to Barkerville and opened a general store. He stayed there until 1873 returning to Victoria to open a wholesale grocery business. He became a member of the Board of Trade in 1878 and was elected president in 1885 for two years. His firm owned the Beaver and Richmond canneries and were members of and agents for the American Packing Company Ltd. J.H. Todd died in 1899. Colonist, April 5, 1896, p. 3. Vancouver Sun, June 5, 1968.

²⁹Letter from J.H. Todd to his son attending McGill University in Montreal, February 13, 1898. Manuscript, P.A.B.C.

³⁰B.C. Board of Trade, (October 1898), pp. 26-27.

³¹Thomas Earle was born in Ontario in September 1837 and came to the Cariboo gold rush in 1863 where he worked as a bookkeeper for J. Rueffe Company, a grocery establishment. In 1867 he went to the Big Bend and opened a general store at French Creek, but he returned to Victoria to enter a partnership with J. Rueffe. He bought the business in 1873 when Rueffe died. He established a coffee and spice mill in addition to his wholesale grocery business. He entered public life as an alderman and in 1891 he was elected to the House of Commons for Victoria as a Conservative, serving until 1902. But during his term in office he had neglected his business and was bankrupt soon after he was defeated. Colonist, November 23, 1952, p. 11.

³²L.G. McQuade, a son of Peter McQuade, came to Victoria in 1858 from San Francisco and established a ship chandlery business. He took over the firm in 1891 and managed it until 1911. He also served a term as president of the British Columbia Board of Trade. Colonist, November 25, 1956, p. 5.

³³Colonist, October 5, 1898, p. 5.

³⁴Letter from J.H. Todd to his son attending McGill University in Montreal, February 13, 1898. Manuscript Collect, P.A.B.C.

³⁵^{Nov 7}Guy Lawrence, The Stikine River and the Teslin Trail of '98, n.d., Typed manuscript of his journey from England to the Klondike gold fields with his father in 1898.

³⁶Colonist, August 12, 1898, p. 4.

³⁷Ibid., p. 4.

³⁸In 1896 Victoria had \$2,754,076 of imports and \$2,610,794 of exports while Vancouver had \$1,994,909 of imports and \$1,483,247 of

exports. In 1898 Victoria exported \$1,692,750 of products and Vancouver exported \$1,114,200 of products. The total imports that entered the port of Victoria in 1898 was valued at \$3,460,164 while Vancouver received \$2,983,291 of imports. B.C. Board of Trade (October 1898), pp. 53-54. See Appendices V and VI.

³⁹B.C. Board of Trade, (October 1898), p. 59. Vancouver Board of Trade, (Vancouver, 1897), p. 44. In 1898 1,494 coastal vessels entered Victoria and 2,113 entered Vancouver. Victoria had 1,491 departures and Vancouver had 2,108.

⁴⁰Vancouver Board of Trade, (Vancouver 1897), pp. 47-48. These statistics included daily service between Victoria and Puget Sound ports.

⁴¹Henderson's British Columbia Gazetteer and Directory and Mining Companies for 1898, (Victoria: L.G. Henderson, 1898), pp. 833-864 passim. William's B.C. Directory for 1897-98, (Victoria: R.T. Williams, 1898), pp. 713-763, passim.

⁴²News-Advertiser, October 6, 1898, p. 4.

⁴³Colonist, November 3, 1898, p. 4.

⁴⁴Province, September 18, 1897, p. 606.

⁴⁵Colonist, February 18, 1897, p. 4.

⁴⁶Colonist, September 10, 1897, p. 10.

⁴⁷Province, August 7, 1897, p. 484.

⁴⁸Ibid., p. 484.

⁴⁹C.H. Lugin, N.C. Schou and others, "Towns and Cities of B.C.", British Columbia Mining Record (supplement) 1900, p. 76.

⁵⁰Canada Department of the Interior, An Official Handbook of Information Relating to the Dominion of Canada, 1897-1898, (Ottawa: Queen's Printer, 1897), p. 96.

⁵¹Frances MacNab (Agnes Fraser) British Columbia for Settlers, (London: Chapman and Hall, 1898), p. 54.

⁵²B.C. Board of Trade, (August 1896), pp. 29-30.

⁵³Colonist, July 8, 1898, p. 4.

⁵⁴Colonist, November 6, 1898, p. 4.

⁵⁵News-Advertiser, October 14, 1894, p. 4.

⁵⁶Colonist, October 26, 1898, p. 4.

⁵⁷Colonist, October 28, 1898, p. 6.

⁵⁸Ibid., p. 6.

CHAPTER V

A CITY IN BRITISH COLUMBIA 1899-1901

Victoria's early failure to win a major share of the Klondike trade was blamed on lack of direct transcontinental railway service and on lack of individual initiative. The attitude of the city improved after a vigorous campaign by the local newspapers to revive interest in commercial expansion and the efforts of some dynamic individuals, headed by Colonel E.G. Prior,¹ to interest or agitate the populace toward a more industrious frame of mind. By 1899 the city again believed that it could successfully compete with other Pacific Northwest cities in their struggle to attain a controlling share of the mining trade in the North.

Victoria vigorously attacked the railway problem. Meanwhile, she was already making plans to use the American transcontinental railway connection to open up the Island and to re-acquire the trade of the Fraser Valley and the Kootenay which had gone to the active Vancouver merchants.

The rivalry between Vancouver and Victoria had also taken a new twist. Victoria realized Vancouver was very energetic and commercially important. That in order to re-establish herself as the foremost city in the province, Victoria would have to match the growth and progress of her rival. But in comparison with the sharply divided sectional attitude that had been prominent before 1898, Victoria's new approach was that whatever Vancouver attained, Victoria would gain from it.

Victorians realized that a railway connection was vital in the attempt to match Vancouver's growth. In order to achieve her commercial

goals the Vancouver, Victoria and Eastern Railway and Navigation Company was promoted and encouraged in Victoria and especially by Dr. Milne who exerted pressure in Ottawa to have it built.² This railway would give Victoria direct connections with the Kootenay, the Okanagan and the United States by using a ferry to cross the strait and building a railway line from the coast to the Kootenay via southern British Columbia. After the rights to this railway were transferred to the Canadian Pacific Railway in 1898, the provincial subsidy voted in 1897 was cancelled.³ The Colonist, attacking this decision, predicted the Victoria Members of the Legislative Assembly would no longer support the government.⁴ Yet in 1901 the Colonist referred to the Vancouver, Victoria and Eastern Railway Company as the company that would have held up the provincial government at the rate of \$4,000 per mile.⁵ This policy reversal resulted from the shift of charter to the Canadian Pacific Railway Company and the lack of immediate construction of the line.

Once the Vancouver, Victoria and Eastern Railway ceased to hold the confidence of Victorians, their loyalty immediately shifted to the Coast-Kootenay Railway Company. This firm received a provincial charter in 1901 to build from Vancouver to the Kootenay mining area.⁶ The interest was so great in Victoria over the possibility of getting a direct ferry connection with the railway that the city voted a \$15,000 a year subsidy to the company. The Colonist claimed this vote was a victory for Victoria's transportation facilities and for the determination of its people, "to bring to an end the days of Victoria's isolation".⁷ The railway would connect Victoria with the Great Northern Railway System by a ferry service from Sidney to Point Roberts and a railway from there

to Chilliwack where it would tie into the Great Northern system.⁸ Yet, less than a year after the people of Victoria had voted to subsidize the railway, the provincial government changed its policies and cancelled its subsidy to the mainland section of the railway.⁹ This cancellation left Victoria without any hope of gaining direct access to the Fraser Valley. The trade with the Fraser Valley that Victoria had held since the gold rush was now securely in the hands of mainland cities.

Victorians also urged a northern extension of the Esquimalt and Nanaimo Railway. The original purpose of this extension was to provide easier access to the Yukon gold fields. Victoria merchants claimed that this extension would benefit Victoria and all the cities on the coast of British Columbia.¹⁰ When these proposals were ignored by both the provincial and federal governments the city found a new reason for the building of the extension.

When Mackenzie and Mann¹¹ proposed a Yukon railway in 1898, Victoria stood firmly behind the scheme which would give the city an easier route to the Yukon. Soon after the proposal was made the federal and provincial governments withdrew their subsidy.¹² By September 1899, Mackenzie and Mann were back with a new scheme, the Canadian Northern which, it was rumoured, would be built from Lake Superior to the Pacific Coast. The Colonist pressed for the extension of the Esquimalt and Nanaimo Railway to make certain that Victoria would be the terminus of the Canadian Northern. Two years later the Colonist accepted the proposal as a solid fact and predicted Victoria's future as a terminus of a transcontinental railway. The Colonist, believed that the Canadian Northern would make Victoria her terminus and therefore all other transcontinental lines would

also make Victoria their terminus because, "in transportation matters, the facts of physical geography will prevail, and for the purpose of oriental traffic the position of Vancouver Island is a commanding one".¹³

By 1901, the Canadian Northern was no closer to reaching British Columbia than it had been in 1889, when it received its first charter and subsidy to build a railway from Swan River to Prince Albert.¹⁴ Victoria's immediate hopes for this railway were mainly wishful thinking on the part of the Colonist, the Canadian Northern had so far based its operations only in Manitoba and the North-West Territories.

Thus, at the end of 1901, fifteen years after the completion of Canada's first transcontinental railway, Victoria was the terminal point for only one railway, the Esquimalt and Nanaimo. After years of hope and support for any railway that would place the city on an equal footing with Vancouver in relation to the markets of the province, Victoria was left with nothing but hopes. In 1885 Victorians had been filled with anticipation about the chance of becoming a railway terminus; by 1901 they still maintained this hope though they had lost a great deal of business to Vancouver.

This rivalry was again expressed in the years from 1898 to 1901 over the establishment of a Dominion assay office at the coast. The idea first came from Vancouver, whose businessmen were interested in receiving a share of the returning miners' business. Vancouver had had a branch of the provincial assay office since 1898, but in 1901 showed its initiative by proposing the establishment of a Dominion assay office and the granting of a bonus on gold brought to the city from the

north. There was a belated reaction in Victoria that was again headed by the ambitious newspaper, the Colonist:

We again direct attention to the necessity of very prompt action being taken if Victoria is to hold her own in the matter of the northern trade. In this instance trade follows — not the flag — but the gold, and we are doing nothing to turn the stream of gold in this direction. Do not let us forget that the subject of the Yukon gold will form a subject of consideration by the visiting ministers in the course of a couple of months. We will stand better if we show a disposition to help ourselves than we will if we wait to see what the government is going to do. Vancouver is putting forth a strong effort to induce themselves to go there. What will Victoria do? There really ought to be no delay in this matter.¹⁵

The British Columbia Board of Trade tried to gain the cooperation of the Vancouver Board of Trade to have offices established in both cities. The Vancouver Board ignored this suggestion and proceeded to offer a bonus to attract a large volume of gold to impress the federal ministers who would examine the case for the establishment of a new Dominion Assay Office. The Colonist believed that since political influence would determine the final location Vancouver would get the office since it had elected a Liberal member while Victoria had elected two Conservative members. When the Times, a Liberal paper, announced the Dominion Assay Office would be opened in Vancouver, the Colonist urged citizens to continue their efforts to secure a Dominion Assay Office for their city. The Colonist suggested that Victoria might be the site of a mint if the city could obtain a Dominion Assay office.¹⁶ Both Vancouver and Victoria offered a rebate of one per cent for any gold from the Yukon.¹⁷ The Times believed that if all the forces in Victoria pressed the federal authorities, Victoria would be given as equal an opportunity as Vancouver.¹⁸ Although efforts were made, the Dominion Assay office stayed in Vancouver.

Victoria showed her desire for parity with Vancouver at any cost by the inconsistency of her attitudes toward the Canadian Pacific Navigation Company, a Victoria owned and based company. The city supported the company against a proposed encroachment by the Canadian Pacific Railway during the early 1890's, then condemned its inadequate service during the early stages of the Klondike gold rush. In 1899 the Colonist once again surveyed the role of the Canadian Pacific Navigation Company, pointing out it was Victoria owned and operated which gave Victoria the benefits of its payroll. However, Victoria needed faster steamship communication with the mainland if the city was to obtain the Oriental trade and retain the Fraser Valley trade.¹⁹ The Colonist now believed that the need for faster communication with the mainland was more important than the benefits Victoria received from the Canadian Pacific Navigation Company.

When the Canadian Pacific Railway bought the Canadian Pacific Navigation Company in 1901 Victorians expressed mixed feelings over the purchase. They wanted the faster service to the mainland which the Canadian Pacific Railway Company could provide but they did not trust the large corporation which had favoured Vancouver for the past fifteen years.²⁰ The Times, on the other hand, concluded that the passing of time would reveal the real intent of the Canadian Pacific Railway toward Victoria:

The testing time has arrived and the announcement and development of the future policy of the C.P.R. will be eagerly awaited and watched by our citizens. The business of the C.P.N. Co. is capable of great development and under the control of a corporation of comparatively unlimited resources and great enterprise we fully expect a season of extraordinary mine activity. It is quite evident that at least a determined effort is to be made to retain in

Canada the trade which properly belongs to Canadians. The C.P.R. is the one force in the country which is capable of undertaking this work with an almost absolute certainty of success. We doubt not that as between Vancouver and Victoria it will hold the scales of justice in business with absolute impartiality.²¹

The Colonist which had almost constantly fought the Canadian Pacific Railway Company, remained silent. When the Canadian Pacific Railway Company announced the removal of part of the headquarters of the Canadian Pacific Navigation Company to Vancouver, the Times indicated that it was a breach of promise by the new owners but realized that nothing could be done except to accept the move.²² With this loss, Victoria surrendered control of one of the most important factors in her role as supplier of the northern trade.

The attitude of Victoria toward the Canadian Pacific Railway Company was favorable when the company did something for the city and it was anti-Canadian Pacific Railway when the company made decisions that appeared to aid Vancouver over Victoria. During the period from 1899 to 1901, Victoria joined the rest of Western Canada in condemning the company's monopoly which allowed it to set its own freight rates and other policies. But the city accepted the presence of the company in the province and tried to benefit from its business. Early in 1899, when the proposed railways to the Fraser Valley were encountering difficulties, the Colonist turned to the Canadian Pacific Railway Company:

... as the chief factor in transportation in southern British Columbia, and the effort of the people of Victoria ought to be to establish such connection with that line as will make this city its actual terminus. When other transcontinental railways seek to utilize such connection doubtless there will readily be found a means of giving it to them.²³

A year later, however, the Colonist criticized the company for failing to use the city as a terminus for its trans-Pacific fleet:

If the C.P.R. does not wish to bring its steamers here, let it be said in so many words; but surely it is bad enough not to have them make a landing here without having a reason alleged that will not stand investigation. The fact that the disabled Empress could safely come here demonstrates if demonstration was necessary that the only reason why Victoria is not the terminus of a trans-Pacific line is that it is without connection with the transcontinental railway.²⁴

When the British Columbia Board of Trade appealed for reduced freight rates, but was turned down, the Colonist indicated that Victorians must learn to accept the company's decision. But, the Colonist advised:

If the C.P.R. is not giving the people of Victoria satisfaction in its present service or in its efforts to develop the trade of the city and the island, the duty of Victoria is very plain. It is to make its wishes known and its opinions felt, and we would ask for the information of the management of the company, that every assertion of a claim on the part of this city is not to be taken as an act of hostility.²⁵

This about turn by the newspaper in its attitude toward the Canadian Pacific Railway Company resulted from the city's inability to acquire a satisfactory connection with any of the American transcontinental systems. Perhaps the growth and prosperity of Vancouver, working in conjunction with the Canadian Pacific Railway, was another reason for the shift in the attitude of the Colonist.

The newspapers in Victoria also shifted their opinions on the Victoria based British Columbia Board of Trade. Soon after its formation, the Vancouver Board of Trade, in 1887, protested the use of the name British Columbia Board of Trade for a Victoria organization.²⁶ The protest was ignored by the Victoria board which claimed it still represented and considered the affairs of the province. From 1887 to 1901 local Boards

of Trade throughout the province made similar references to the name. But when Victoria received little benefit from the Klondike gold rush the local newspapers sharply criticized the Board.

Early in 1900, the Vancouver Board of Trade suggested that the British Columbia Board of Trade change its name since it was "a misnomer and an injustice to the provincial boards". The British Columbia Board of Trade criticized the impropriety of the Vancouver attempt to interfere in Victoria's affairs but argued that a change in name would be beneficial because the present name did not advertise the city.²⁷ Since no change in name was made the Colonist and the Times indicated perhaps a change in leadership and name would result in a more active interest in the development of Victoria's business.²⁸ Finally in October 1901 the name was changed to the Victoria, British Columbia, Board of Trade because the membership felt that the Board no longer represented the province.²⁹

With the loss of influence by the Bank of British Columbia in the affairs of the province, Victoria also lost its position as the foremost financial centre in the province. The final blow to Victoria came when the Bank of British Columbia was sold to the Canadian Bank of Commerce in December 1900 because it had been unable to retain a large enough share of the business of the province.³⁰ This sale was a severe loss to the business community in Victoria which had come to depend on the bank as a friend and supporter, and lowered Victoria's sphere of influence in the financial affairs of the province.

By 1901 Victoria had lost her position as the metropolitan centre of the province. As the city turned more and more toward the Island and

northern trade and away from the rest of the province, the city's dominant position in the fields of transportation, finance and trade did not increase in the same proportion as that of other centres in the province.

At the close of 1901, Victoria had no better access to the railways of the province than she had in 1885. Its rival, Vancouver, received the benefits of the Canadian Pacific Railway and a connection with the American systems. In the field of water transportation, Victoria continued to maintain her position as a major port but Vancouver had become the shipping centre of the province. This position was further illustrated by the coast shipping trade in which Vancouver, in 1901, had 855 more entries than Victoria.³¹ Through the extension of the coasting trade, Vancouver had been able to gain a good percentage of the province's coastal and northern markets while Victoria was left behind.

The sale of the Bank of British Columbia to the Canadian Bank of Commerce removed any hope of Victoria regaining its position as the financial capital of the province. By the end of 1901, Vancouver had a total of seven banks, six of which were Canadian and one British. Victoria had five banks, four Canadian and one British.³² All the Canadian banks were established and made their provincial headquarters in Vancouver. From 1899 to 1901 the results of the bank clearings done in Vancouver and Victoria indicated that Vancouver was far ahead of Victoria.³³ By Victoria's own suggestion, the results of the business done by the bank clearing houses indicated that Vancouver was the trade and banking centre of the province.

In the field of trade Vancouver continued to move ahead of Victoria. By the end of 1902 Vancouver had surged ahead of Victoria in both exports and imports.³⁴ Similarly, in the development of wholesale and retail outlets, Vancouver had greatly surpassed Victoria.³⁵ Vancouver's rise over Victoria was further illustrated by industrial development which had surpassed Victoria by 1902.³⁶ By 1902 Vancouver had surpassed Victoria as the trade centre of the province and Victoria began to consider herself as the metropolis for only small sections of the province.

In October 1899, when the city felt the strong competition of Vancouver, the Colonist urged businessmen to concentrate on two areas where they might have some advantage over their rival Vancouver. These areas were Vancouver Island and the North West Coast, including the Yukon:

In this there is enough to make Victoria a rich, prosperous and populous city. Is the effort worth making? We think it is. We do not say that this is the only direction in which the efforts of our citizens may be put forth with benefit to all, but we do claim that of all the field in which we can work there is none in which we have such advantages over all possible rivals.³⁷

Thus, Victoria was still searching for new markets while Vancouver was beginning to consolidate her commercial hold on the markets of the province.

Victoria's role in the primary industries of the province had also undergone a remarkable change. By 1902 Victoria exported only one-eighth of the value of minerals shipped from the province.³⁸ With the move of salmon canneries' business to the Mainland in the 1890's and the decline of the sealing trade Victoria had little influence over the fishing industry. Since 1885, the lumbering industry had been centred on the

Mainland and this trend continued. Victoria's loss of influence over the commerce, trade and primary industries of the province resulted in further efforts by the local newspapers to encourage the merchants to consolidate their hold on the trade connections that still remained.

In May 1899, the Colonist urged the people:

To maintain the position which the city has gained and to increase its hold upon the trade of the interior at least in proportion to the increase of that trade, it is necessary to have better communication with the Mainland than can be afforded by such steamers as now, or as have at any time been in use here. What Victoria merchants require is a train at their door, which will convey their goods without change of cars to any part of the province reached by rail.³⁹

Less than six months later both the Colonist and the Times dealt with further losses of the trade which once belonged solely to Victoria.

The Colonist was shocked by Victoria's inability to control the trade of markets where she had definite advantages over her rivals:

This spirit of over confidence has prevented effort being made to secure that share of the transportation and commercial business of the North, to which the city might properly aspire by reason of the position and the strength and experience of its mercantile houses. It has rendered it possible for Vancouver to reach for a greater share of the trade of the Island itself than it should have secured. We have a notion that if Victorians would study the map of British Columbia closely, if they would get a picture of the whole province in their mind's eye and not the geographical relation which their city bears to the whole, they would realize the necessity of shaking off any feeling of indifference, which may now influence them, and see the absolute necessity of an effort and a strong and unified effort to place themselves in a very forefront of competitors.⁴⁰

The Times regarded the loss of the Fraser Valley trade a double blow to Victoria's economy. Until 1899, observed the Times, Victoria had:

... a very fine business with the Fraser Valley; in fact the bulk of the trade done in that district was done from here. Where is it today? Victoria certainly does not have it, and the loss is mutual, for the reason that Victoria now purchases more from the American side than she did in those days, and does not purchase much, comparatively speaking, from the fertile Fraser Valley. Vancouver and New Westminster have, to a great extent, absorbed the trade of former days, but they cannot begin to consume or handle all the great farming region along the Fraser can produce and ought to produce.⁴¹

With Victoria's influence in all areas of the province's trade threatened, the Colonist tried to find solutions to reverse the declining trend. One frequent suggestion was the necessity to obtain a railway connection, but the reason behind this failure was found in the inertia of the people and geographical problems. In order to rectify the situation the Colonist took a bold approach that could cause both assent and dissent:

If it is true that some of the older people of Victoria are backward in their views, it is also true that very many of the younger people are wholly apathetic. It would be hard to find a town where so small a proportion of the younger men assert themselves in public matters. It is unreasonable to expect that men who have passed the meridian of life and have established themselves in business to engage in a crusade for new things. This must be left to the younger men, and it will be a happy moment for Victoria when these arouse themselves to their duty in this regard.⁴²

Despite the urgings of the two newspapers for a change of attitude in the commercial community in Victoria, the city in 1901 was unable to return to its former position as the centre of commercial influence in the province.

The rivalry between Vancouver and Victoria, that had been sharp and

sectional during the years up to 1899, faded to one of calm acceptance^x of the new position each city occupied. Victoria no longer claimed that Vancouver was falsely claiming to be the commercial centre of the province; but rather accepted it as a fact while hoping to gain something from the prosperity of Vancouver:

This determination on the part of the progressive men of Vancouver to frown upon and stamp out of existence any attempt by the mossback element to put brakes upon the wheels of progress will elicit the sympathy of Victorians who themselves have had experience of the ill-effects of listening to the whinings of those who look with disfavor upon any attempts to lift the city out of the rut of apathy and place her upon the path of progress. Vancouver's success will not excite the enmity of Victoria. The day for that sort of thing has passed. We in Victoria know that this city has a great and splendid future, which cannot be interfered with by the success of other places, therefore we can view with equanimity and approval the efforts of the citizens of our sister city to advance the interests of the town in which they live.⁴³

A similar attitude was found in Vancouver, and expressed by the News-Advertiser later in the same year:

We are well aware that there is a section of the press and people in Victoria, Vancouver and other towns and localities in the Province, which seems to deem it to be a mark of local patriotism to decry other places and other people and to evince a spirit of jealousy at any advance or progress outside their own district....Such remarks are unwise; they can do no good; they may do much harm. We are all interested in one Province. The progress of one town must beneficially affect that of others. What we want is for the people of each place to devote their energies to the advancement of their own locality and view progress elsewhere not as something to be envied or decried but as stimulus to the wholesale efforts in a friendly rivalry which shall advance the general Provincial interest.⁴⁴

Thus, by the close of 1901 both cities accepted their relative positions

in the province and continued to strive toward continued success in the future.

To Victoria, the period from 1899 to 1901 had been marked with a feeling of failure because of the inability of the city to compete and retain its original share of the markets and industries of the province. Victoria's loss of influence throughout the province and inability to gain a railway connection with the mainland did not dampen her desire for future success or the hope behind the attainment of this success. Victoria realized that Vancouver had tremendous advantages allowing her to gain a larger share of the trade of the province. By the end of 1901, the city's attitude as expressed by the Colonist was one of hope for the future backed by the steady progress of the present:

No one will claim that Victoria is enjoying a boom, and the amount of building in progress is not strikingly large, but the number of vacant houses in this city is very small, and so is the number of vacant business places. This is a good sign. There is considerable building going on, mostly of residences. Mercantile business is good and the year records very few failures. New people are coming to the city steadily, not in shoals, but in fair numbers, and a considerable proportion of them are persons who have been attracted here by the advantages of the city as a residential point. Progress is not rapid, but it is steady.⁴⁵

The city had lost its position as the commercial centre of the province to Vancouver, but it still retained a portion of the province's trade and had the added advantages of having a very pleasant climate and the capital of the province. The city would strive to regain her former position but successful or unsuccessful, Victoria would always retain definite advantages that would allow it continued progress. /

In the years following 1901 all of Victoria's optimism and hope could not regain her the metropolitan position in the province.

Vancouver held the key to the transportation systems of the province both on land and by sea. Victoria's downfall as the metropolitan centre of British Columbia in the years from 1885 to 1901 can be attributed to the lack of adequate transportation facilities to meet the needs of British Columbia and the subsequent growth of Vancouver which provided similar services which grew to replace Victoria's influence in British Columbia.

FOOTNOTES

¹Colonel E.G. Prior came to Victoria from England in 1873 to work as an engineer for Vancouver Coal Mining and Land Company. In 1878 he became the government inspector of mines. In 1880 he purchased half the business of Alfred Fellows, a hardware merchant. In 1883 he bought out his partner and extended his business with stores in Kamloops and Vancouver. He was a member of the British Columbia legislature from 1886 to 1888 and of the House of Commons from 1888 to 1902. He served as vice president for the Board of Trade and had a distinguished career in the Fifth Regiment Garrison Artillery of British Columbia. Howay and Scholefield, British Columbia IV (Vancouver: S.J. Clarke Publishing Company, 1914), pp. 68-72.

²F.W. Howay, W.N. Sage and H.F. Angus, British Columbia and the United States, (Toronto: Ryerson Press, 1942), p. 252.

³Robert Dorman, comp., A Statutory History of the Steam and Electric Railways of Canada 1836-1937, (Ottawa: King's Printer, 1938), p. 618. B.C. Board of Trade, (October 1899), p. 23.

⁴Colonist, February 22, 1899, p. 4.

⁵Colonist, December 24, 1901, p. 4. By 1932-33 this railway had passed into the hands of the Great Northern Railway in a greatly changed organization from the original charter.

⁶Dorman, History of Steam and Electric Railways, p. 164.

⁷Colonist, November 30, 1900, p. 4.

⁸B.C. Board of Trade, (October 1901), p. 30.

⁹This cancellation had resulted from the restrictions and regulations to be followed before any company could receive a subsidy from the provincial government. Any company receiving a subsidy in 1900 had to agree:

[a] to pay to the Provincial government 2% per annum for five years and 3% per annum thereafter of the gross earnings of the railways,

[b] to give the provincial government absolute control of freight and passenger rates,

[c] to allow the Provincial government to acquire the railways at any time at the valuation to be determined by arbitration. It is further provided that any company claiming a subsidy under the Act must commence work on the railway on or before July 1, 1902 and prosecute it

diligently to the satisfaction of the Lieutenant in Council.

B.C. Board of Trade, (October, 1901), p. 31.

¹⁰ Colonist, March 31, 1899, p. 4.

¹¹ Donald Mann and William MacKenzie were railway promoters and contractors.

¹² See House of Commons Debates, Speech of Sir Charles Hibbert Tupper, M.P., (Ottawa: March 7, 8, 1898); Dorman, Steam and Electric Railways of Canada, 1836-1937, pp. 111-112.

¹³ Colonist, November 24, 1901, p. 4.

¹⁴ Dorman, Steam and Electric Railways of Canada, 1836-1937, pp. 111-112.

¹⁵ Colonist, May 25, 1901, p. 4.

¹⁶ Colonist, June 22, 1901, p. 4.

¹⁷ Colonist, July 28, 1901, p. 4.

¹⁸ Times, May 23, 1901, p. 4.

¹⁹ Colonist, June 8, 1899, p. 4.

²⁰ Colonist, January 12, 1901, p. 1.

²¹ Times, January 12, 1901, p. 4.

²² Times, March 25, 1901, p. 4.

²³ Colonist, May 3, 1899, p. 4.

²⁴ Colonist, November 9, 1900, p. 4.

²⁵ Colonist, October 13, 1901, p. 4.

²⁶ British Columbia Board of Trade Minutes (December 6, 1888).

²⁷ Colonist, April 21, 1900, p. 8.

²⁸Times, January 14, 1901, p. 4. Colonist, July 5, 1901, p. 4.

²⁹Colonist, October 12, 1901, p. 8.

³⁰Victor Ross, A History of the Canadian Bank of Commerce, (Toronto: Oxford University Press, 1920), pp. 346-347.

³¹Vancouver Board of Trade, (Vancouver, 1901), pp. 57, 59. In 1901 Victoria had 1,726 entries in the coasting trade while Vancouver had 2,681.

³²Henderson's British Columbia Gazetteer and Directory for 1901 (Vancouver: Henderson Publishing Company, 1901), p. 1026. The banks in Vancouver were the Bank of Montreal, Bank of Commerce, Bank of North America, Bank of Hamilton, Imperial Bank of "Canada, Molson's Bank and the Royal Bank of Canada.

³³Vancouver Board of Trade, (Vancouver, 1902), p. 55. In 1899 Vancouver had \$42,179,553 in bank clearings while Victoria had \$33,506,489 in bank clearings. In 1900 it was \$46,161,432 and \$32,838,700 respectively. In 1901 it was \$46,738,805 and \$30,607,315 respectively.

³⁴See Appendices V and VI.

³⁵Henderson's British Columbia Directory (Victoria, 1902), pp. 1009-1106, *passim*. Vancouver had 360 retail outlets and Victoria 256. In 1902 Vancouver had forty-seven wholesale outlets and Victoria had twenty-seven. Part of the reason for the growth of the retail outlets in Vancouver is the large jump in population (over 12,000) since 1891 while Victoria had only a 4,000 increase. Census, statistics for 1901 were taken from the Sessional Papers, Third Session, Ninth Parliament of the Province of British Columbia, Session 1902, (Victoria: King's Printer, 1902), pp. 743-747.

³⁶Henderson's B.C. Directory, 1902, pp. 1009-1106, *passim*.

³⁷Colonist, October 11, 1899, p. 4.

³⁸See Appendices V and VI.

³⁹Colonist, May 3, 1899, p. 4.

⁴⁰Colonist, October 12, 1899, p. 4.

⁴¹Times, October 16, 1899, p. 4.

⁴²Colonist, September 1, 1901, p. 4.

⁴³Colonist, January 22, 1901, p. 4.

⁴⁴News-Advertiser, June 26, 1901, p. 4.

⁴⁵Colonist, October 23, 1901, p. 4.

CONCLUSION

In 1885 Victoria was the metropolitan centre of British Columbia. All points of settlement in the province were serviced at least partly by water transportation and Victoria was the focal point for the water transportation in the province. Through this control of transportation the city supplied its hinterland. The city also provided the financial leadership in the province mainly through the Bank of British Columbia which had its British Columbia headquarters in Victoria. Victoria also had a monopoly on the trade of the staple and secondary industries in the province. Therefore, in 1885, Victoria justifiably considered herself the metropolitan centre of British Columbia and controlled the trade and commerce with her hinterland.

Just sixteen years later Victoria's position was reversed and she was part of the hinterland of Vancouver, the new metropolis of British Columbia. Victoria could not compete with the new railway transportation system. Victoria also lost her position as the shipping centre of the province because coastal and ocean shipping found it more convenient to sail directly to the railhead at Vancouver. In 1901 Victoria's hinterland was restricted to parts of Vancouver Island and small sections of the Yukon and Kootenay.

The main reasons for Victoria's loss of metropolitan status in British Columbia are linked to geographical position, to changes in transportation and to subsequent changes in finance. Victoria is situated on an island which was an ideal location for an economy that depended solely on water transportation. With the completion of the Canadian

Pacific Railway most transportation in the province began to focus on its terminus. Nevertheless, Victoria attempted to retain her hinterland in the face of strong competition from Vancouver, eastern Canada, and the United States. Slowly, but inevitably, Victoria lost her hinterland to Vancouver and to American centres because she could not compete with the transcontinental railways.

Both coastal and foreign shipping made Vancouver their headquarters because it was the trade centre for eastern and foreign markets. Vancouver also controlled much of the trade from the staple industries in the province. This gradual erosion of Victoria's most valuable asset helped weaken her influence in the markets of the province. Both imports and exports statistics in the province indicated the loss of Victoria's control of the trade of the province.¹

As the transportation facilities of the province began to be based at Vancouver, Victoria began to lose her control over the staple industries of the province. Until 1885 Victoria played a major role in the fishing, lumbering, and mining industries of the province. The fishing industry located on the Fraser River and on the coast of the Mainland had used Victoria as the base of operations and as a marketing centre. In 1886, with the change in transportation facilities, the fishing industry began to concentrate on Vancouver. The lumber industry made an early shift from Victoria to Vancouver. In the mining industry, Victoria had once handled all the gold exported from the province. By 1901, lead, zinc,

¹See Appendices V and VI.

and silver had replaced gold as the chief metals of the mining industry. Most of this ore was handled by American cities which had easy connections with the mining centres of south-eastern British Columbia. Therefore, changed transportation facilities and the development of new mineral resources prompted the shift of the business generated by the staple industries away from Victoria.

Similarly, the financial headquarters of the province shifted from Victoria to Vancouver. Because Victoria had relied on the facilities of the Bank of British Columbia to provide the financial services of the province, the decline of the bank's influence and eventual sale to the Bank of Commerce partly caused Victoria's loss of financial superiority to Vancouver. In the meantime, banks from eastern Canada moved into the financial fields of the province, partly to fill the void left by the declining influence of the Bank of British Columbia. All the Canadian banks made Vancouver their provincial headquarters and gradually Victoria began to look to Vancouver for financial leadership as did the rest of the province.

As the province's business moved to Vancouver, Victoria was constantly forced to re-evaluate her position in relation to her role in the province and to consider her own future. In 1885 Victoria was the metropolitan centre of the province and she expected to hold that position in the future. The completion of the Canadian Pacific Railway caused some concern but did not lead Victorians to doubt her position in the province. This complete confidence, however, slowly deteriorated. Periodically, the Colonist expressed doubt about the future during

confrontations with the Canadian Pacific Railway Company. Victorians constantly blamed the Canadian Pacific Railway for the loss of business and continually hoped to make the city a terminus for a transcontinental railway.

The desire for a railway connection was the centre of Victoria's ambitions. The city jumped at any proposal that might provide this connection. Each time a new railway proposal came forward, Victoria vigorously renewed her claims as the metropolitan centre of the province.

As Vancouver grew and began to move into areas dominated by Victoria a strong rivalry flared up between Island and Mainland. Newspapers in both centres clearly examined each loss or gain and blamed the loss or bragged about the gain using its rival as the goat or the villain. The Victoria Colonist and the Vancouver Daily News-Advertiser defended their respective cities adamantly. The Colonist, particularly, played an effective role in trying to help Victoria maintain her status. As Vancouver grew and gained more business the rivalry also grew, with each city claiming by 1893 to be the metropolitan centre of the province. x

The short depression of 1893 to 1897 brought about a change of attitude in Victoria. Victoria openly admitted she was not in a position to compete with Vancouver in the markets of the province although the Colonist and Times in Victoria occasionally attempted to rally the people in the city. Victoria's attitude to both Vancouver and the Canadian Pacific Railway Company softened while both cities expressed the need to

cooperate in order to bring as much business to the province as possible.

Victoria's concern about her future position in the province was given a boost by the discovery of gold in the Klondike. Once again predictions were made that Victoria would regain metropolitan status in the province. Although business increased in Victoria, the increase was far greater and more beneficial to Vancouver and Seattle. At the end of the first outfitting season in the Klondike, Victoria realized that Vancouver was the centre of the Klondike trade in the province.

In the years after the initial rush to the Klondike, Victorians accepted Vancouver as the metropolis of British Columbia. The Colonist urged Victoria businessmen to consolidate their hold on the trade they still controlled. Yet, the city continued to lose more of her business to Vancouver and began to believe that Victoria was a residential city rather than a business centre.

The most important factor in the loss of metropolitan status for Victoria was the building of the Canadian Pacific Railway. Once this new transportation factor was added to the province Victorians knew as early as 1885 that without a similar railway link Victoria would eventually lose her dominance over the hinterland in British Columbia. Similarly, Victoria's attitude toward her position in the province remained unchallenged at least in her own mind until the city could no longer ignore the strong influences that Vancouver exerted over the trade and commerce of British Columbia.

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APPENDIX I

British Columbia Sealing Catch - 1889 - 1901

Year	No. of Skins
1889	35,310
1890	43,325
1891	52,365
18925	49,743
1893	70,592
1894	97,474
1895	74,124
1896	55,677
1897	50,410
1898	28,552
1899	35,471
1900	35,548
1901	24,160

* Taken from B.C. Board of Trade Reports 1889-1901

APPENDIX II

British Columbia Salmon Pack - 1885-1901

Year	No. of Cases
1885	108,517
1886	161,264
1887	204,083
1888	181,040
1889	414,294
1890	314,893
1891	314,893
1892	228,470
1893	590,229
1894	494,771
1895	566,395
1896	601,570
1897	1,015,477
1898	484,161
1899	732,427
1900	585,413
1901	1,236,156

*Taken from B.C. Board of Trade Reports 1885-1901

APPENDIX III

British Columbia Mineral Production 1885-1900

Year	Placer Gold	Lode Minerals	Silver	Lead	Copper
1885	\$713,738				
1886	903,651				
1887	693,709		17,331	9,216	
1888	616,731		75,000	29,813	
1889	588,923		47,873	6,498	
1890	490,435		73,948		
1891	429,811		4,000		
1892	399,526		66,935	33,064	
1893	356,131	23,404	195,000	78,996	
1894	405,516	125,034	470,219	169,875	16,234
1895	481,683	785,271	977,229	532,255	47,942
1896	544,026	1,244,180	2,100,689	721,384	190,926
1897	513,520	2,122,920	3,272,836	1,390,517	266,258
1898	643,346	2,201,217	2,375,841	1,077,581	874,781
1899	1,344,900	2,757,573	1,653,708	878,870	1,351,453
1900	1,278,724	3,453,381	2,309,200	2,691,887	1,615,289

*R.E. Gosnell, The Year Book of British Columbia, Victoria: Bureau of Provincial Information, 1897, p. 318 and p. 368.

APPENDIX IV

British Columbia Imports 1885-1902

Year	Victoria	Vancouver	New Westminster
1885	\$3,489,609		
1886	2,934,130		
1887	2,987,494		
1888	2,922,395	63,006	188,678
1889	2,862,803	445,937	132,053
1890	3,193,225	698,170	255,355
1891	987,672	331,955	98,639
1892	1,033,691	330,018	157,616
1893	874,952	317,098	120,315
1894	764,563	312,491	171,018
1895	644,116	274,638	147,971
1896	699,069	352,378	111,068
1897	731,506	457,608	112,156
1898	869,838	677,842	178,321
1899	961,980	764,142	218,267
1900	947,484	911,811	135,659
1901	871,410	901,504	101,058
1902	937,204	1,136,288	154,115

*Taken from British Columbia Board of Trade Reports 1885-1902 and the Vancouver Board of Trade Reports 1888-1902.

APPENDIX V

Exports - Port of Victoria 1885-1902

Year	Mine	Fisheries	Forest	Animal	Agric.	Manuf.	Misc.	Coin	Total
1885	\$764,983	703,261	1,599	414,864	864	1,848	3,365		2,039,813
1886	746,790	632,029	2,567	329,248	1,917	15,867	1,035		1,716,272
1887	684,689	910,499		380,126	2,328		240		2,094,384
1888	563,717	1,159,504	5,197	296,297		31,956	658		2,122,939
1889	491,553	987,633	935	372,686	1,494	30,614	2,466		1,946,186
1890	461,589	2,186,940	165	340,372	3,124	71,295	29,566	50,127	3,143,178
1891	406,261	1,872,586		277,908	295	12,522	14,494		2,779,373
1892	367,451	2,004,597	876	372,340	21,111	11,315	6,370		3,037,428
1893	276,376	1,249,745	26,045	285,172	20,446		195,321		3,054,105
1894	296,463	2,383,645	43,768	111,392	10,493		148,105		2,993,866
1895	311,589	2,224,978		409,308	13,877		175,523		3,133,277
1896	309,862	1,559,942	21,402	353,306	7,965	82,158	58,035	96,721	2,490,391
1897	351,309	1,660,527	31,152	253,115	23,641	80,340	61,944	166,767	2,610,794
1898	256,323	963,157	15,648	227,168	9,872	95,377	125,205		1,692,750
1899	585,591	639,571	20,110	287,906	6,475	99,691	63,675	131,911	1,734,930
1900	375,503	866,232	12,159	410,637	7,070	99,851	420	280,082	2,051,954
1901	n/a								
1902	103,826	564,343	14,425	153,344	9,406	257,730	2,689	78,732	1,184,495

APPENDIX VI

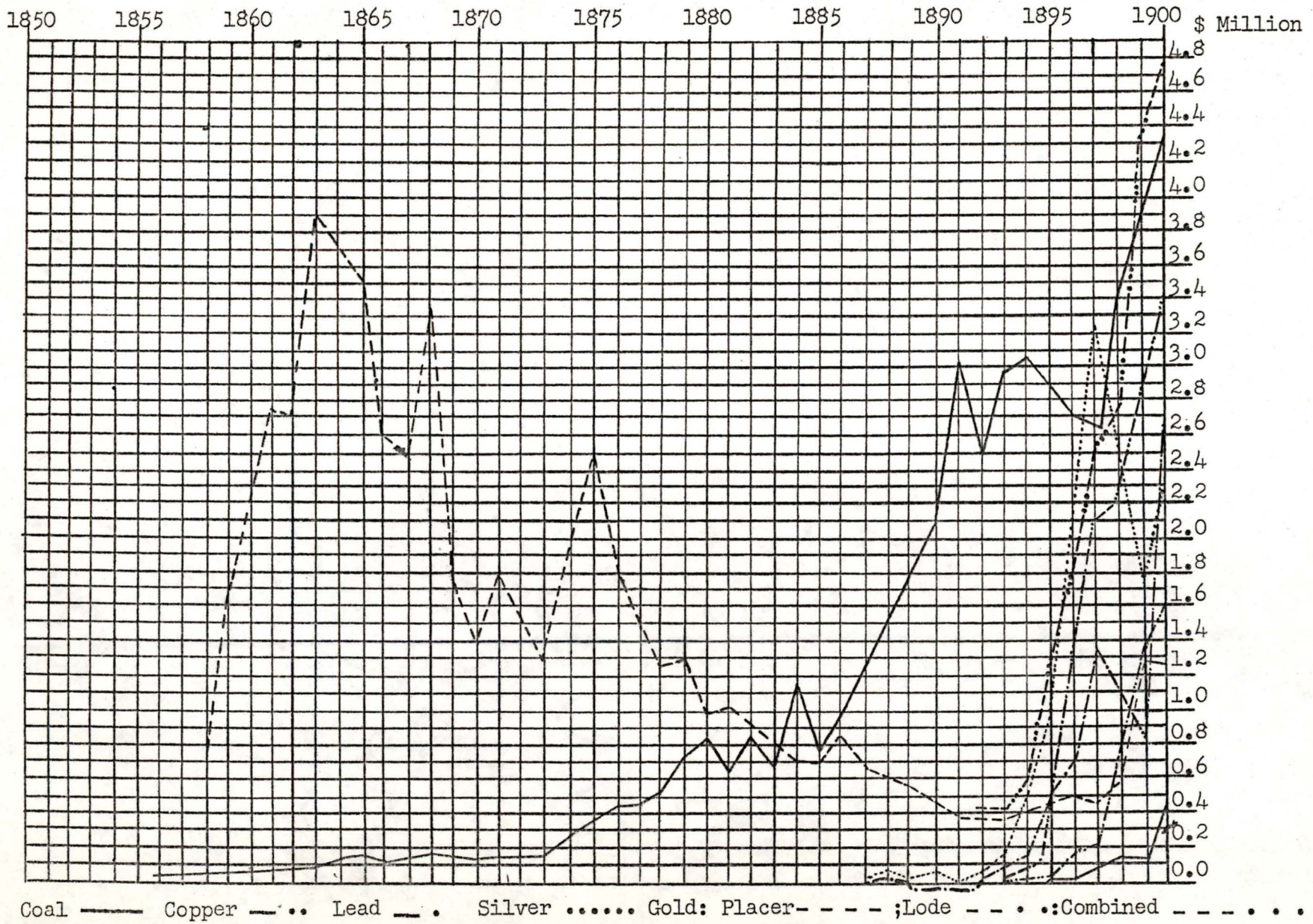
Exports - Port of Vancouver 1888-1902

Year	Mine	Fisheries	Forest	Animal	Agric.	Manuf.	Misc.	Coin	Total
1888	\$154,996	391	361,199	18,492	1,110	17,351			553,539
1889	57,181	5,620	388,090	18,819	2,338	44,038	550		516,636
1890	n/a								
1891	21,920	22,216	381,746	16,723	1,308	121,823	3,670		2,506,859
1892	9,020	34,745	367,060	13,257	2,358	94,008	21,152		541,600
1893	11,964	33,396	383,304	21,816	7,756		237,606		695,842
1894	15,581	197,130	346,255	20,106	12,369		46,133		637,574
1895	12,713	300,784		31,413	7,597		483,262		839,769
1896	84,806	256,035	528,250	60,836	49,835	255,090	13,550		1,048,402
1897	323,795	322,279	523,931	49,889	80,814	111,527	52	76,051	1,488,338
1898	95,255	347,644	251,652	45,326	62,217	176,102	29,449	106,555	1,114,200
1899	134,332	260,475	256,256	48,805	32,450	168,067	7,296	3,570	911,251
1900	1,502,098	223,627	354,117	60,174	68,148	221,056	38,294	17,226	2,484,740
1901	n/a								
1902	986,906	356,590	498,672	109,126	290,336	1,343,641	12,288		3,597,559

124.

TABLE I

TABLE SHOWING MINERAL PRODUCTION OF BRITISH COLUMBIA 1850-1900



VITA

Surname: RUZICKA Given Names: STANLEY EDWARD

Place of Birth: Viking, Alberta Date of Birth: September 14, 1944

Educational Institutions Attended, with Dates of Entering and Leaving:

a Notre Dame University, Nelson, B.C. 1965 to 1968

University of Victoria, Victoria, B.C. 1968 to 1971

_____ to _____

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

B.A. 1968 Notre Dame University, Nelson, B.C.

Honors and Awards:

Graduate Assistantships, University of Victoria, 1968-70

PUBLICATIONS:

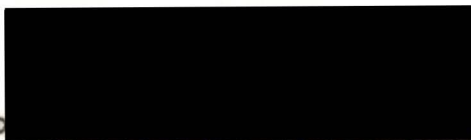
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The Decline of Victoria, The Metropolis of British Columbia 1885-1902

Author



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