

# **Capital and Labour in the British Columbia Forest Industry, 1934-74**



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Forest Industry, 1934-74**

*Gordon Hak*



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# Abbreviations

AFL	American Federation of Labor
BCFP	British Columbia Forest Products
CCF	Co-operative Commonwealth Federation
CCL	Canadian Congress of Labour
CIO	Congress of Industrial Organizations
CLC	Canadian Labour Congress
COFI	Council of Forest Industries
CPC	Communist Party of Canada
E&N	Esquimalt and Nanaimo Railway
FIR	Forest Industrial Relations
FML	Forest Management Licence
IBEW	International Brotherhood of Electrical Workers
IBPM	International Brotherhood of Paper Makers
IBPSPMW	International Brotherhood of Pulp, Sulphite and Paper Mill Workers
ICA Act	Industrial Disputes Conciliation and Arbitration Act
ITCCA	Independent Timber Converters Co-operative Association
IWA	International Woodworkers of America
LPP	Labour Progressive Party
LRB	Labour Relations Board
LWIU	Lumber Workers Industrial Union
NDP	New Democratic Party
PHA	Pulp Harvesting Agreement
PPWC	Pulp and Paper Workers of Canada
PWC	Public Working Circle
RFMDA	Rank and File Movement for Democratic Action
SPEC	Society for Pollution and Environmental Control
TFL	Tree Farm Licence
TLA	Truck Loggers Association
TLC	Trades and Labour Congress of Canada
UPP	United Papermakers and Paperworkers
WIUC	Woodworkers Industrial Union of Canada
WUL	Workers Unity League



# **Capital and Labour in the British Columbia Forest Industry, 1934-74**



## Introduction

*Sometimes the work was physically hard. A problem with the cutters would send thousands of sheets of pulp onto the machine room floor. The labourer, the worker with the least seniority on a crew of five, picked up the sheets and manually deposited them in the repulper, a deep, concrete casing the size of a small swimming pool that contained swirling, white liquid. The repulper broke down the sheets into a porridge-like consistency. This now watery pulp was piped back to another part of the mill, an earlier stage in the production process. If the problem had been bad, the labourer could spend a whole shift toiling in this steamy, sweat-inducing environment. But on the whole, the work was tedious rather than difficult, and often there was little to do. Workers were there largely to ensure that there were no glitches in the operation of the machinery. When the crew was doing nothing – reading or playing crib in the lunchroom – the owners of the operation were getting the best results. Worker inactivity meant that the mill was running smoothly.*

*The machine room was the second-last stage in the production process. Seven-metre-wide sheets of pulp came out of a series of dryers at a very rapid speed and went into the cutter. The cutter chopped the sheets into metre squares and stacked the sheets into seven piles, each about 120 centimetres high. The machine decided when the stacks were high enough and sent them along on a conveyor to a scale. At this station, a worker adjusted the pile to ensure that the weight was appropriate, and then pushed a button, sending the pile along to a massive press. The hydraulic press came down on the pile, condensing it to about one-third of its original size. After being squeezed, the bale of pulp went to a machine which automatically put a wrapper around it and snapped on four wires to secure both the wrap and the bale. The bale was then transported along the conveyor through a hole in the wall into the warehouse, a vast hall containing bales of pulp stacked to the ceiling and two rows of railway cars. The warehouse, the last phase in the production process, and the machine room were in close proximity and the two crews often intermingled during working hours. Inside the warehouse, a machine, again without human intervention, stacked the bales either four high or six high, depending on the requirements of the customer. The warehouse labourer used a stencil to manually stamp the final market destination on each bale. This was the end of the chain. Now fork lifts, operated by workers, transported the stacked bales to nearby railway boxcars. Once every day the full boxcars were pulled out of the warehouse and replaced by ones that were empty.*

*Workers in the machine room and the warehouse concentrated on the tasks at hand, having little interest in earlier phases of the process that began in logging camps hundreds of miles away and eventually produced the sheets of pulp that flowed out of the dryers. Nor was the final purpose or destination of the product of concern, though, judging by the ink names stenciled on the bales, most was headed to Asia. The ownership of the mill was vaguely known – British and German money was involved – but hardly seemed important. The machinery, too, was from far away, imported from the United States, central Canada, and, drawing a conclusion from corporate names emblazoned on the equipment, perhaps Europe.*

*When things were running smoothly, management rarely disturbed the crew. On these good days, the shift supervisor, with his blue hard hat, just showed up to chat and collect the time sheets. But when machinery problems shut down production, senior management officials, distinguished by their white hard hats, appeared. The breakdown also attracted the normally slow-moving tradesmen, who now scurried about with worried looks on their faces, rushing to solve the problem and get the mill running again. For workers and management, down time was stress time.*

*Workers turned to the union when they had problems with management regarding schedules, safety procedures, and job assignments. Occasionally, rumours of an impromptu strike swept through the mill. This, more often than not, was a threat delivered in response to a management decision to discipline a worker, usually by imposing a one or two day suspension. The rumours animated workers and reminded them of their importance in the operation: they could shut the whole damn thing down! But the threat was usually sufficient, forcing union and management officials to find an acceptable solution. Union politics were of little interest on the shop floor, even though a bitter, public battle between competing unions had rocked the plant less than a decade earlier. The union ensured high wages and secure jobs, it was recognized, but in day-to-day operations, union officials were more distant than management officials.<sup>1</sup>*

Across British Columbia in the 1970s, workers lived variations on this work experience every day. Owners, workers, and managers were located in impressive systems that linked the forests and towns of the province to markets and consumers around the globe. Complex institutions – corporations, unions, and markets – situated people in relationships with each other and with machines. From the perspective of the shop floor, these arrangements, which produced boring, unsatisfying days as well as a comparatively high standard of living, seemed appropriate, obvious, inevitable, necessary, and even natural. How this work routine, this regimen that consumed so many hours, days, months, and years in the lives of thousands and thousands of workers, had come to be was rarely considered. Investigating this historical process is the subject of this book.

The British Columbia forest industry was the heart of the twentieth-century provincial economy, and its glory days were from the 1930s to the 1970s. The

British Columbia coastal lumber industry began to recover from the depths of the Great Depression in 1934. Existing companies expanded production facilities, new companies entered the field, and for the next four decades the coastal forest industry prospered. Initially lumber led the way, but in the 1940s pulp and paper emerged as the driver of economic expansion on the Coast. In the Interior, the smaller, less developed lumber industry, which had been completely devastated during the 1930s, finally began to rebuild and expand in the 1940s. In the 1960s, the Interior also made the transition to a pulp and paper economy. Unions took advantage of changing circumstances after 1934, launching organizational drives, and in the 1940s their efforts bore fruit. Unions became entrenched in the camps and mills of the province.

In 1970 the forest sector directly employed 9.1 percent of the British Columbia workforce, and at least two indirect jobs were associated with each job in the forest industry. Thus, the industry supported some 30 percent of full-time employees in the province, 225,000 workers.<sup>2</sup> The good times began to unravel in the 1970s. While there had been dips in the economy before, 1974 and 1975 were particularly difficult. The American lumber market collapsed, sawmills laid off workers, and logging camps closed. In 1975 prices in the international pulp market dropped precipitously. Responding to the distress, the provincial government lowered stumpage charges, the rate that companies paid to log Crown-owned timber, in order to prop up economic activity in the province.<sup>3</sup> A depression and a recession, then, were bookends for the period from 1934 to 1974.

The downturn of the 1970s was not just another fluctuation in the business cycle. It marked a more serious transition, presaging new circumstances that ultimately challenged relations and institutions established in earlier years. While pulp and lumber markets recovered at times after 1974-75, the forest economy was unstable, and in the first half of the 1980s the industry suffered a particularly devastating string of bad years.<sup>4</sup> The province had entered a new era, a new reality. Management personnel were laid off, and worker benefits and unions were attacked, part of a new corporate agenda.<sup>5</sup> More broadly, the forest industry played a proportionally smaller role in the provincial economy. In the 1990s the forest sector accounted for only about 5 percent of provincial employment, and its contribution to the provincial gross domestic product had shrunk to about half of its 15 percent of the 1960s.<sup>6</sup>

Existing histories probe distinct aspects of the industry. There are celebrations of business magnates, union leaders, and unions;<sup>7</sup> detailed accounts of the machinery and techniques used in logging;<sup>8</sup> critiques of government forest policy;<sup>9</sup> and defences of particular historical agents, including communist union activists and small-time loggers.<sup>10</sup> This study casts a wider net, incorporating these themes and actors while looking at both the coastal region and the often-neglected Interior between 1934 and 1974. The narrative primarily examines two institutions:

companies, which were organized to further capitalist accumulation, and unions, which represented the interests of workers. The history of the forest industry was worked out in the context of the ongoing interaction between capital and labour, which created and sustained a web of economic, social, and ideological relationships in the years after 1934. Embedded in this larger whole were the personal histories of lumber magnates, such as H.R. MacMillan, and anonymous Port Alberni paper mill workers; the organizational histories of corporate giants Canadian Forest Products and Crown Zellerbach Canada and unions such as the International Woodworkers of America and the Pulp and Paper Workers of Canada; and even the technological histories of the new machines continually introduced into the production process. Worker/employer institutional relations, of course, were not self-contained. Most importantly, there was interaction with the state, which had a role in industrial relations and the allocation of timber, and, in the early 1970s, with the environmental movement. Both of these warrant special treatment, but they too operated in a context determined in many ways by labour and capital.

The scope is wide-ranging but it is not comprehensive. Corporate marketing strategies, product development, links between forest industry owners and the larger business community, and ancillary enterprises such as consulting firms and provincial equipment manufacturers, for example, are given short shrift. Similarly, the leisure activities of workers, gender, injury at the workplace, camp life, and the social dynamics of the shop floor are not fully developed themes. The study still covers much, however, teasing out a rather shadowy economic, political, social, and ideological structure while simultaneously paying heed to concrete historical events. Three bodies of literature locate the discussion that follows. First, the Fordist approach offers a broad interpretation of the political economy of the era and serves as a good starting point for a study of the BC forest industry. Fordist theorists also highlight the importance of studying institutions in order to understand social realities. Second, labour process studies draw out the importance of production at the heart of capitalist societies. Finally, recent, postmodernist discourse theory situates production processes, institutions, and individuals in relation to each other. Each of these will be discussed in turn.

### **Fordism**

The history of the British Columbia forest economy between 1934 and 1974 reflected a pattern evident across the western world. The political economy after the early 1970s is now often referred to as the Post-Fordist era, and the characteristics of this period as Post-Fordism. Post-Fordism is studied in relation to Fordism, which describes the period from roughly 1940 to the early 1970s. Social scientists – sociologists, geographers, and economists, especially – generated Fordist ideas to divine the future direction of society, and in some cases to suggest strategies to divert the march of history along a more congenial route. Studies abounded to

capture the essence of Post-Fordism, but the Fordist era was mostly reduced to a list of key points, a paragraph or two in studies eager to get on with discovering and mapping the Post-Fordist landscape.

Post-Fordist/Fordist theorists constructed a big tent, housing a variety of perspectives and political postures.<sup>11</sup> There are, however, some widely agreed upon points. Fordism draws out the relationship between productive forces and consumers in a regulated or organized society during a particular historical time. Mass production of standardized products in long runs was the economic cornerstone of the age, and large corporations, with bureaucratic management structures, controlled production. At the point of production in the factories, there was advanced mechanization and close control of labour; the archetypal workers were unskilled or semi-skilled, performing repetitive, simple tasks, tending machines and ensuring that there were no mechanical breakdowns. Massive industrial unions represented workers, reaching accords with corporations and ensuring general stability in industrial relations. The goods produced in the Fordist age were commodities geared towards consumers: automobiles, household appliances, and houses. Ordinary consumers were important in this economy, and social and economic stability depended on regulating equilibrium between supply and demand. Unions, by maintaining high wages and a disciplined workforce, contributed to this stability, and governments, too, took on a major role. Using fiscal measures recommended by Keynesianism, governments worked to manage the economy. And by providing social supports, sickness insurance systems, and unemployment insurance – the “welfare state” – governments sought to ensure a society of healthy, contented, productive people, people who contributed to the production system both as workers and as consumers.

Beginning in the 1970s, this regime came undone. Unstable oil prices, inflation in the United States generated by the demands of the Vietnam War, increased economic competition due to the successes of Asian and European economies, falling profit margins, eroding productivity, and a disenchanted workforce protesting tedious jobs ended Fordism. The new era, Post-Fordism, was rooted in new productive and institutional arrangements. Flexibility and specialization, rather than mass production, were stressed, and companies restructured to enable them to move quickly in response to rapidly changing circumstances in the global marketplace. The lethargy of the Fordist firm would not do: companies had to be leaner and less bureaucratic, while workers had to be more flexible and better educated, willing and capable of taking on a wider variety of tasks in the workday. In the new times, sclerotic management systems and rigid worker rights enshrined in long-term collective agreements protected by powerful unions were deemed no longer appropriate. Moreover, for companies to successfully adapt to the new environment, governments were forced to curtail their own influence in the marketplace. Expensive social programs, legislation propping up unions, and government regulation

were burdens. Overall, the institutions and relations of Fordism no longer applied, having become economic liabilities. While the change was hardly abrupt – mass production continued and unions and government programs, though battered, persisted – the trend was clear.<sup>12</sup>

The Fordist model offers historians two things: a coherent account of the events of the years from 1940 to the 1970s, and an approach to the past, a way to study history. In British Columbia, the Fordist interpretation makes much sense. During the 1930s and 1940s, corporate consolidation was evident, and a few large companies assumed an increasingly prominent role in the forest industry. In 1951 two of the largest, the H.R. MacMillan Export Company and Bloedel, Stewart & Welch, merged to form the industry giant MacMillan & Bloedel. The addition of the Powell River Company in 1960 made the firm even larger. In the 1940s, industrial unions established themselves. The International Woodworkers of America (IWA) became the dominant union in the province's logging camps and saw, shingle, and planer mills. The International Brotherhood of Pulp, Sulphite and Paper Mill Workers was the biggest organization in the pulp and paper mills. At the same time, provincial and federal governments were active. Federal and provincial legislation in the 1940s created a legal framework for managing relations between workers and employers, giving collective bargaining legitimacy and legal protection. Social programs such as unemployment insurance and hospital insurance were brought in during the 1940s. In the 1950s and 1960s, richer pension and welfare schemes, as well as medical insurance, were added to the mix. Painted with broad strokes, Fordism was alive and well in BC.

Geographer Roger Hayter recently applied Post-Fordist language to the provincial forest industry: from his technoeconomic perspective, Fordism came into being with new government forestry legislation in the 1940s, when “the large international corporation, employing unionized labour in big factories manufacturing vast quantities of relatively standardized outputs, became the organizational model of development,” and came undone in the 1970s, when “the technological, geographical, and institutional conditions underlying the Fordist model of BC's forest economy in the 1950s and 1960s began to change.”<sup>13</sup> There were distinctive features in British Columbia, a peripheral resource region that “featured continuous-flow processes, rather than the assembly-type operations of classic Fordism,” but the general characterization still held.<sup>14</sup>

Yet, while the Fordist interpretation summarizes features of the period, it does not show how this history happened or the dynamics of change within the period. In these particulars lies the history of British Columbia. Fordist accounts, in their rush to generalize, brush out the nuances of development. Large capital was extremely important in British Columbia, to be sure, but capitalist development was not all of one cloth. There were two notable divisions. One was between the Interior

and the coastal region. The pace and pattern of industrial development in the Interior was different from that of the Lower Mainland and Vancouver Island. Interior firms were smaller, less technologically sophisticated, and slower to become absorbed by the pulp and paper economy. The other division was between small and large operators. The emphasis on large companies is not peculiar to Fordism. A classic interpretation of BC's history also foregrounds the role of dominant corporations. Martin Robin, in an analysis developed in a number of books and articles in the 1960s and early 1970s, argues that British Columbia, unlike central Canada or the Prairie Provinces, lacked a substantial middle class made up of farmers and small-scale producers. In BC, big companies such as the Hudson's Bay Company and the Canadian Pacific Railway, as well as a small number of major mining, fish-processing, and forestry companies, set the tone for development.<sup>15</sup> As we shall see, however, in the forest industry smaller firms were influential, especially in coastal logging and in the Interior generally. Not only did the owners of small firms produce commodities but their needs and desires shaped cultural and political discourse in the province.

Fordist generalizations about unions also need qualification when applied to British Columbia. Labour, in the Fordist vision, is largely passive, bureaucratic, and conservative. In this view, after the achievement of unionism in the mass-production industries during the 1940s, which involved much struggle, conservative union bosses subdued political opponents within their organizations, stymied internal democracy, and established top-heavy bureaucracies. Collective bargaining became routine. Labour historians largely concur in this assessment. Kim Moody, in a critical study of American labour, makes the point succinctly in referring to Congress of Industrial Organizations (CIO) unions, the most dynamic labour associations in the 1930s and 1940s: the unions "that grew during the 1950s were very different organizations from those that fought through the stormy 1940s. In virtually every major CIO union the bureaucratic ascendancy accomplished gradually in the 1940s was rapidly converted into one-party or one-man rule. The last vestiges of opposition were expelled, crushed or co-opted in a period of two or three years."<sup>16</sup> The terms "social compact," "social contract," and "labour-capital accord" were increasingly used in the 1980s to describe labour relations from 1945 to the 1970s.<sup>17</sup> In Canada, Peter S. McNinnis, in a recent book explaining the rise of a postwar settlement, talks about a "labour-capital accord," and a "postwar social contract": "There was an implicit *quid pro quo* between opposing forces. Business conceded unions a measure of legitimacy and citizen rights, while unions accepted managerial prerogatives and labour's place within a capitalist order."<sup>18</sup>

Again, while the generalization contains truth, it needs qualification. There were major strikes in the forest industry, and these confrontations over wages, though hardly revolutionary, challenged the rights and power of capital.<sup>19</sup> Throughout the

period, too, business/labour harmony was fragile; companies tolerated unions only out of necessity. There was, to use Nelson Lichtenstein's phrase, "a limited and unstable truce."<sup>20</sup> Nor did union politics end in the late 1940s. Despite the exclusion of avowed communists from the IWA after 1948, the left was not without resources. By 1958 there was an identifiable leftist constituency in the IWA that was significant enough to challenge the leadership a decade later. Political dissension also wracked the provincial pulp and paper unions in the late 1950s and early 1960s. Socialists, waving the flags of nationalism and democracy, created a break-away Canadian union. Politics was also alive and well in inter-union activities, as unions fought for turf and jurisdictional control. Arguably, provincial forest industry unions suffered from a surfeit of politics in the 1960s.

Overall, accounts of labour in the Fordist era emphasize what unions did not do, especially their failure to create a serious challenge to capitalism. They tend not to look at what unions actually did on a daily basis. Here union leaders, radicals and moderates alike, sustained organizations in a hostile environment, dealt with the individual workplace concerns of members, and supported social democratic political parties. BC union leaders did not prepare the groundwork for revolution, but it does not follow that they were completely swallowed up by business, against all change, undemocratic, and weighed down with the curse of bureaucracy. That argument depends on a host of notions: that workers in the 1940s were notably radical; that communist leaders offered a more radical program than labour leaders of other political stripes; that there was a missed opportunity for a decisively different direction in the postwar era, and that chaotic expressions of worker frustration in illegal job action and protests served the goal of social justice better than organized unions and political parties.<sup>21</sup> All are questionable when viewed from the perspective of the west coast. Still, the limitations of unions, in action and in ideas, were evident at the beginning of the Post-Fordist era.

The Fordist conceptualization goes beyond merely offering an interpretation of the postwar era, for, like its parent "political economy," it suggests a historical methodology. There is a holistic understanding of social relations, a notion that there are connections and patterns that can be articulated, using articulation in the sense of meaningfully joining elements in systems. Monographs in business history often ignore workers and, in turn, labour histories pass over the business context in a page or two. Political histories happily ignore both business and labour. However, drawing back and focusing on a larger frame captures these historical subjects in meaningful relationships and illuminates articulations. The Fordist approach is also noteworthy in seeing institutions as important. Governments, political parties, corporations, unions, and production systems play prominent roles. Recent generations of historians have been cynical about institutions, preferring to study workers rather than unions, for example, and largely ignoring the histories of companies and political parties.<sup>22</sup>

While Fordist historical analysis articulates ensembles of institutions, there is debate about what connects institutions and about the relative importance of particular institutions in larger systems. Here the Marxist tradition, which situates productive relations at the core, is helpful. At the point of production, the basic work of capitalism takes place, the creation of commodities and value by labour and the expropriation of surplus value by capital. In the abstract, the production process is the site where capital and labour engage, each with its own agenda: capital to maximize output and profit, labour to sustain itself and maximize wages. The potential tension between capital and labour is at the heart of the system, a pivotal relationship defining and shaping individuals, institutions, and classes in society. Corporations are institutions put together to facilitate production, unions are institutions organized to look after the interests of workers engaged in production, and governments provide services to manage relations between workers and owners to further the goal of capital accumulation.

This focus on capital and labour at the point of production deflects attention from foreign ownership and the provincial state, two key elements in the “staples thesis,” a historical interpretation that has been applied to the provincial forest economy. Sociologist Patricia Marchak developed the staples perspective most forcefully. According to her, the twentieth-century British Columbia economy was plagued by externally owned corporations that owned the means of production, scooped up the profits, and took them back to corporate headquarters, often in the United States. As such, the British Columbia economy did not develop beyond its resource base to become a balanced, stable, diversified, self-sufficient economy. The province merely produced raw or semi-finished products, such as logs, pulp, lumber, and paper, to the detriment of the workforce, which needed few skills, and the economic future. The solution, according to Marchak, was to use an aggressive provincial state to tame externally owned corporations and manage the economy for the benefit of British Columbians.

The Marchak case is developed most fully in her 1983 book *Green Gold*.<sup>23</sup> However, despite the elegance of the case, empirical evidence to show the negative role of outside capital is lacking. Moreover, a British Columbia-based company, MacMillan Bloedel, was the dominant firm of the era. The staples account also overestimates the independent power of the state, portrays labour as largely inert, and pays little heed to historically variable class relations. The state can indeed limit the actions of capital, but this is contingent on historical circumstances. The prominence of the state in the Fordist era reflected power relations between labour and capital and an ideological configuration at a particular time, a time when labour was assertive and a leftist discourse had some currency. During the early Post-Fordist era, when capitalist distress forced contraction of the activities of government, the impotence of the state was exposed.<sup>24</sup> At this time, too, as Marchak notes, workers seemed interested in little beyond wage issues: “It would be difficult

to sustain a claim that there is genuine and sustained opposition to the system.”<sup>25</sup> A history of the forest industry highlighting companies, unions, and class relations helps us better understand this predicament.

### **The Labour Process**

A Fordist orientation, with special reference to the dynamics of capital accumulation, informs this study, but we can begin at the other end, the labour process, to elaborate the same context. In 1974 a book by Harry Braverman rediscovered the production process, putting work back at the centre of class relations.<sup>26</sup> The book’s subtitle, *The Degradation of Work in the Twentieth Century*, states the argument. Working in the Marxist tradition, Braverman shows that the labour process had a specific history, arguing that this history was driven by the imperative of capital to control labour. From the techniques of Frederick Winslow Taylor to the introduction of assembly lines and automation, capital increasingly planned the work, giving workers very specific orders, and set the pace of production. The result was the deskilling of the workforce, more and more unskilled jobs, less and less room for initiative or creativity, tedium at the workplace, and, considering the amount of time spent at work and its role in human satisfaction, stunted lives.

The labour process in the British Columbia forest industry was constantly modernizing: new machines and techniques were brought online, some occupations disappeared while others were created, and the speed of production was intensified. Richard Rajala, following Braverman, offers an account of the changing production process in coastal British Columbia logging from 1880 to 1965. Loggers, he argues, suffered a loss of autonomy and were increasingly subject to the discipline of machine pacing. Even though some highly skilled occupations emerged, they “invariably enhanced capital’s control over the collective labour process.”<sup>27</sup>

The Braverman thesis occasioned much debate and criticism after it came out. In this study, Braverman is celebrated for reinstalling production and productive relations at the centre of social order, but the criticisms are taken seriously. Braverman focused too much on skilled workers, failed to appreciate that automation most easily replaced unskilled labour, and underestimated the creation of new skills.<sup>28</sup> He also wrapped up changing management techniques, the introduction of machinery, and deskilled occupations into a tight, self-contained universe, paying little heed to broader ideological and class configurations. As Bill Schwarz notes: “Ideologies of management are rarely *just* technical formulas devised to extract ever more surplus value out of the workers. More often, labour discipline is part of a much broader cultural and political strategy developed by a class to secure dominance in every aspect of social life.”<sup>29</sup> Even the introduction of new techniques and machines was, in part, a response to the success of workers in organizing unions and raising wages. Capital intensified the labour process to extract more value from the labour of workers to meet union demands. The labour

process, then, was constructed in a larger social formation and reflected institutional and class relations.

Braverman is also faulted for ignoring the role of class struggle in the transformation of the workplace, portraying workers as passive recipients of managerial initiatives. In his study of BC coastal logging, Rajala mentions that loggers largely accepted changes that supposedly worsened their working conditions.<sup>30</sup> He is right in that loggers did not launch direct protests against new machines and techniques. But the transformation of the workplace concerned forest industry unions, which represented mill workers and loggers, and they were involved in the automation debate that swept North America in the decade after 1955. New techniques and equipment were seen as a threat to the economic survival of workers, and unions sought broad-based political and contractual responses, where the benefits of the new technology would be shared by workers as well as owners. These initiatives achieved meagre results, but this raises the question of why workers, who identified problems with the changing labour process, did not mount a more serious challenge. This takes us into the realm of politics and ideologies. The labour process was indeed important, but must be set in the larger Fordist constellation, just as Fordism analysis is most revealing when incorporating the dynamics of the production process and capital accumulation.

### **Discourses and Subjects<sup>31</sup>**

Individuals in the political economy not only sustained institutions and kept the production system operating, but were themselves, as subjects, structured by being located in these systems. Cultural and political representations, as well as physical realities, were crucial. Business practices were shot through with assumptions about progress, human nature, social relations, and the makeup of the good society. Workers did not take up militant unionism as an unmediated, knee-jerk response to high rates of injury and death, terrible working conditions, and low wages. Nor were union activism and leftist politics just simple responses to boom-and-bust business cycles or socially polarized, isolated camps and communities.<sup>32</sup> Rather, the achievements of unions and the political left came about because safety, workplace, and wage considerations were successfully represented as unjust, inappropriate, and susceptible to remedies. Culture shaped and informed the historical development of productive and social relations. The realm of culture and representation, where meaning in social, political, and economic life is sorted out, was defining and instrumental. Patterns or constellations of ideas and practices – ensembles articulated in systems – can conveniently be called discourses.

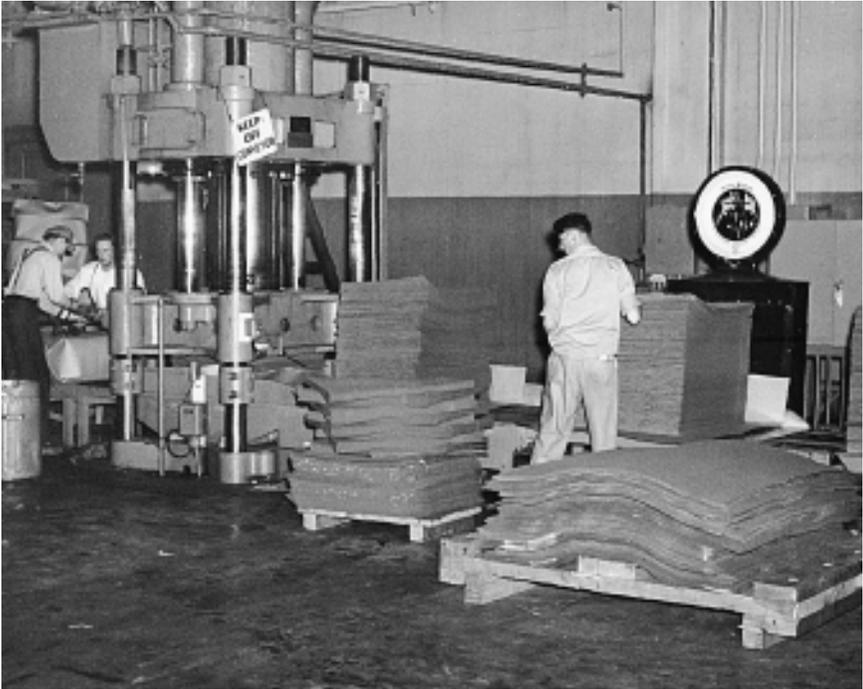
In the labyrinth of discourse, not all are equal. In twentieth-century western political economy, the discourse of liberal capitalism reigned supreme. Liberal capitalist ideas and interpretations persuasively explained the world and were instantiated in institutions and practices. This fixed set of meanings, albeit unstably

and in relation to alternate readings, created hegemony, a dominant discourse. The term “hegemony,” used in this sense, emphasizes the operation of power in everyday relations, its role in forming commonsense understandings, its ability to elicit consent from subjects, and its capability to reproduce social and discursive relations: “Power is not stable or static, but is made and remade at various junctures within everyday life; it constitutes our tenuous sense of common sense, and is ensconced as the prevailing epistemes of a culture.”<sup>33</sup>

Nor was liberal capitalist discourse – a framework of ideas and practices built around core commitments to individualism, private property, and liberty – stable or static. Unionism, environmentalism, socialism, nationalism, and conservatism offered critiques and alternatives, forcing responses. Two provocative discourses framed the Fordist era in the British Columbia forest industry. A version of industrial unionism, itself an amalgam of competing discourses, holding different meanings for different participants, was incorporated into the dominant discourse in the 1930s and 1940s, and in the late 1960s and 1970s, the environmental discourse, with its own institutions and understandings, emerged. Alternate discourses, though, often assumed or reformulated aspects of liberalism, such as the ideals of personal fulfillment, progress, or democracy, and gains, as Ian McKay notes, came, “but only at the cost of ‘editing’ out their unacceptably aliberal elements.”<sup>34</sup>

Individuals exist in relation to discourse. Indeed, individual identities are decentred and unstable, given shape and coherence by participating in discourse. To use the language of postmodernism, the “self is internally fragmented, incomplete, multiple and is produced and positioned – that is subjected to and determined – within discourse.”<sup>35</sup> Ian McKay encapsulates the relationship between history, discourse, and identity in a comment on Canadian history, which, he argues, can be imagined “simultaneously as an *extensive* projection of liberal rule across a large territory and an *intensive* process of subjectification, whereby liberal assumptions are internalized and normalized within the dominion’s subjects.”<sup>36</sup>

We can now consider an articulation, a history of the British Columbia forest industry from 1934 to 1974 that links the building of a pulp and paper mill in Port Alberni in the 1940s, the ethos of the environmental movement, developments in power saw technology in the late 1930s, union rebellion in the Kootenays in the 1950s, the worldview of truck loggers, investment decisions by a Vancouver businessman in the mid-1930s, and the working life of a forklift operator in a Prince George pulp mill in 1972.<sup>37</sup> Chapter 1 tells the story of the major lumber companies and pulp and paper firms that set in motion the organizations, processes, and machinery for profitable resource exploitation. The regional division within the province is emphasized. Chapter 2 discusses the forest policy of the provincial government, which was driven by the rhetoric of sustained-yield forestry. This debate brought together smaller operators in protest, creating an identity as well as division within the business community. The establishment of the unions, which



Weighing, pressing, and baling sheets of pulp in a machine room, 1950s.

*MacMillan Bloedel Collection (UBC), BC 1930/353/23*

involved companies, workers, and the state, is the subject of Chapter 3. The hostility of corporations and the ability of union organizers to overcome geographic, industrial, and social differences were notable features in these years. Chapter 4 examines political relations between unions and within unions. Jurisdictional disputes, communism, socialism, and Canadian nationalism were issues that buffeted unions.

Chapter 5 looks at the everyday world of business and labour, especially during the years after the unions had become entrenched, when the new industrial relations system was in operation. Union officials cultivated relationships with rank-and-file members and provided important services to workers to sustain their loyalty. Beyond the minutiae of quotidian union life, the period was also defined by an ongoing struggle of narratives. Elements on the left critiqued existing social arrangements, while business apologists, recognizing the potential challenge of a coherent socialist, unionist radicalism, expended energy and money to stem alternative views. Chapter 6 examines the changing labour process. For capital, technological change was extolled in the language of progress, creativity, and reducing drudgery. Moreover, technological innovation and conservation goals were tightly

intertwined. Unions were ambiguous in their response, and in the 1950s and 1960s, when automation was a major issue, sought to play a guiding role. They did not derail the dominant discourse, however. The final chapter examines the arrival of the new environmental movement in the late 1960s, a discourse that challenged key elements of the Fordist era, including corporations, unions, conservation goals, and even the imperatives of economic growth.

# 1

## Companies, Markets, and Production Facilities

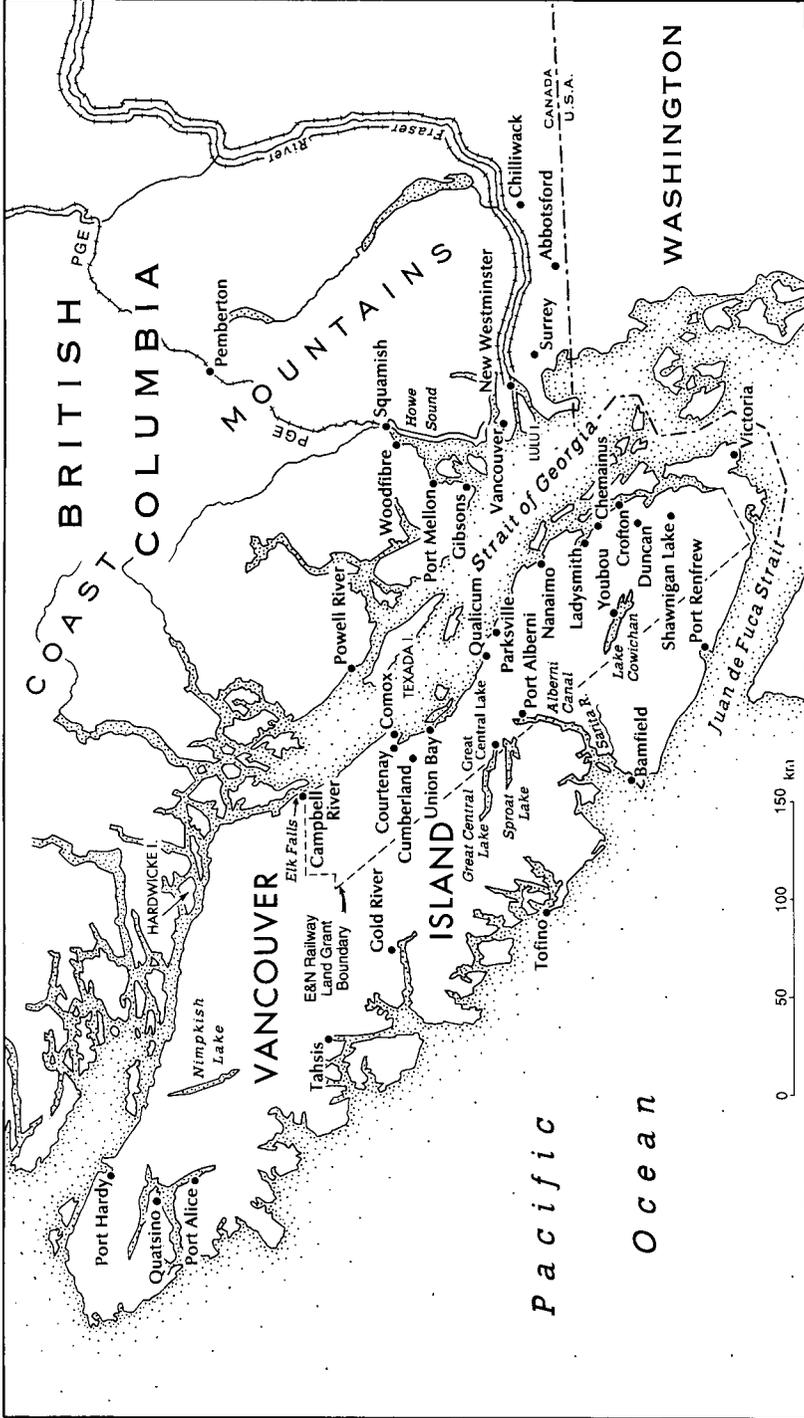
The business side of the British Columbia forest industry has been blessed with attention from popular historians. In the 1970s, G.W. Taylor, miffed that provincial histories focused on the political realm at the expense of industry and businessmen, wrote a book extolling the pluck of entrepreneurs who created companies and jobs in the forest sector.<sup>1</sup> More recently, Ken Drushka, in a series of books, has also celebrated the entrepreneurial spirit evident throughout the forest industry. Others have focused on particular companies.<sup>2</sup> This chapter builds on these works, emphasizing regional variations, fluctuating markets, the inherent competition in the economy, and the structure of an industry made up of a wide variety of firms that differed in size and function. By the 1930s, the coastal lumber industry was beyond small-scale, entrepreneurial capitalism, but in the Fordist era the size of major firms and the scope of their activity increased even further. Large business organizations, incorporating a range of production divisions, were created. Buoyant markets, healthy profits, and entrepreneurial ambition fuelled expansion, but so did fear – fear of competitors and fear of insecure sources of raw materials. There was also an underlying anxiety about market instability, especially in the fickle, politically structured American market.

There were three main phases in the production process: logging, converting, and marketing. Logging involved felling trees, and then cutting them into lengths and taking off their branches, that is, making them into logs. Logging also involved moving these logs from where the trees were felled to manufacturing facilities. This was the most difficult and costly aspect of logging. The manufacturing facilities, or conversion plants, came in many guises. There were shingle mills and plywood plants, but the sawmills and pulp and paper mills drove the forest industry. Sawmills converted logs into smooth, planed lumber of various dimensions. The lumber was dried, in kilns or outside in the air, to make it stronger and lighter. Pulp operations produced raw pulp, which was sometimes exported to be refined into high-grade papers, cardboard, and a myriad other products, but British Columbia mills, too, used pulp to make newsprint, and even, though to a lesser degree, higher-grade papers and specialty items such as tissues and wrapping paper. The last stage was selling the products. Some of the products were consumed in British Columbia but most were sold in export markets all over the world, although the United States and Britain were the most important.

The corporate organization of the production process varied. Some companies just engaged in logging, selling their product to conversion plants owned by others. Owners of conversion plants, however, tended to have their own timber and logging operations. Because of the substantial financial investment in a sawmill or, more significantly, a pulp and paper facility, owners were keen to have a secure source of raw material, logs. Usually big companies relied on both their own log production and that produced by independent contractors. For example, in 1950 at Ocean Falls, Pacific Mills operated its own logging camps on the Queen Charlotte Islands, on Vancouver Island, and near the mill at Ocean Falls. These camps supplied 45 percent of the company's needs; the rest came from logging contractors who worked for them, as well as from outside purchases.<sup>3</sup> At times, companies entered marriages of convenience. For example, a partnership between a British Columbia logging and sawmill company and a large, foreign-owned pulp and paper company, such as that which occurred between Crown Zellerbach and Canadian Western Lumber Company in the creation of Elk Falls Company, led to the construction of a pulp mill near Campbell River in the early 1950s. The logging company brought timber to the partnership, while the pulp and paper firm provided conversion plant expertise and connections to established international markets.

Marketing was done in various ways. In the 1930s lumber firms banded together to market their products globally. Pulp and paper firms relied on brokers or, if associated with a large parent company, were integrated into established sales agencies. In the early 1930s, the Powell River Company and Pacific Mills cooperated in marketing their products, but by the end of the decade, the production of Pacific Mills went overwhelmingly to its parent company, Crown Zellerbach, which had worldwide connections.<sup>4</sup> In the 1960s, there were many partnerships between British Columbia companies with experience in logging and sawmilling, and pulp and paper companies based in Europe, Asia, and the United States that had growing markets.

When we look beyond the Coast, the secondary literature is sparser. Drushka and Taylor write about the Interior, but it has not received the attention that the coastal industry has.<sup>5</sup> Drawing out the distinct Interior pattern of development is a major theme of this chapter. The pulp and paper economy did not arrive in the Interior until the 1960s, when the first mills were built away from tidewater. The Interior pulp and paper economy was imposed on a much different lumber economy from that found on the Coast; the Interior industry was made up of smaller operators who were less financially secure and less well capitalized. Capital for Interior pulp and paper operations was for the most part not generated internally, and outside interests, based in Europe, Asia, and the United States, controlled development.



The South Coast of British Columbia

Sketching the corporate imprint is somewhat tedious at times. Companies – often with names that have meaning only for investors – are formed, and then expand, merge, or sell out. The names of capitalists are introduced, only to quickly disappear from the narrative forever. But the chapter is necessary. It sets the stage for the following chapters; establishes the main business concerns; shows the geographic spread of the industry; and distinguishes the pulp and paper industry from the sawmill industry, the logging industry from the manufacturing side, and the Coast from the Interior. It also sets out the chronology: the Depression, the Second World War, and the postwar era each provided different contexts, especially in terms of investment and markets, for capital accumulation. And through it all are the themes of corporate growth, consolidation, and the entrenchment of big business – fundamental traits of the Fordist era.<sup>6</sup> We begin with the coastal region and then turn to the Interior.

### **The Coastal Lumber Economy in the 1930s and 1940s**

The coastal lumber economy was partly defined by geography and biology. Including Vancouver Island and the mainland coast west of the Coast Mountains, the coastal region is a land of mountains and islands. Woods operations moved logs from where the trees were felled to the seaside. If there was not a mill at the seashore, logs were connected together in booms and towed by tugboats to a sawmill centre. Thus logging operations and mills were connected by water, as logs were transported up and down the ocean passage between Vancouver Island and the mainland, a stretch of sea that was sheltered from the open ocean and the full impact of vicious storms. Sawmill centres, such as Vancouver and New Westminster, obtained logs from all over the coastal region, giving the area a degree of economic coherence.<sup>7</sup> On the perimeter of this core coastal region were the west coast of Vancouver Island; Ocean Falls and the mainland north of Rivers Inlet; and the logging camps and mills on Haida Gwaii, also known as the Queen Charlotte Islands. Distance and open ocean separated this outer ring from the milling centres of Vancouver, New Westminster, Victoria, Chemainus, and Nanaimo. Beginning in the 1930s, Port Alberni, connected by the Alberni Canal to the Pacific Ocean on the west side of Vancouver Island, emerged as a major forest industry subregion in its own right, possessing its own plants, supplied with raw material found nearby.<sup>8</sup>

The forest cover in the coastal region gave the industry a particular cast. The temperate rain forest produced massive trees compared with other parts of North America, creating special problems for loggers, who cut down the giants, often 70 metres high and 3 metres in diameter, and then yarded or hauled them across the ground, using impressive machinery. Sawmills, too, needed special machinery to handle the large timber. The main merchantable species in the 1930s were Douglas-fir, which constituted 60 percent of the cut, and cedar, which made up 20 percent.<sup>9</sup>



Coastal logging camp foreman and fir log, 1942.

*MacMillan Bloedel Collection (UBC), BC 1930/1935*

In the 1940s and 1950s, hemlock and balsam became more prominent; while they were not suitable for the production of lumber, they were extremely useful in the production of pulp.<sup>10</sup>

Commercial logging began in the coastal region in the middle of the nineteenth century, and continued to expand despite economic ups and downs.<sup>11</sup> In 1929 the industry took out more logs than in any previous year. Most logs were converted to lumber. A large proportion of the lumber was shipped to the United States, some was consumed locally or went by rail to the prairies, and some was destined for a variety of international ports. Then the 1930s set in. The economic contraction devastated markets for BC lumber, but the general economic malaise was not the only factor affecting the fortunes of the BC industry. The US government brought in a new tariff policy: the Smoot-Hawley Tariff was signed in 1930 and it posted a duty of \$1 per thousand board feet against Canadian lumber. This was followed in 1932 by an additional excise tax of \$3 per thousand, making a prohibitive impost of \$4 per thousand against BC lumber.<sup>12</sup> Considering that lumber prices in 1932 were about \$12 per thousand, BC producers faced a bleak future in this very important market. In 1929, 55 percent of BC's lumber shipments went to the United States; in 1933, only 6 percent travelled that route. The tariff barrier was reduced by half in 1936, when the Canada–United States Trade Agreement came into effect, but sales in the American market did not immediately return to previous levels. Only 16 percent of BC's forest production was sold in the US in 1939.<sup>13</sup> Canadian producers continued to worry about operators in Washington and Oregon who wanted to return to a tough tariff policy against Canadian lumber.<sup>14</sup>

A new international trade agreement saved the BC coastal lumber industry. Prime Minister R.B. Bennett, eager to gain preferential treatment for Canadian products in the British market in order to ease the dismal economic conditions at home, convened the Imperial Economic Conference at Ottawa in the summer of 1932. While the conference has been portrayed as a failure, it was extremely important for British Columbia. Bennett negotiated an agreement that granted Canadian lumber free access into the United Kingdom market, while non-Empire producers faced a 10 percent tariff. If the agreement seemed straightforward on paper, it was not in practice. In the late 1920s the Soviet Union sold increasing amounts of lumber in the United Kingdom, and by 1931 supplied fully one-quarter of Britain's needs. The British government was reluctant to sever this Soviet trade link, and despite specific reference to non-Empire lumber producers in the Ottawa Trade Agreement, Britain refused to act decisively to curtail Soviet imports.

Finally, the British government made an informal arrangement with the Soviets that resulted in a reduction of Soviet lumber imports in return for higher prices for Russian timber.<sup>15</sup> This gave Canadian producers access to a sizable share of the British market, and BC lumbermen pursued this advantage with vigour. In 1931 the province shipped less than 100 million feet of lumber to the UK. By 1933 this figure had risen to over 271 million and in 1936 it reached 666 million. The percentage of BC lumber shipped to Britain increased from 7 percent in 1929 to 40 percent in 1933 to 63 percent in 1939, a mirror image of the pattern in shipments to the US.<sup>16</sup> Despite the steadily growing importance of the UK, however, the spectre of increased Russian penetration into British Columbia's most important market continued to haunt provincial lumber producers in the 1930s.<sup>17</sup>

British Columbia also increased its share in other foreign markets. The amount of lumber shipped to Australia quadrupled between 1928 and 1938, and shipments to South Africa doubled.<sup>18</sup> Sales in China, South America, Mexico, and Central America also increased in the 1930s. By the late 1930s the coastal lumber industry was on solid footing and log production levels in 1937 were already higher than those in 1929. In the summer of 1936, H.R. MacMillan stated bluntly: "Business in British Columbia is very good."<sup>19</sup> But MacMillan felt that the fortunes of the provincial economy, as well as political stability, were dependent on the Empire trade deal: "So long as we retain the British Preference markets for our forest, fishery and apple producers, we shall have fair to good conditions here, but if these preferences are reduced, there will be discontent."<sup>20</sup>

With the revival of trade after 1932, two themes emerged. First, the focus of the industry shifted from the coastal mainland to Vancouver Island, as more and more companies began to operate there, and, second, a corporate war accelerated exploitation of the forests and the growth of larger companies. Port Alberni, blessed with a deep sea port and surrounded by much quality timber, was at the centre of

both developments. In 1933 the impact of the Ottawa Trade Agreement was already evident. Companies began to invest in new production facilities, optimistic about future returns. The Alberni Pacific Lumber Company opened a second sawmill in Port Alberni in October 1933, producing 100,000 board feet per day and employing 70 men.<sup>21</sup> The Bloedel, Stewart & Welch operation at Great Central Lake, near Port Alberni, was running full bore by the fall of 1933. A new logging site with five miles of logging railroad track began production and the mill employed two shifts.<sup>22</sup> The company also built a new sawmill in Port Alberni. This large mill began production in February 1935, had a capacity of 200,000 feet per eight-hour shift, and employed over 500 men in the milling and logging operation.<sup>23</sup> The mills catered to the waterborne export trade: in 1936, 92 percent of the Port Alberni mill production and 70 percent of the Great Central production were sent out by ship, largely to the United Kingdom. Port Alberni was now the second largest lumber export port in British Columbia, behind Vancouver and ahead of New Westminster.<sup>24</sup>

The Bloedel, Stewart & Welch mills marketed their lumber as part of a cooperative called Associated Timber Exporters of British Columbia (Astexo), originally formed in 1919. In 1936 twenty-six sawmill companies participated in the firm, including the Victoria Lumber and Manufacturing Company, Canadian Western Lumber Company, and Bloedel, Stewart & Welch. These big firms controlled 44 percent of the shares.<sup>25</sup>

Until the mid-1930s, the middleman between the BC producers and the buyers in Britain was H.R. MacMillan. MacMillan had first come to BC in 1907 to cruise timber near Powell River, but after a short stay returned to the United States to complete a forestry degree at Yale. In 1908 he joined the forestry branch of the Department of the Interior in Ottawa, and in 1912 he became British Columbia's first chief forester. Always aware of the importance of building an export market, MacMillan was an excellent choice to go to Britain in 1915 as a special trade commissioner, under the auspices of the federal government, to secure lumber orders. In 1916 MacMillan resigned as chief forester, and after a short stint with Victoria Lumber and Manufacturing, joined the Imperial Munitions Board to procure wood for military use. In 1919 he started his own firm, and with Montague Meyer, a leading British timber importer and wholesaler, as a partner, established the H.R. MacMillan Export Company. During the 1920s the lumber brokerage company made contacts throughout the world selling BC lumber. The firm opened offices in New York, Portland, and Seattle, and in 1924 it formed the Canadian Transport Company to charter ships and thus ensure tonnage for lumber shipments. The H.R. MacMillan Export Company also bought sawmills and invested in logging operations, most notably the Canadian White Pine Company in 1926. Montague Meyer sold his interest in the firm in 1927, leaving MacMillan as the sole owner.<sup>26</sup>

Throughout most of the 1920s, Astexo and H.R. MacMillan worked together harmoniously. The Astexo sawmills were content to sell the largest volume of their output to MacMillan, who had no real interest in the milling end of the industry. But tensions developed. Astexo millmen grumbled that they were shortchanged by MacMillan, while MacMillan was perturbed because some of the larger Astexo mills dealt directly with overseas customers without going through him. The first overt sign of rebellion came in 1928, when the Astexo mills set up their own sales agency to cater to the American eastern seaboard. The new company, Seaboard Lumber Sales, had thirteen member mills. Seaboard lured some of MacMillan's staff to the new operation. Markets beyond the eastern seaboard were still serviced by MacMillan, and when the American market collapsed in the early years of the 1930s, MacMillan once again controlled most lumber exports from British Columbia. He blamed Seaboard, however, for the prohibitive tariff against Canadian lumber. According to MacMillan, as the economic downturn set in, Seaboard management continually forced Canadian lumber into the American market, "incurring the growing enmity of the American lumber producers." Seaboard also increasingly bypassed American wholesalers to deal directly with retailers and flouted the conventions of the US shipping industry, thus earning the hostility of American wholesalers and the American Shipowners' Association. These strong, aggressive enemies were influential in setting US tariff policy.<sup>27</sup>

With the recovery of the mid-1930s, Astexo was reinvigorated, creating a new Seaboard Lumber Sales Company in 1935, modernizing its shipping methods, and setting its sights on the British market. MacMillan was invited to join Astexo in 1934, but declined.<sup>28</sup> By 1935 Astexo was pushing MacMillan from the British market, but he remained confident that he would prevail. He estimated that Seaboard members provided considerably less than 90 percent of British lumber, and that he would be able to procure sufficient lumber to maintain a "satisfactory independent position." A telegram to a British correspondent concluded: "This fight far from finished[.] fully expect [to] survive[.]"<sup>29</sup>

To ensure his survival in the British market, MacMillan acquired more production facilities in British Columbia. The Alberni Pacific Lumber Company was for sale. The operation had been owned by a British timber-trading firm, Denny, Mott and Dickson, since 1925, using the output of the Port Alberni mill to supply British customers. It operated independently of Seaboard and MacMillan, and was accused of flooding the British market with cheap lumber to the detriment of the trade as a whole.<sup>30</sup> Denny, Mott and Dickson contracted out the management of its mill, and was somewhat uncomfortable in the sawmill business. In the late 1920s it almost sold its interest in the Alberni Pacific Lumber Company to J.H. Bloedel, and as its timber supply diminished in the 1930s, it once again discussed a sale.<sup>31</sup> In 1936 a deal was cut: H.R. MacMillan bought Alberni Pacific Lumber Company for \$1.7 million.<sup>32</sup> To supply the mill, MacMillan acquired a



H.R. MacMillan Export Company, Board of Directors, 1944. H.R. MacMillan is second from left.

*MacMillan Bloedel Collection (UBC), BC 1930/44/1*

large private timber reserve that had been staked by the Rockefeller interests in the early years of the century. The timber, located in the Ash Valley, assured the mill a log supply for twenty-five years and cost the H.R. MacMillan Export Company \$2.6 million.<sup>33</sup>

With MacMillan as an active player, there was now increased competition in the British market as well as for timber in British Columbia. The two competing export companies, according to BC foresters, were “responsible for an unnecessarily low selling price in the United Kingdom market due to cut-throat competition.” BC, they said, “was selling at five dollars [per thousand board feet] below the poorest European region.”<sup>34</sup> To keep his market share, MacMillan remembered in 1976, his company high-graded: “he explained that the company’s mill at Alberni from 1935 to 1939 logged only the choicest trees from the company’s limits and yet had to sell its entire output for the period on the world market at less than \$12 per 1000 board feet. This was below the company’s cost of production.”<sup>35</sup> In 1938 Seaboard, with thirty-eight member mills, controlled some 70 to 80 percent of the province’s lumber exports. Seaboard’s member mills dealt exclusively with the agency, and

British timber agents were contractually tied to doing business with Seaboard. It was an all-out effort to squeeze out MacMillan.<sup>36</sup>

In coastal British Columbia, MacMillan expanded his holdings, purchasing more mills and more timber, including the Shawnigan Lake Lumber Company and the Thomsen and Clark Timber Company. In 1944, in a celebrated deal, MacMillan acquired the Victoria Lumber and Manufacturing Company. The company did not want to sell to MacMillan for personal reasons – it hated MacMillan. To get around this, MacMillan enlisted the help of central Canadian capitalists, notably E.P. Taylor, who secretly purchased the holding on MacMillan's behalf. Once the deal was done, MacMillan took control of the renamed Victoria Lumber Company.<sup>37</sup> The acquisition of standing timber was a major reason for the purchase. Of the estimated \$16 million paid, \$10 million was for timber holdings and \$6 million covered the mills, equipment, logging camps, and logging railway.<sup>38</sup> Similarly, after MacMillan purchased the Shawnigan Lake Lumber Company in 1943, he let the sawmill operation on Vancouver Island run down, eventually closing it in 1943. The logs taken from timber limits held by the Shawnigan Lake Lumber Company were transported across Georgia Strait and processed in MacMillan's Vancouver sawmill.<sup>39</sup>

MacMillan was not the only company expanding. The stronger markets, as well as the concern that if they did not get control of timber then someone else would, leading to the closure of conversion plants due to lack of logs, stimulated investment.<sup>40</sup> Until 1941, Canadian Forest Products, a subsidiary of the American company International Harvester, merely held timber in the Nimpkish Valley on northern Vancouver Island. In 1941 it took over an operation from Wood and English and began logging, shipping the logs to Vancouver conversion plants. In 1942 Canadian Forest Products purchased some 500 to 600 million more feet of timber in the Nimpkish area to add to its holdings.<sup>41</sup> Two Vancouver-based businessmen acquired the Nimpkish holdings in 1944. John G. Prentice and L.L.G. "Poldi" Bentley arrived in BC from Austria in the late 1930s and went into the furniture, veneer, and milling industry. In 1940 they purchased Eburne sawmills in Vancouver, and the Nimpkish holdings added timber to their growing concern. In 1947 they adopted the name Canadian Forest Products for all their holdings.

Another major company was formed in 1946, when central Canadian capitalists, including E.P. Taylor, Hugh MacKay, and Austin C. Taylor, put together British Columbia Forest Products. With shares raised in a public sale and bond sales, the company bought the Cameron Lumber Company in Victoria, the Hammond Cedar Company on the Fraser River, and the Industrial Timber mill at Youbou on Lake Cowichan. With these operations came timber holdings, which were supplemented by the purchase of other companies that merely held timber.<sup>42</sup>

Corporate consolidation continued. In 1951, the MacMillan companies joined with Bloedel, Stewart & Welch to form MacMillan & Bloedel. The new giant company operated six sawmills and two shingle mills. It controlled 747,000 acres of



Cut-off saws in a Vancouver shingle mill, 1942.

*MacMillan Bloedel Collection (UBC), BC 1930/19/5*

timberland and operated a dozen logging camps with over 175 miles of logging railway and 386 miles of logging roads. It managed the Canadian Transport Company and BC Forest Products. The company “produced 25 percent of the 2.5 billion feet of lumber manufactured yearly on the B.C. coast. Including [BC Forest Products] input, M&B marketed 32 percent.”<sup>43</sup> MacMillan & Bloedel moved beyond the lumber economy. In 1951 it owned two plywood plants and two pulp mills, and in 1960 it also absorbed the Powell River Company. The new company was called MacMillan, Bloedel and Powell River Limited until 1966, when the firm became MacMillan Bloedel Limited.

Lumber was still very important to the coastal region and production levels continued to rise. In 1951 the coastal region produced 2,520,000,000 board feet of lumber; in 1972 the amount was 4,027,000,000.<sup>44</sup> The American market was once again the main destination for coastal lumber. In 1956, 37 percent of coastal lumber production was shipped to the US, while Britain absorbed only 13 percent. This trend continued over the next decades. In 1972, 54 percent of coastal lumber shipments went to the continental US and only 8 percent to Britain.<sup>45</sup>

Still, the American market was always vulnerable. During an economic downturn, the export of British Columbia lumber to the US was again threatened in the

early 1960s, when American lumber producers fought to keep Canadian products out. In 1961 rumours began circulating that congressmen from west coast lumber-producing states, concerned about the rise in imports from Canada, were preparing to impose stiff duties against all Canadian lumber. BC supplied about 15 percent of the US market. By 1962 the matter was public, and Canadian and American officials began meeting. The American government appointed a commission to investigate the grievances, and hearings were held in October. BC sent a delegation to represent the lumber industry. Several BC representatives also attended the convention of the National Association of Home Builders in Chicago to argue against the proposed tariff and to enlist support. In February 1963, the US Tariff Commission released a report that favoured the Canadian position.<sup>46</sup> In May the manager of the BC Lumber Manufacturers Association commented that the protectionist drive in the US “does appear to be losing momentum” but that there is still “no room for complacency.”<sup>47</sup>

Lobbying by both sides continued throughout 1964. The Americans wanted removal of any tariff up to a point that one country supplies 10 percent of the domestic consumption of the other, at which level a 10 percent tariff would apply; measures to counter perceived currency manipulation by the Canadian government; and the expansion of the “Buy American” principle. BC’s timber allocation procedures and its stumpage rates were used to justify the demands of the American producers.<sup>48</sup> When the increasingly protectionist Congress adjourned on 3 October, though, no measures aimed specifically at lumber had become law.<sup>49</sup> American efforts to curb Canadian imports continued, but now the focus was on the Kennedy Round of the General Agreement on Tariffs and Trade. BC lumber producers were pleased with the results of the negotiations in 1967, however.<sup>50</sup> In 1980, 53 percent of BC lumber shipments went to the US.<sup>51</sup>

### **The Pulp and Paper Industry in the Coastal Region**

The early history of the British Columbia pulp and paper industry has been much less studied than the early history of lumbering. Fewer people were involved in the pulp and paper sector, and the early pulp and paper industry was controlled by Ontario, Oregon, and San Francisco capitalists, not British Columbians. There was little interconnection between the business worlds of the pulp and paper and sawmill sectors. Moreover, pulp and paper mills were situated on the sea, and from their wharves commodities were shipped directly to Asian and American markets, not through Vancouver. The mill towns were self-contained, situated in isolated areas away from Vancouver and Victoria.

In 1930 there were five mills in the coastal region.<sup>52</sup> At Powell River, an American interest, Brooks-Scanlon, which had logging operations in the area, founded the Powell River Company in 1911. The first two paper machines started up in 1912 and two more went into production in 1915.<sup>53</sup> Up the mainland coast at Ocean Falls,

the Ocean Falls Company, financed by English and French capital, established a mill around 1909, but it soon ran into financial difficulties. An American company, based in Portland, Oregon, the Crown Willamette Paper Company, took over the bankrupt operation in 1915. The Canadian subsidiary was called Pacific Mills.<sup>54</sup> It acquired more timber from the provincial government and began constructing a chemical pulp and paper facility in 1916. Production began the next year. In 1924 Crown Willamette became part of Crown Zellerbach, headquartered in San Francisco.<sup>55</sup>

The early histories of the other three mills are murky, but by 1920 two were part of Whalen Pulp and Paper Mills. The Whalen family, from Ontario, had been active in British Columbia since at least 1909 as part of the British Columbia Sulphite Fibre Company.<sup>56</sup> They were involved in a number of pulp and paper ventures in the second decade of the century, a time of much turmoil and litigation in the industry.<sup>57</sup> In 1920 they owned three operating mills: the 80-ton capacity Woodfibre mill on Howe Sound; the 60-ton Port Alice operation at the northern tip of Vancouver Island; and a 40-ton capacity mill at Swanson Bay, north of Ocean Falls on the mainland. The Reliance Mill and Trading Company, a US concern, served as the operating management.<sup>58</sup> In 1920 the Whalen operations in BC produced 47,962 tons of pulp, 12.7 million feet of lumber, 1.5 million feet of boxes, and 61,198 shingles.<sup>59</sup> The directors included James Whalen and W.D. Ross from Toronto, I.W. Killam from Montreal, Lawrence Killam from Cape Breton, Nova Scotia, and M.R. Higgins of Zellerbach Paper in San Francisco.<sup>60</sup> The owners and managers were optimistic about the future and expanded all three facilities, but in the depression of the early 1920s the company went bankrupt. It was in receivership in 1923.<sup>61</sup> In 1925 BC Pulp and Paper, dominated by the Killam family, was created to take over the assets of Whalen Pulp and Paper Mills.<sup>62</sup> Production at Port Alice and Woodfibre was revived, but the Swanson Bay mill never reopened.

The corporate history of the mill at Port Mellon, near Gibsons on the Sunshine Coast, was equally convoluted. It began in 1908 or 1909 as British Canadian Wood Pulp and Paper, owned by Captain H.A. Mellon. Over the next decade, it was operated by British Columbia Wood Pulp and Paper Company, Colonial Lumber and Paper Mills, Rainy River Pulp and Paper Company, and Western Canada Pulp and Paper Company. Vancouver Kraft Company owned the operation in 1928.<sup>63</sup> Extensive renovations were undertaken and were practically completed when markets collapsed in 1929. The mill remained largely unused during the 1930s.

The Depression years, especially the late 1930s, were difficult for the pulp and paper industry. In 1929, a record year, the province produced 305,000 tons of wood pulp. This rose to 335,000 tons in 1930, dropped to 260,000 in 1932, rose to 426,000 in 1937, and then plummeted to 242,000 in 1938. In 1941 the industry produced a record 508,000 tons. Paper production showed a similar pattern: 1930 was an excellent year and 1932 and 1938 were particularly weak.<sup>64</sup> In the 1930s about 20 to 25

percent of the pulp produced was exported; the rest was used locally to make paper. In export markets, the US absorbed over 50 percent of the paper, and Asia and the Antipodes about 25 percent; the Canadian domestic market accounted for about 12 percent. South America and the West Indies accounted for 6 percent and a small margin went to the UK. Japan and the US consumed most of the exported baled pulp.<sup>65</sup> In 1937 the Powell River operation sold 11 percent of its newsprint in Canada, 67 percent in the United States, 6 percent in Australia, 11 percent in the Orient, and 3 percent to other overseas markets.<sup>66</sup> The mills at Woodfibre, Port Alice, and Port Mellon were more reliant on Japan, but this market collapsed in the late 1930s, when Japan invaded China. With Japan at war, the BC companies faced serious problems. New management took over the Port Mellon mill in 1937, headed by F.W. Leadbetter of Portland, Oregon, who had mills in the American Pacific Northwest. He again upgraded facilities, but Japanese entry into war with China led to the collapse of the Japanese market and the closure of the mill after only a few months of operation.<sup>67</sup> Vancouver Kraft Company was broke in 1939, and its assets were purchased by Columbia River Paper Mills.<sup>68</sup>

With the outbreak of war, provincial mills were ordered to produce items for the war effort: pulp was used in special chemical papers and paper for food wrapping, shells, small arms ammunition, gas masks, ration books and operational forms, documents, high explosives, parachute rayons, and surgical dressings. Moreover, 60 percent of the spruce used in the construction of Mosquito airplanes was cut in sawmills affiliated with the pulp and paper industry.<sup>69</sup>

Pulp and paper production levels did not rise dramatically during the war years, but companies were active. In 1941 the Port Mellon operation was acquired by an American paper company, Sorg Paper, to supply its plant at Middleton, Ohio. Prior to the war, the Sorg operation was supplied from Scandinavia, but shipping problems due to blockades and loss of tonnage led to the acquisition of the BC mill.<sup>70</sup> Another company, Pacific Mills, owned by Crown Zellerbach, expanded its timber holdings during the war years. In 1941 it purchased forty timber licences from the Cargill Company of Canada, an American company with headquarters in Minneapolis, Minnesota. This timber was in the Nimpkish area on Vancouver Island. The next year the company purchased nineteen timber licences from Canadian Forest Products, also in the Nimpkish area, and in 1946 it purchased forty-one timber licences from the Rat Portage Lumber Company that were located on the mainland north of Ocean Falls.<sup>71</sup> In December 1946 it purchased a logging company, J.R. Morgan, Ltd. 1946.<sup>72</sup>

Postwar economies demanded cellulose products, and provincial production increased. In 1948 production levels in pulp were 35 percent higher than the previous record year of 1941, and paper production was 21 percent higher.<sup>73</sup> The Powell River Company continued to be mainly a newsprint operation, bringing its eighth



Harmac Operation, ca. 1960.

*MacMillan Bloedel Collection (UBC), BC 1930/65/15*

paper machine online in 1948. A number of subsidiary logging companies, including Kelley Logging, which had five camps in the Queen Charlotte Islands; Alice Lake logging at Port Hardy on Vancouver Island; and O'Brien Logging with a camp at Stillwater, fifteen miles south of Powell River, took logs from the company's forests. The firm also controlled a log brokerage company, a timber holding company, a towing company, and a department store in Powell River. Capacity of the operation was over 750 tons per day. The Port Mellon mill continued to supply pulp for the manufacture of paper in Ohio. In 1948 the company was in the process of increasing its pulp production from 125 to 165 tons per day. The company also owned a sawmill on its site, a barging company, which took its pulp to a rail-head in Vancouver, and a hotel and summer resort adjacent to its townsite. Pulpwood and sawlogs were obtained from the company's holdings throughout the coastal region.<sup>74</sup>

While primarily pulp and paper companies expanded and diversified, coastal lumber companies moved into pulp and paper. Bloedel, Stewart & Welch announced in 1940 that they were going to build a sulphite pulp mill at Port Alberni, but the war curtailed construction. In 1945 construction resumed, and a 165-ton daily capacity mill was completed in 1947. Two new logging camps were opened in the Alberni Valley area, one at Sproat Lake in 1944 and another at Sarita River in 1947. While Bloedel, Stewart & Welch handled the sales of its logs, lumber, and shingles through its headquarters in Vancouver, the Mead Sales Company was its exclusive agent for sales in the US and Price and Pierce for the UK.<sup>75</sup> The H.R. MacMillan Export Company joined Bloedel, Stewart & Welch as a BC company in the pulp industry. Construction began on the \$19 million sulphate facility at Harmac, near Nanaimo, in 1948, and it was formally opened in August 1950.<sup>76</sup>

Other companies consolidated, too. A new company, formed by an established pulp and paper firm and an established lumber company, built a mill on Duncan Bay, at Elk Falls, near Campbell River. The new company, Elk Falls Company, was equally owned by the Crown Zellerbach subsidiary Pacific Mills and the big lumber and logging company Canadian Western Lumber. Each partner subscribed \$4,550,000. Canadian Western Lumber initiated the plan in 1948 when it applied for a Forest Management Licence. Besides timber, the Duncan Bay site was chosen because of available electrical power. Crown Zellerbach offered a secure market. From the time the mill opened in 1952, Crown Zellerbach in the US guaranteed that it would buy a minimum of 60,000 tons of newsprint per year for the next ten years.<sup>77</sup> In 1953 Crown Zellerbach bought the common shares of Canadian Western Lumber by exchanging one share of Crown Zellerbach stock for each three shares of Canadian Western Lumber. Shortly thereafter, Pacific Mills, Canadian Western Lumber, and Elk Falls were consolidated into one company, Crown Zellerbach Canada.<sup>78</sup> In 1955 Crown Zellerbach Canada, a subsidiary of Crown Zellerbach, owned timber holding companies (Canadian Western Timber and Baydun Holdings), logging companies (Comox Logging and Railway, and Northern Pulpwood), towing companies (Canadian Tugboat and Badwater Towing), sawmills (Canadian Western Lumber Company), pulp and paper mills (Pacific Mills and Elk Falls), fine paper and box factories (Canadian Boxes, Bartram Paper, and Hudson Paper), and retail lumber yards in the Canadian prairies (Crown Lumber [Calgary], Security Lumber [Moose Jaw], and Coast Lumber [Winnipeg]).<sup>79</sup>

Prince Rupert finally got a pulp and paper operation after years of hope and promises.<sup>80</sup> Columbia Cellulose, a Canadian subsidiary of Celanese Corporation of America, was formed in 1946. Celanese Corporation began the manufacture of acetate yarn at Cumberland, Maryland, in 1925, and by 1951 produced over half the acetate yarn in the US. The company at mid-century had yarn plants in Virginia, South Carolina, and Georgia; weaving mills in Pennsylvania and Virginia; a petrochemical plant in Texas; two plastic plants in New Jersey; and two research

laboratories, one in New Jersey and the other in Texas. Company subsidiaries also operated facilities in Mexico and South America. Another affiliate, Canadian Chemical Company, was set to erect a petrochemical plant near Edmonton.<sup>81</sup> The Prince Rupert facility was located on Watson Island, just outside Prince Rupert, and logging operations were at Terrace, ninety-seven miles east of Prince Rupert.<sup>82</sup>

Mergers, consolidations, and expansions continued. In early January 1951, Canadian Forest Products purchased the Port Mellon operation from Sorg, using the new name Howe Sound Pulp Company. The mill had been idle for about two years due to low kraft prices and high operating costs.<sup>83</sup> Four months later, in May, ownership of the Port Alice and Woodfibre mills also changed. A merger between British Columbia Pulp and Paper and Alaska Pine created Alaska Pine and Cellulose. The Koerner family built Alaska Pine and a central Canadian company, Abitibi Power and Paper Company, owned BC Pulp and Paper. Besides Woodfibre and Port Alice, the new company controlled lumber subsidiaries that ran logging camps, sawmills, and sales agencies, including Alaska Pine, Universal Lumber and Box, Alaska Pine Sales, Alaska Pine Trading, Northern Timber, Pioneer Timber, Jones Lake Logging, Empire Machinery, Alaska Pine Purchasing, Canadian Puget Sound Lumber and Timber, and Western Forest Industries.<sup>84</sup> As the 1950s progressed, the large American firm Rayonier came to control the company. Rayonier began as a pulp producer in Washington state in the 1920s and was engaged in producing rayon. In BC, Rayonier began by taking control of 80 percent of Alaska Pine in 1954; in 1959 the name of the corporation was changed from Alaska Pine and Cellulose to Rayonier Canada.<sup>85</sup>

The growth of pulp and paper markets outpaced even the high expectations of company officials. As the president of the Canadian Pulp and Paper Association noted in 1959, in a letter to the Canadian Minister of Northern Affairs and National Resources: "You may have heard that we had a world pulp conference in 1949 in Montreal when an attempt was made to forecast supply and demand through 1955. At the time most of us felt that ... estimates were too optimistic, but in the event they proved to be too conservative, to a substantial degree."<sup>86</sup> In the late 1950s and 1960s, the final three pulp and paper operations came onstream in the coastal region. In 1955 BC Forest Products (BCFP) secured major timber licences from the provincial government. To raise capital and secure markets, the company entered into an arrangement with US giant Scott Paper. By 1954 Scott Paper had acquired a 50 percent interest in the Westminster Paper Company, a conversion plant in New Westminster. It used slabwood from two Lulu Island sawmills to manufacture toilet and facial tissues, napkin and towel papers, and other specialty paper grades. The president of Westminster Paper acknowledged that the sale was made because of the anticipated competition from Scott in the Canadian field, and rationalized the sale by noting that now Westminster Paper would have access to Scott advertising, more secure access to chemical pulp, and access to

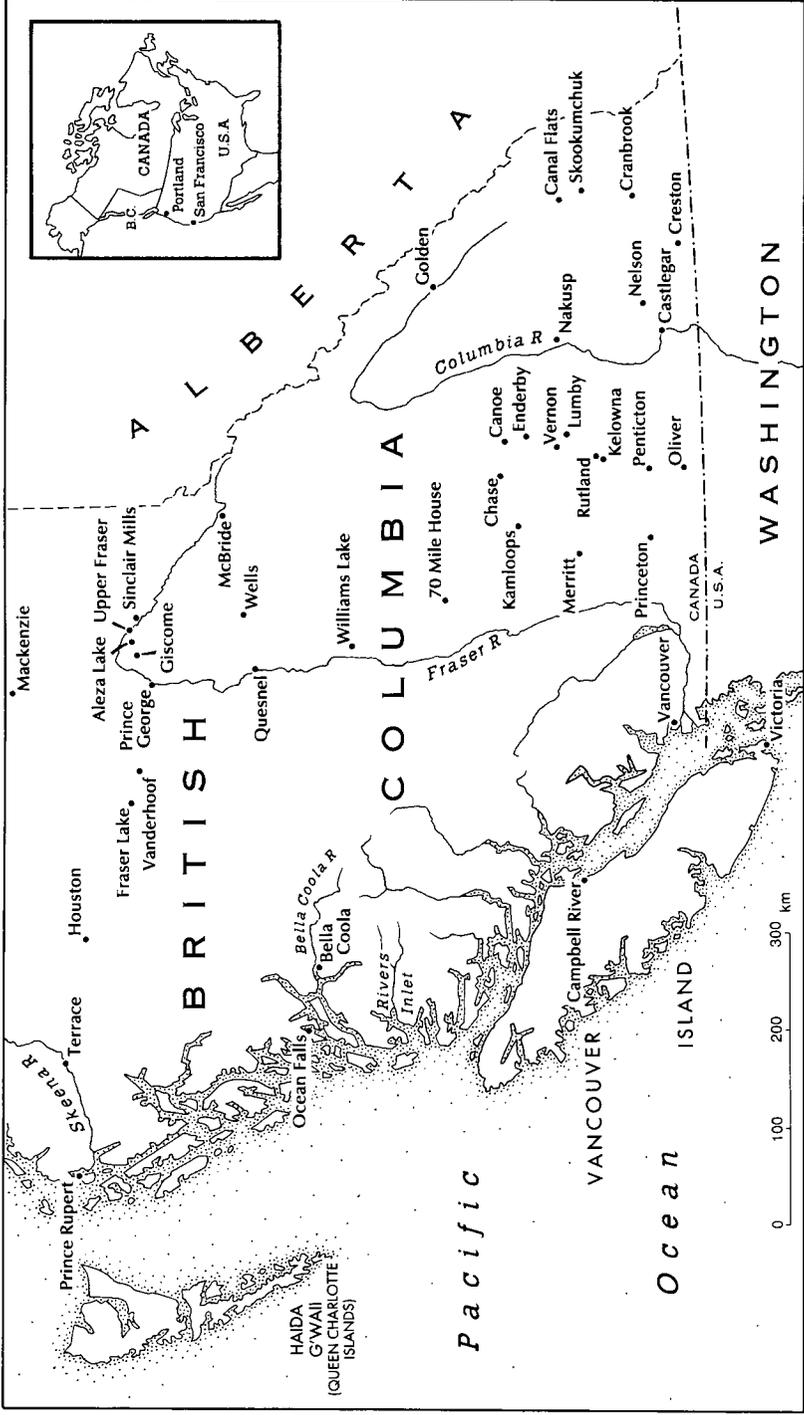
Scott patents for new products.<sup>87</sup> Scott furthered its presence in BC by buying up a 29 percent interest in BCFP (Argus Corporation remained the other major shareholder). Moreover, Scott agreed to purchase a minimum tonnage of pulp produced at the new mill.<sup>88</sup> In July 1955 Mead Pulp agreed to sell the pulp in export markets. Construction of the Crofton mill began in 1956, and the first ton of unbleached pulp rolled off the line in December 1957. In 1960 Scott Paper sold its one million shares in BCFP to Brunswick Pulp and Paper, a company jointly owned by Scott and the Mead Corporation. Newsprint production at Crofton began in 1964. In 1969 Noranda Mines, one of Canada's largest resource companies, took controlling interest of BCFP. The major shareholders were now Noranda (28.9 percent), Brunswick Pulp and Paper (26.9 percent), the Mead Corporation (15.5 percent), and Argus Corporation (13.5 percent).<sup>89</sup>

In the late 1960s, the industry was still expanding. A second pulp mill was built at Prince Rupert; it began production in 1967 and produced 290,000 tons per year. The builder was Skeena Kraft Company, a joint venture between Columbia Cellulose (60 percent) and Svenska Cellulosa Aktiebolaget of Sweden (40 percent). In mid-1968 the Swedish company exchanged its interest in Skeena Kraft for Columbia Cellulose shares, giving Columbia Cellulose total ownership. The final coastal mill was at Gold River on the western side of Vancouver Island, and it too involved European and American investment. A Dutch firm, the East Asiatic Company, in partnership with Canadian International Paper, a subsidiary of International Paper of New York, worked out an arrangement in 1965 forming the Tahsis Company, and the kraft pulp mill began production in 1967.<sup>90</sup>

The integrated nature of large coastal forest industry companies, which controlled a wide variety of production facilities, often including both pulp and paper operations and sawmills, was reflected in the creation of the Council of Forest Industries (COFI) in the spring of 1960. Whereas the different sectors in the industry had previously had their own trade associations, COFI amalgamated them into one body to better represent the interests of the industry. Two of the organizations, the British Columbia Lumber Manufacturers Association and the BC Loggers' Association, traced their origins back to the first decade of the century. The other three, the Consolidated Red Cedar Shingle Association, the Canadian Pulp and Paper Association (BC Division), and the Plywood Manufacturers' Association of BC, had been formed between 1936 and 1950. In the new corporate era, coastal interests were best represented by one body.

### **The Interior**

The Interior did not have the geographic and economic cohesion of the coastal region, where the sea linked logging and milling centres.<sup>91</sup> The Interior was divided into a number of subregions, each dominated by a few milling centres. In the Kamloops/Okanagan region, Kamloops, Kelowna, and Lumby were notable



The Interior and North Coast

production centres; in the Kootenays, Cranbrook and Nelson supported substantial mills; and in the Northern Interior/Cariboo, Williams Lake, Quesnel, and Prince George emerged as dominant lumbering towns. Forest cover in the Interior was different from that found on the Coast, as was the climate. Trees were smaller in the Interior, with less volume per hectare, and yielded smaller dimensions of lumber. Cold winters and muddy springs and falls shaped production schedules, which were more restrictive than on the Coast. Without direct access to tidewater, Interior mills relied on railways and trucks to move lumber, limiting their opportunities in global markets. Until 1972, the coastal industry produced more wood volume: in 1929 Interior operators harvested 17 percent of the provincial cut by volume, whereas they took out 41 percent in 1960 and 53 percent in 1973.<sup>92</sup>

Between the 1930s and 1970s, the Northern Interior/Cariboo became a more important forest region, while the Kootenays declined. In 1936 the Kootenays produced 44 percent of the Interior cut, the Okanagan 39 percent, and the Northern Interior/Cariboo 17 percent. By 1973 Kootenay operations took out only 19 percent of the total Interior cut and Okanagan operators 22 percent, while Northern Interior/Cariboo loggers produced 44 percent.

The Interior lumber industry, which came into production in the Kootenays in the 1880s with the arrival of the Canadian Pacific Railway, and in the Northern Interior with the arrival of the Grand Trunk Pacific just before the First World War, was completely devastated by the Depression of the 1930s. Farmers in the prairies had no money for new construction and tariffs closed the American market. Significantly, the Ottawa Trade Agreement had no impact because the Interior did not have access to tidewater and thus the British market. Interior log production in 1937 was still only about 75 percent of the 1929 level; it was not until 1943 that the record of 1929 was surpassed. The secretary of the Spruce Manufacturers Association, J.O. Wilson, based in Prince George, explained the situation in a 1934 letter to the provincial minister of labour. Requesting a lower minimum wage for the lumber industry in his area, he made the case by comparing the travails of the Interior industry to the recovery being experienced on the Coast. He noted the seasonal nature of the Interior industry: "Seasonal operation, due to climatic conditions means that, with an equal investment, our operators have to make as much money in six months as the Coast operators make in a year." The lack of access to the waterborne export trade was also crucial: "While Coast operators have, during the past three years, due to export business, had a turnover which is approaching normal, we are still in the doldrums, with little hope, due to the railway haul to the Coast, of getting into the water export trade." The American market, which formerly took 80 percent of their product, was now closed due to tariff prohibitions. The markets in the prairies and eastern Canada were dismal, but BC Interior mills faced special problems: "On the prairie we are subject to competition from prairie mills, producing a very similar product. These mills have no minimum wage or

hours of work regulation, pay wages as low as fifteen dollars per month and board, and enjoy a freight rates advantage of rarely less than one hundred percent.” On lumber going to central Canada, coastal mills enjoyed a special freight rate from Vancouver to meet competition from the Panama Canal, again disadvantaging the mills Wilson represented. The quality of Interior lumber was also noted: “Our timber product is of a far lower standard than Coast lumber. We get none of the select grades. Coast operators, having sold select grades at high prices for export, can cut the ground from under our feet on the prairies, being able to dispose of their inferior product, which is equal to our best, at low prices.”<sup>93</sup>

The war economy finally led to recovery for the Interior forest industry. As a Nelson correspondent noted in the spring of 1941, Interior mills had been very busy in the past year, “cutting for the Prairie market, where, in addition to military works, war industries, and housing, there is a strong demand for lumber for auxiliary grain storage. Many temporary structures are required, both on the farms and at the elevators, to house the nation’s surplus grain stocks.”<sup>94</sup> The rail trade to the US became increasingly lucrative. This turnaround set the stage for a forest boom in the Interior. There was increased production and a plethora of new operations. In 1939, 237 sawmills operated in the Interior, with a daily cutting capacity of 2,590,000 board feet. In 1945 there were 543 operating mills with a daily capacity of 5,122,000 board feet.<sup>95</sup> The trend continued, and the years from 1940 to 1960 were buoyant for the Interior lumber economy.

Operations varied in size. A 1945 survey of the Interior industry gives a sense of the structure of the industry.<sup>96</sup> In the Kootenays, there were 155 active sawmills. Twelve had a daily capacity of 30,000 board feet or more. The largest were the Columbia Contracting operation at Canal Flats (60,000), Cranbrook Sawmills at Cranbrook (50,000), the Wm. Waldie and Sons mill at Castlegar (60,000), Burns Lumber and Coal Company at Aery Creek (40,000), Rogers Lumber at Rogers (40,000), and Cranbrook Sash and Door at Lamb Creek (41,000). In the rest of the Southern Interior, the Kamloops and Okanagan regions, there were 150 active mills, 10 of which had a daily capacity over 30,000 board feet. The S.M. Simpson mill in Kelowna was the largest, capable of producing 50,000 board feet per day. It was the only Southern Interior operation capable of producing more than 35,000 board feet per day. Operations that produced between 30,000 and 35,000 board feet per day included the Shuswap Lumber Company at Canoe, the H. Sigalet and Company mills at and around Lumby, Penticton Sawmills, Oliver Sawmills, Long Brothers at Merritt, and the Co-operative Lumber Association mill at Kamloops.

The Fort George Forest District covered a massive geographic area, but the focal point of the lumber operations was Prince George. The largest operations were on the East Line, the string of communities and mill towns that stretched east from Prince George along the Canadian National Railway (CNR) line, which followed



Interior bush mill, 1951.

*BC Archives, NA-12422*

the Upper Fraser River, to McBride. There were two very large operations, Eagle Lake Sawmills at Giscome and the Sinclair Spruce Lumber Company at Sinclair Mills. These mills had daily capacities of 100,000 board feet. Mills with capacities between 50,000 and 65,000 feet included Shelley Sawmills, Penny Sawmills, the S.B. Trick operation at Aleza Lake, and Upper Fraser Spruce Mills. There were a total of forty-three of these stationary mills, some capable of producing only 5,000 board feet per day.

Besides the stationary mills, there were eighty-nine portable sawmills, also known as bush mills, in the northern region. This was a new phenomenon, spawned by the rapid market growth during the war. These were small operations capable of being readily moved around the woods. A few large portable mills produced up to 20,000 board feet per day, but in 1945 two-thirds (fifty-nine) were capable of producing only between 2,000 and 3,000 board feet per day. These small operations

moved a mill into the bush, logged and cut planks until the nearby timber was gone, and then moved on to a new site.

The bush mills turned out green, unfinished lumber. To finish the lumber, planer mills were constructed. Lumber from the small portable mills scattered around Prince George was trucked into city planer mills, where the lumber was run through the planers, which smoothed their sides. The lumber was then dried, either in kilns or outdoors, before being loaded on railway cars for transport to points west and south. The planing and drying improved the quality of the lumber and made it lighter, significantly lowering transportation costs. The first planer mill was built on River Road, along the CNR line at the edge of Prince George, in 1928, and by 1945 there were three at the same site. In 1958 there were 17 planing plants on what was known as “Planer Row.”<sup>97</sup>

Some of the larger Interior facilities had external ownership. A coalition of prairie cooperatives, with headquarters in Saskatoon, Federated Co-operatives, purchased the Shuswap Lumber operation at Canoe on Shuswap Lake in 1947. In 1956, after a fire, a \$500,000 expansion increased mill capacity to 85,000 board feet per day. It now employed 150 sawmill workers and 100 loggers. The mill provided lumber for co-op members across Saskatchewan, Manitoba, and northern Ontario.<sup>98</sup> The opening of a plant at Quesnel by Western Plywood Company in late 1950 marked the introduction of plywood manufacture in the Interior. Western Plywood was formed by John Bene, a Hungarian immigrant based in Vancouver, who had been associated with the Bentley family and the creation of Canadian Forest Products. This was a major operation, capitalized at \$250,000 and needing over 100 employees.<sup>99</sup> In 1961 a merger with three other firms led to the creation of Weldwood of Canada.<sup>100</sup> Local people also controlled larger operations. H. Sigalet and Company based in Lumby, the ever-expanding Simpson family operations headquartered in Kelowna, and Cranbrook Sawmills all were local concerns. Smaller operations were overwhelmingly local. Owners had to be on the job, not just to supervise but to do actual labour. Individuals with little capital entered the field with a portable bush mill, and often family members banded together to provide capital and labour for fledgling concerns. One commentator noted in 1951 that “small mill owners, particularly those who have enough members in the family so that they do not have to employ outside help, are cleaning up.”<sup>101</sup>

Fathers, sons, and brothers were the core of these operations. George Melville Geddes was born in Owen Sound, Ontario, and began lumbering in British Columbia in the Columbia Valley in 1927. From 1933 to 1941, he operated a lumber business at Wells. With his son Clinton, he set up the Geddes Lumber Company and went into the sawmill business in the Prince George area. In 1944 the Geddes Lumber Company on Chief Lake Road had a capacity of 9,000 board feet per day and a second mill at Wright Creek had a capacity of 6,000 board feet.<sup>102</sup> Brothers Engel and Rex Ganzeveld came to Canada from Holland as infants and grew up on

a farm in Alberta. During the Second World War, Engel went overseas as a mechanic while his brother worked as a machinist in a munitions plant. In 1947 they purchased a small, rough sawmill at Vernon and, using their mechanical skills, upgraded the operation.<sup>103</sup> In 1947 Mel and Carl Rustad, with partner James Adams, started a planer mill in Prince George. They added a sawmill to their operation the next year, and employed 40 people in 1954.<sup>104</sup> Four brothers created Lloyd Brothers Lumber in the Prince George area in 1951, operating a sawmill with a capacity of 10,000 board feet per day. By 1960 three of the brothers ran the mill, which had increased its capacity fourfold and employed fifteen men and a further twenty in a logging camp, while the fourth brother had gone out on his own, operating a logging camp with seven employees.<sup>105</sup> In 1957 four Hanford brothers banded together in Hanford Sawmills to run a 15,000 feet per day operation near Prince George.<sup>106</sup> A.L. Patchett and Sons began when A.L. Patchett entered the logging business in Merritt during the 1930s. His wife was also part of the operation; she obtained her log scaling licence in the early 1930s and apparently was BC's first licensed woman scaler. During the Second World War, the family moved to Quesnel to log birch, used in the construction of the Mosquito bombers. The company later expanded into sawmilling and planing, and in 1958 employed fifty men. A.L. Patchett supervised timber cruising and road location, while his sons served as managers: Don was the general manager, Roy the superintendent of field operations, Cyril the superintendent of Mill No. 1, and Lee the equipment supervisor.<sup>107</sup>

Not all operations were built on family connections, of course. In 1951 Fred Harrison was dreaming of a fuel delivery business in Vernon, and working as a home products salesman. He decided to go into the lumber business, and began logging and sawing on contract near Williams Lake. In the spring of 1951, he put together the financing to set up a sawmill on Sharpe's Lake, near 70 Mile House in the Cariboo. In 1953 he ran a mixed logging, sawmill, and planing operation employing nineteen workers.<sup>108</sup>

The Interior lumber economy of the 1950s and 1960s, then, was at an early stage of development. Despite the existence of a few larger companies, there was still room for the small operator to become involved and expand. No company or group of companies dominated or controlled production, and companies were often family operations. The scale of operations in the Interior, in comparison to the Coast, reflected lower levels of capitalization, greater ease of entry, and the prominence of smaller firms. In the Interior in 1955, only 1 operation had a daily capacity over 75,000 board feet per eight-hour shift. On the Coast there were 29 such operations and 5 could produce over 300,000 feet per shift. On the other hand, on the Coast there were only 69 small mills that had a shift capacity between 6,000 and 25,000 board feet per shift; in the Interior, some 874 operations had this capacity.<sup>109</sup>

The logic of Fordist capitalism was playing out, however, and in the 1950s there were signs of internally generated concentration and consolidation in the Interior.

The S.M. Simpson Company of Kelowna purchased a number of smaller operations in the Okanagan region; Crestbrook Timber was formed in the Kootenays in 1956, bringing together a number of milling and sawmill operations; and Eagle Lake Sawmills of Prince George continued to press for permission to build a pulp mill, a course of action it had been investigating since 1943, when W.B. Milner became the major shareholder.<sup>110</sup> In 1960 Midway Terminals Ltd., of Vancouver, merged ten interior sawmill and holding companies in the Okanagan and Prince George regions into one operation, National Forest Products.<sup>111</sup>

External capital associated with the pulp and paper industry brought the instruments of mature capitalist exploitation to the BC Interior, however. The first pulp and paper operation there began production at Castlegar in 1961. This facility had been on the books since the early 1950s. The company, Celgar Development, was created in 1951 as a subsidiary of Columbia Cellulose, which in turn was owned by the American giant, the Celanese Corporation of America.<sup>112</sup>

In 1962 plans for a pulp operation in Prince George were announced, and construction proceeded quickly. Prince George Pulp and Paper was a joint venture involving Canadian Forest Products and the Reed Paper Group. Reed Paper was a British firm with net assets exceeding £100 million, with manufacturing interests in eastern Canada, Norway, Italy, Australia, and New Zealand, as well as in the UK. The firm thus both consumed and marketed products from the Prince George facility.<sup>113</sup> Production at the \$84 million facility began in May 1966. With a German partner, Feldmuhle, A.G., Reed Paper and Canadian Forest Products established Intercontinental Pulp Company, which built a second facility at the site to produce only pulp, starting in 1968. A third pulp operation at Prince George, Northwood Pulp, a joint venture between Noranda Mines of Central Canada and the American multinational Mead Corporation, also began production in 1966. The value of the mill was estimated at \$54 million.<sup>114</sup>

Other pulp and paper operations sprang up in the Interior in the 1960s and 1970s. At Kamloops, local entrepreneurs pushed for a pulp operation in the late 1950s, in conjunction with Crown Zellerbach,<sup>115</sup> but only when the American giant Weyerhaeuser became involved did the project succeed. Kamloops Pulp and Paper began production in December 1965. American and Japanese interests constructed the pulp and paper facility at Quesnel. Cariboo Pulp and Paper involved Weldwood of Canada, a subsidiary of United States Plywood, and two Japanese companies, Daishowa Paper and Marubeni-Iida. A second Kootenay operation, Crestbrook Forest Industries, began production at Skookumchuk in 1969. It involved local interests as well as two other Japanese companies, Mitsubishi Shoji Kiasha and Honshu Paper Manufacturing. North of Prince George, at the newly created "instant-town" of Mackenzie, two pulp operations commenced during the 1970s. BC Forest Products, owned by Noranda Mines and Mead Corporation in 1969, and Finlay Forest Industries, a joint venture started by Cattermole Timber

and two Japanese firms, Jujo Paper and Sumitomo Forestry, built the mill. In 1980 BC Forest Products took control of the Finlay Forest Industries operations.<sup>116</sup>

The Interior lumber industry did not disappear with the coming of the large pulp and paper operations. Sawmills continued to exist, using the most valuable trees to turn out lumber that fetched better prices per tree than pulp and paper. Pulp and paper companies operated their own sawmills, sometimes taking over and operating existing facilities. Celgar Development, anticipating construction of its pulp mill at Castlegar, took over the William Waldie and Sons mill at Castlegar, the Big Bend Lumber Company at Nakusp, and the Columbia River Timbers operation near Revelstoke in late 1952. Northwood Pulp bought Eagle Lake Sawmills near Prince George in 1966.<sup>117</sup>

The geographic reach of the pulp and paper operations was immense. The corporations needed guarantees that sufficient fibre, in the form of wood chips, was available before making the major investments necessary to establish a pulp and paper operation. In the 1950s, 1960s, and 1970s, Interior forests were carved up into vast tracts and the pulp rights were allotted to pulp and paper operations. The facilities in Prince George or Castlegar drew from a resource base that stretched hundreds of miles from the conversion plants themselves.

By the 1970s, the Interior forest industry had become much more extensive, more capital-intensive, and more technologically sophisticated with the addition of the pulp and paper industry. Communities such as Quesnel, Kamloops, and Castlegar were nodes in the global capitalist economy, and links with international capital were clear and direct. External firms were key in making decisions about production and marketing, and about the fates of the forest communities. Economic development in the Interior had catapulted to a new stage.

In 1972, reflecting the greater importance of the Interior industry and the greater number of companies that operated in both the Interior and coastal regions, the Northern Interior Lumberman's Association, a trade organization representing Interior lumbermen, was amalgamated into COFI. Regional divisions seemed less important.

IN 1975, IN ANTICIPATION OF THE END of a number of long-term timber contracts with major forest companies, the provincial government established a Royal Commission to investigate the industry. The commissioner, Peter Pearse, considered the character of capital in the industry. The presence of large corporations was notable. MacMillan Bloedel was the largest operator in British Columbia: "In 1969, the Company had 22,282 shareholders, 18,632 employees, a total income of \$644.5 million and capital expenditure of \$105 million."<sup>118</sup> Its sawmills at Vancouver, New Westminster, Nanaimo, Port Alberni, Powell River, and Chemainus were capable of producing almost 1.7 million board feet of lumber per shift; its plywood plants

at Vancouver and Port Alberni could produce 469 million square feet of  $\frac{3}{8}$  inch plywood per year; its pulp capacity at the Nanaimo, Powell River, and Port Alberni mills was almost 2 million short tons per year; and its paper capacity at the Port Alberni, Powell River, and New Westminster plants was 1.2 million short tons per year. In terms of the company's income, 52 percent came from lumber, plywood, and shingles; 38 percent came from pulp and paper; and 10 percent came from other sources. The main market was the United States, which absorbed 42.6 percent of its products in 1969, followed by Canada (24.4 percent), Japan and other Asian countries (9.6 percent), and the United Kingdom (7.2 percent). The two largest lumber-producing firms, MacMillan Bloedel and BC Forest Products, controlled 13.6 percent of provincial lumber manufacturing capacity in 1975. The five largest firms controlled 25 percent of the total; the eighteen largest, 50 percent.

In pulp, fourteen companies operated twenty-two mills; the four largest controlled 84 percent of the capacity. In paper production there were seven companies, and the three largest controlled 84 percent of the capacity. Of sixteen companies that produced plywood and veneer, four controlled 55 percent of capacity.<sup>119</sup> Large, integrated corporations mass-producing a limited range of raw and semi-processed commodities accounted for the bulk of production.