IN DEFENSE OF TERRITORY:
PROVINCE-BUILDING UNDER W.A.C. BENNETT

by

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ABSTRACT

The thesis is primarily an attempt to provide a better understanding on how territorial conflicts influenced infrastructural development in British Columbia between the years 1952 and 1972. Primary emphasis is placed upon exploring the territorial component of province-building in British Columbia. The major theme which emerges is that the spatial pattern of economic development witnessed in the province during these years was not merely the product of societal pressure, but instead, reflected the dreams, and ambitions of the W.A.C. Bennett government. Bennett's efforts to build a better integrated provincial society played a major role in strengthening the provincial government's control over the provincial territory.

Six case studies on infrastructural development are investigated: railway transportation, oil and gas development, hydro development, ferry transportation, port development, and highway transportation. The thesis analyzes infrastructural development because it is assumed that the state-centred paradigm is much more useful for explaining provincial expansionism within this policy context.

The thesis has four sections. The first section provides a review of province-building, and assesses how territorial conflicts influence state infrastructure development. The second section includes a review of the political setting. The third section presents the case studies. The final section provides a summary of the findings and concludes that the Bennett government's desire to exploit infrastructure for the purpose of building a more integrated and united territory had a major impact upon the spatial pattern of economic development in British Columbia.
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CHAPTER 1
INTRODUCTION

Political scientists have researched many of the general features of province-building without producing specialized thematic studies of the various factors which contribute to the forces of provincialism. Province-building is, by nature, a multi-dimensional process and should be investigated through micro-analysis. The purpose of my thesis is to provide a better understanding of the territorial component of province-building in the area of infrastructural development. This will be done by examining various infrastructural initiatives adopted by the W.A.C. Bennett government between the years 1952 to 1972.

The relationship between defending and claiming territory and province-building has been generally ignored in the literature. Many theorists prefer to focus upon the economic considerations which have influenced the provincialist impulse in Canada, while others approach the process of province-building as if it is merely a manifestation of regional and class conflicts. This has resulted in an incomplete view of the conception and growth of the province-building process. A major task of this thesis is to expand our understanding of how territorial conflicts and considerations reinforce aggressive provincialist responses and lead to new initiatives in government enterprise.

A major preoccupation of governments is to maintain control and influence over territories that come within their respective jurisdictions. Exercising control over territory is crucial for any political elite which wishes to establish and sustain locally integrated economies, and increase political and economic autonomy throughout the territory. An understanding of the relationship between the territorial imperative and defensive expansionism ought to provide new insights into one aspect of province-building.
David Cameron has postulated that "contemporary political events are characterized by forces pushing simultaneously in two opposite directions toward smaller, or at least more decentralized, structures, and simultaneously toward larger, more integrative systems. The first of these is captured by the notion of regionalism and the second by supranationalism."¹ "Regionalism is characterized as being concerned primarily with protecting territorial integrity and economic autonomy, and preserving historical, cultural, and linguistic distinctiveness."² "Integration refers to the condition of making whole or complete and to the process of bringing together parts. Political integration is the uniting of distinct groups, communities, or regions into a workable and viable political organization."³

Province-Building

The term province-building was first coined by Black and Cairns in an article appearing in the *Canadian Public Administration*.⁴ The term refers to the rapid acceleration of provincial state responsibilities witnessed since confederation, and the new role adopted by provincial governments in representing, and shaping various provincial interests. Since 1867 the responsibilities of provincial governments have increased substantially, and this


has led to new directions in state-society relations, as well as to new conflicts and accommodations in intergovernmental relations. With the rise of new provincial government responsibilities, the people of Canada have looked more and more to the provincial level of government to resolve disputes, provide infrastructure, and promote stability. Moreover, provincial governments have acquired the power and resources necessary to shape, nurture, and mobilize provincial interests behind them. The proliferation of provincial powers in Canada has been reinforced by the growth of powerful provincial governments. As indicated by Hockin, "the existence of separate provincial governments has elicited, even in Ontario, as intense a pattern of communications and associational activity within provincial boundaries as across them."\(^5\)

The province-building dimension of Canadian politics has stimulated widespread discussions between scholars on both the right and left. While there is general acceptance of the notion that the activities and responsibilities of the provincial level of government have substantially increased over the years, and that this has set in motion closer and more autonomous linkages between provincial governments and the societies they serve, there has been widespread disagreement over which factors have contributed most to this phenomenon. The controversy centres on whether outside societal pressure provides the major impetus for strengthening ties between provincial governments and communities, or whether the provincial actors themselves reinforce and nurture strong provincial loyalties and identities. These two approaches can be described as "society-centred" and "state-centred" interpretations.

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Society-Centred Theory

Many analysts focus almost exclusively upon the interaction between provincial governments and local interests to explain why provincial leaders support and encourage the development of distinctive provincial societies. The processes which foster province-building are said to be a reflection of underlying class, ethnic, or economic divisions within the larger Canadian society. A number of prominent scholars have adopted the society-centred approach to explain province-building. Central to this paradigm is the assumption that governments either react to the initiatives of outside pressure groups, or work with the best interests of these groups in mind. Province-building is considered to be best explained by understanding the environmental context within which political decisions are made. While the initiatives of government may be seen as being rather aggressive in themselves, in terms of shaping the basic contours of the provincial economy, it is assumed that the establishment of priorities is largely determined by conflicts generated within society. Provincial governments are seen as playing a rather passive role in setting priorities.

Scholars writing within the society-centred tradition have produced some of the most thought provoking explanations and interpretations of province-building. Within this school of thought there are two distinctive methods of analysis. The political analysis connected with the politics of class polarization is referred to as neo-marxist theory. Liberal analysis views society in terms of having competition between ethnic and regional interests, as well as distinct economic groups.

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The neo-marxist approach focuses primarily upon the issue of class conflict. Neo-marxist theorists argue that the primary function of government, whether regional or otherwise, is to resolve inter- and intra-class conflicts with the view of perpetuating stability in the larger capitalist order. Central to this theory is the assumption that the state functions to promote the accumulation of capital, and to preserve stability. It is assumed that these functions are difficult to balance and maintain, and when they become unbalanced a crisis situation ultimately emerges.

The neo-marxist perception of politics assumes that the relative autonomy enjoyed by the state increases its ability to preserve political stability in the system. It goes beyond Marx's basic assertion that the "executive of the modern state is but a committee for managing the common affairs of the whole bourgeoisie." Instead, it is assumed that "governments, acting in the name of the state, have in fact been compelled over the years to act against some property rights, to erode some managerial prerogatives, to help redress somewhat the balance between capital and labour, between property and those who are subject to it." The state's increased intervention in the marketplace is viewed as the end product of fundamental class conflicts which ultimately requires increased autonomy and strong political leadership to avoid or delay a crisis. Yet there is said to be a limit to how far governments will go in acting independently. Miliband cautions that,

Because of the imperative requirements of modern life, the state must, within the limits imposed upon it by the prevailing economic system, engage in bastard forms of socialization and assume responsibility, for many functions and services which are beyond the scope and capabilities of capitalist interests. As it does so, however, what Jean Maynaud calls 'the bias of the system' ensures that these interests will automatically benefit from state intervention.8

8Ibid., p. 72.
Tracing the relationship between increasing state interventions in the economy, facilitating the accumulation of capital in private hands, and reducing frictions between classes has been the major area of concern for Canadian neo-marxists, whether at the national or provincial level. Neo-marxist analysis defines province-building in terms of a fundamental class struggle. Leo Panitch encapsulates this viewpoint in the following passage:

the persistence of provincial state power is to be understand in terms of the differing class structures of various Canadian regions and in terms of the regional fractions of the bourgeoisie. The dominant classes, or rather class fractions, in the provinces, often unable to constitute a unity with their counterparts either through political parties or in economic coalitions, have used the provincial state to express their interests.\(^9\)

This interpretation of the dispersion of state power in Canada can also be found in the works of Stevenson, Macpherson, Pratt, and Richards. Stevenson links the rise of centrifugal federalism to underlying fractional class conflicts. Utilizing this form of analysis, the author describes the phenomenon of province-building as a manifestation of provincial governments defending the interests of a regionally-fragmented bourgeoisie. Primary emphasis is placed on understanding how the province-building imperative is rooted in underlying fractional class disputes. Stevenson succinctly asserts that, "the increase in the power and importance of the provincial governments since Confederation, and especially in recent years, was not accidental, but was, rather, a reflection of the needs and preferences of dominant classes and class fractions within the provinces."\(^10\) Similarly, Pratt and Richard's *Prairie Capitalism* pays considerable attention to the significance of class structure to explain the

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distinctive styles of province-building in Alberta and Saskatchewan. But unlike Stevenson, these authors grant institutional factors a higher level of influence, and recognize that province-building protects indigenous commercial interests from outside foreign domination. It is argued that the disaggregation of state power in Canada, in itself, has not contributed to the foreign takeover of Canadian industry, but instead provides a powerful catalyst for achieving a unity for the bourgeoisie and petit bourgeoisie within the provincial border. Thus, it is asserted that province-building is pursued to serve class interests.

C.B. Macpherson's class analysis of political trends in the province of Alberta provides an historical outline on how fractional class conflicts help to perpetuate the growth of provincial state powers. The author links the rise of the quasi-party system in Alberta to underlying fractional class disputes. He postulates that the provincial party system in Alberta was a reflection of an underlying interclass struggle between the farmers of Alberta, and an outside group of commercial and financial interests, who were centred in eastern Canada. Macpherson argues that the prairie community had little need for a competitive party system to moderate and suppress internal class divisions because it was blessed with a relatively homogenous class structure. As a consequence, the provincial political leaders turned their attention to defending the needs of the farmers in the larger national arena. It is argued that the purpose of this defense was to reduce the exploitative aspects of the national policy, and to increase the power of the middle classes in the federal framework. As stated by Macpherson, "the quasi-colonial position of the western provinces

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made it a primary requirement of their provincial political systems that they should be able to stand up to the national government, that is, able to make effective demands on it and resist national legislation which they regarded as exploitive.¹³

Liberal or pluralist interpretations present a different view of the nature of social relations but agree that the primary determinants of state action are to be found in the society.¹⁴ Nelles' *The Politics of Development* is an example of this approach to province-building.¹⁵ The author's assessment and description of the role of the Ontario government in developing the resources of the province prior to 1941 focuses primarily on the needs of the business community to account for the expansion in provincial state activity. In particular, the author assesses the role of fractional class conflict in the evolution of public hydro power management and the function of the provincial state in resolving this conflict. Nelles' account of the decision to nationalize the power industry in Ontario concentrates upon the struggle between manufacturing interests and the private electric companies over the need for cheap power. For Nelles, the

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¹³*ibid.*, p. 21.

¹⁴Rather than focusing primarily upon economic or class factors to interpret provincial state action, as neo-marxists do, pluralist theorists assume that distinctive cultures, languages and economic interests naturally force the diverse interests of a federal society to turn to the provincial government for support and leadership.

Ontario government acted as an adjudicator stepping in to resolve this conflict in the interests of the manufacturing sector.

The difference between a liberal political economist and a neo-marxist is that a liberal does not ascribe overwhelming determinative influence to economic and class forces. For instance, throughout the description of the evolution of water power policy, Nelles acknowledges that Beck's charismatic leadership had a significant effect, not only in uniting the province, but in designing a feasible public ownership scheme. In clearly rejecting the neo-marxist interpretation of the role of the state, Nelles asserts, "the failure to bring the business and technical functions of the state into the framework of democratic accountability was the failure of men with choices to make to pursue the logic of responsible government into the industrial age."16 Nelles believes that major social and political changes can be brought about within the existing system.

State-Centred Theory

Scholars writing within the state-centred school of thought stress that an important factor responsible for the ever-increasing role of the provincial level of government lies within the political system itself. They link the roots of province-building, not to internal conflicts in society, but to the provincial governments which have a vested interest in re-molding internal dependencies within their boundaries and thereby increasing political autonomy. State-centred theorists focus their attention on the policies and strategies of provincial leaders to understand the rise of new provincial initiatives. Provincial governments themselves are considered to be the major catalysts responsible for province-building.

16Ibid., p. 223.
State-centred theorists place less emphasis upon the influence of widespread economic and social changes on political realignments in the Canadian federation. Rather, they warn,

We need to be clear about what the crisis is not. Most important it is not a crisis of the fundamental social and economic order of Canadian society. It is a political crisis - a crisis of government institutions. At the root of the discontent lies the problem of the relation of governments to one another in the federal system. It is about functions governments are going to perform and the tools with which to perform them, the sharing of authority and the making of decisions. It embodies a competition about where and how interests are to be represented and accommodations to be worked out.17

Within the state-centred framework, province-building is depicted as the product of state autonomy and initiative. Province-building is described as the end product of an intense competition for political control between the federal and provincial levels of government. It is assumed that provincial governments themselves play a primary role in nurturing public support for closer associational activities within provincial boundaries. As Cairns points out,

The sociological perspective pays inadequate attention to the possibility that the support of powerful, independent provincial governments is a product of the political system itself, that it is fostered and created by provincial government elites employing the policy-making apparatus of their jurisdictions, and that such support need not take the form of a distinct culture, society or nation as these are conventionally understood.18

In the view of state-centred theory, a number of political factors have fostered province-building. These factors include: the British parliamentary tradition of strong executive leadership, first-past-the-post system of election,


divided and ambiguous jurisdictions, inadequate representation at the centre, a
confederal party system, and administrative entrepreneurialism.19 Within this
framework, province-building is seen as a consequence of provincial political
elites exploiting the deficiencies of the federal system to increase their
autonomy and public support. Rejecting the view that province-building is
merely a reflection of underlying socio-economic change, state-centred theory
stresses that the process is a direct consequence of provincial elites pursuing
goals which seek to increase their provincial autonomy over economic and
political development within their respective provinces.

19 For a thorough review of these themes see D. Bellamy, et al., *The
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Administration of Canada*. Vol. 14, No. 3 (Fall 1971), 326-343; and D.V. Smiley,
"The Two Themes of Canadian Federalism," *The Canadian Journal of Economics
A Time for Micro-Analysis

For the past two decades, the province-building view of politics, whether state-centred or society-centred, has dominated our notions of the general processes which led to substantial increases in the political decentralization of state powers and responsibilities in Canada. A major problem with the province-building literature is that it lacks clarity and consistency. We have moved too quickly in seeking general understanding of the entire province-building process without first taking into account the fact that province-building is a multi-dimensional process. It takes on many shapes and forms in different policy settings.

There has been a tendency in the past to make too wide a sweep of the "multifarious activities of provincial governments." Too often scholars have approached various provincial initiatives in infrastructure development, resource management, labour relations, and social policy as if the issues are the same. Moreover, much of the province-building literature treats various distinctive policy spheres as if provincial governments have similar resources, options, and strategies. This is generally not the case. The ability of any government to translate its wishes into authoritative actions, provincial or otherwise, depends on a number of factors, which change from one policy context to the next and from one time period to another. As a consequence of many scholars overlooking this fact, "the picture of province-building has become far too vast and too lurid."  


21Ibid., p. 1.
This thesis adopts a micro-approach to analyze one particular area of province-building, the development of infrastructure. Within that context, at least, it is clear that the state-centred paradigm is much more useful in interpreting provincial expansionism. The key here is the drive of governments to maintain and develop their control over territory. The territorial imperative gives the state a purpose which is distinct from the purposes of social interests. Historically, both national and provincial governments have played a major vanguard role in building infrastructure for the purpose of clustering territorial interests behind them. Infrastructural initiatives are often designed by governments to enhance their control over territory, to build enduring political alliances and to forestall external challengers. Within a political framework, which features separate systems of governmental power and an intense jurisdictional competition, the need to control territory and build alliances has always been a major concern for most provincial governments.

There are several reasons why provincial governments would want to play and have played an active role in promoting and implementing self-designed infrastructural schemes which aim to increase political autonomy within their respective political boundaries. First of all, the ability to transform any provincial society and economy, according to a provincial grand design, depends to a large extent on the power to control transportation and communication linkages within a specified territory. Any sophisticated intervention in the provincial economy which aims to strengthen provincial identities and increase economic and political autonomy must reinforce intra-provincial lines of commerce, transportation and communication. The preservation of control over its territory dictates that the provincial elite must engage in providing the infrastructure necessary for building enduring alliances within the provincial society. A second consideration is the strong statist traditions in the area of infrastructure-building. Since the first few decades of Confederation, most
Canadians have grown to accept the norm that governments should play a vanguard role in building infrastructure for the purposes of defending territory, and building new political allegiances. The tradition of having a strong executive leadership in charge of devising and implementing the grand design for economic and political development has provided provincial governments with a great deal of power and autonomy in the area of infrastructure development. For the most part, infrastructural development is a non-issue for most Canadians. There are very few well organized interest groups who closely scrutinize the many infrastructural initiatives of government. This has provided governments with a great deal of freedom in devising and implementing infrastructural policies which serve their own political interests.

The idea that executive dominance is most prevalent at the provincial level of government is widely accepted. There is also evidence that this pattern of executive domination has led to increased intergovernmental rivalries and a focus upon territorial conflicts rather than national or class-based issues. In discussing the centralizing powers of the cabinet system Simeon notes, "The consequences of this pattern are well known: a complex pattern of bargaining between governments, in which there is at one and the same time a high level of interdependence, and a strong measure of built-in conflict and disagreement. It ensures that the significance of territory will constantly be emphasized, and that policy making will focus primarily on the territorial dimension." 

Since the federal and provincial governments are in many ways competing entities who battle to defend and enhance their jurisdictional control 

\[ ^{22} \text{For further information see pp. 8-10 in Chapter 1 of this thesis.} \]

and political support, there is a built-in governmental preoccupation with territorial concerns. Led by premiers who have been elected to defend the perceived needs and wishes of the provincial population, each government has a separate series of policy interests and priorities which reflect territorial ambitions and concerns. Moreover, the executive domination of the policy process ensures that government concerns and strategies are given a high priority. As argued by Simeon,

The provincial governments do more than just respond to demands from their populations. First, they respond to some groups more than others; and, more important, they have, as complex organizations in their own right, certain bureaucratic needs, especially the need to gain power, to enhance their status, and to maintain their political support. So, of course, has the federal government. This is the truth behind the common observations that somehow the interests of the public get lost in federal-provincial discussion. Thus to maintain support, a provincial government is motivated to accentuate the degree of internal unity, and to exaggerate the extent of difference with Ottawa, and to divert political conflict onto an external enemy. They are likely to stress issues in such a way that their internal divisions are minimized, and to stress most of those issues on which there is least internal disagreement.24

The purpose of this thesis is to explore the territorial component of province-building in British Columbia. It provides a micro-analysis of the development of infrastructure during the life-span of the W.A.C. Bennett government. Several factors influenced the selection of W.A.C. Bennett's infrastructural initiatives as the focus of this study. Firstly, the politics of British Columbia has been largely ignored in the literature and such a study would provide a greater appreciation of the struggle for increased political autonomy in Canada's Pacific region. A second consideration is the need to provide new insights on Bennett's personalized approach to politics, and infrastructural development. For the most part, the protectionist direction of

24 Ibid., p. 302.
many of Bennett's infrastructural initiatives have been generally misunderstood.25

Reassessing the Linkage Between Ideology and Politics

British Columbia has always been a haven for radical political debate and posturings. Most observers agree that B.C.'s political scene is dominated by two fundamentally opposite value systems: "individualism" and "collectivism".

Each ideology has competed vigorously for the support of the B.C. electorate for over half a century. The individualist ideology views public sector participation in commercial affairs as an obstruction to the growth of a healthy and productive market economy. Those imbued with the individualist ethos maintain that government interference is dysfunctional to economic efficiency. Collectivism, on the other hand, is a doctrine of social justice. Those influenced by collectivist sentiments are more concerned with "equity" than "economic efficiency" although there is an element of economic influence in this school of thought as well, since income supplementary programs increase aggregate demand, reduce political tensions, and provide greater stability in the market during times of recession. Collectivist's plans call for increased state involvement in a centrally administered program of industrial expansion.

Robin describes the major political divisions in the coastal province in the following way:

Two philosophies and value systems exist in opposition within the coastal society and are reflected in the party system. An

25W.A.C. Bennett's ambitions for a spatially integrated British Columbia have been generally missed by other scholars. For instance, Smiley reports that the Socred Credit leadership, "had no vision, no plan, no real urge to remake society. In spite of its constant appeals to morality, Social Credit is at heart the pursuit of power divorced from purpose." See Donald Smiley, "Canada's Poujadists: A New Look at Social Credit," The Canadian Forum, 42 (September 1962) 121.
acquisitive individualism, which advertises a dynamic approach to the development of natural resources through private enterprise is opposed by a strong collectivism, engrained in the strong trade union and socialist movement, who maintain that private enterprise tends to exploit resources, human and material, wastefully and immorally.26

Attitudes towards state expansion, in either social or economic policy, are not clear and distinct in most political cultures. Most people retain attitudes which contradict each other, but they are not aware of this because they approach each policy issue separately. A major problem with determining when and where ideological undercurrents exist in any policy setting centers upon the fact that collectivist and individualist sentiments are often presented concurrently. Free and Cantril, in their study of political beliefs of Americans, discovered that,

while most respondents advocated national health insurance, federal programs for poverty, and increased spending for urban renewal, at the same time, they believed that most welfare programs are loaded with chiselers, and that government intervention in the economy has destroyed individual initiative.27

The formation of infrastructure policy under Bennett's sponsorship cannot be explained exclusively by examining, in detail, the underlying ideological conflicts that were taking place at the time, on the West Coast. While on many occasions Bennett may have effectively orchestrated support for his government by utilizing rhetoric, it is unclear whether ideology played a major role in his larger province-building drive. Bennett presented himself as a populist leader, and the strategy of defensive expansionism appealed to both workers and small business operators throughout the province.


For too long, scholars have ignored the role that political leaders play in defining and implementing the goals of larger social and economic systems. The function of political leadership is to set priorities in an unstable environment, often characterized by apathy, confusion, and division. Rather than merely reacting to the cues of external actors, as professed by neo-Marxists and pluralists alike, the political elite often operates with a great deal of independence, and in turn, creates and controls, whenever possible, the major issues of the day. The role of political leadership is to reconcile underlying conflicts in the larger social system, and provide a sense of direction for the polity. It is natural that the executive leadership has demands, counterdemands, and expectations placed upon it. However, scholars have tended to focus too closely upon how governments resolve conflicts, and have tended to ignore the role governments play in generating conflicts with the clear intention of achieving a new consensus in society. In a number of policy spheres, the government sets the priorities for society without considering the diverse and even contradictory cues coming from outside societal groups. A major purpose of the thesis is to focus our attention more upon the internal dynamics of authoritative decision-making.

The Politics of Space

British Columbia in 1952 was a province which featured rugged terrain, vast open spaces, and insulated and isolated communities. Bennett’s desire to conquer and control territory was greatly influenced by the political geography of the province. A pivotal assumption in this thesis is that political-geographical factors do shape how governments define problems, and implement solutions. Bennett’s preoccupation with the politics of manipulating and controlling territory for the purpose of increasing provincial government control over
economic and political development in British Columbia was, in part, a
manifestation of a unique geographical and political setting.

Relations between societies and governments are never static. Yet,
while they continue to change at an accelerating pace, societies usually evolve
within the rather narrow limits set by territorial conflicts fought between
political competitors. A major consideration of any government is the need to
claim and protect its territory from external political competition. The decline
of any government's political control over a specified territory leads ultimately
to the weakening of its legitimate authority and base of support. Moreover, it is
in the interest of every government to fight for its political sovereignty,
especially when outside political competitors seek to alter or weaken the
direction of that identity. The political-geographical forces which threatened
the dream of building an integrated and more autonomous British Columbia
provided the Bennett government with a major incentive to defend the territorial
integrity of the province.

While political scientists have generally ignored the impact territorial
considerations have on state infrastructure expansion at the provincial level,
political geographers have provided a number of key insights on the relationship
between territorial concerns and political decision-making. There is little
appreciation among political scientists of the shared need by many provincial
governments to erect infrastructure for the purpose of protecting territory from
outside political competitors.

Political geographers suggest that a territorial boundary is a
"manifestation of integration and is inherently inner-oriented."28 Once

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28Ira Glassner Martin and J. deBlij Harm, Systematic Political
established, it is natural for a government to defend the territory as an exclusive
preserve. Every phase of a regional development scheme undertaken by any
government has, as a matter of process, a territorial dimension. Cox and
Reynolds point out that political systems are above all else, spatial systems.

Individuals and populations of individuals constituting the
political system all have geographical locations relative to each
other and to the environment of public resources applicable to
public ends. These geographical locations are of critical
significance for the preferences expressed for public goods, for
the allocational conflicts engendered, for the mechanisms of
conflict resolution selected, and for the allocation of public
goods ultimately arrived at. In brief the inputs, the outputs and
the allocational mechanisms of political systems all have a clear,
yet usually, neglected, locational expression.

The intention of this thesis is not to make a major contribution to the
political geography literature. Rather, the major aim is to investigate, in some
detail, the prominent role played by territorial imperatives on W.A.C. Bennett's
infrastructure initiatives. The dissertation traces infrastructure development
during the Bennett years of premiership in an attempt to foster a greater
appreciation of the territorial component of province-building in British
Columbia. Unfortunately these developments have not been sufficiently
appreciated in past accounts of Bennett's self-assertive defence of provincial
autonomy, and the literature provides a rather short-sighted view on this
important era in British Columbia's development.

29For further discussion on the relationship between territorial
boundaries and political self-interest see Richard Muir, Modern Political
Geography (London: The MacMillan Press Ltd., 1981), Chapter 2; R.J. Johnson,
Y.M. Goblet, Political Geography and the World Map (London: George Philip and
Gottman, The Significance of Territory (The University Press of Virginia, 1973),
Chapter I; and W.A. Jackson, Politics and Geographic Relationships (Prentice-

30Kevin Cox and David Reynolds, Locational Approaches to Power and
Any account of the history and nature of Social Credit's infrastructure-building policies should include a review of W.A.C. Bennett's territorial ambitions and political goals. With the vast power provided by a cabinet system of government, Premier Bennett's ambition to exploit infrastructural development to promote integration in British Columbia became a powerful and compelling force responsible for a new era of public sector entrepreneurialism. The demands for aggressive provincial government participation in the sphere of infrastructural development were powerfully shaped and led by the activities of the Bennett government itself, and not primarily by societal pressures. Many of Bennett's infrastructural policies were based on a strong desire to control the spatial pattern of economic activity in the province. The Bennett government's economic development policies assumed a distinctive provincial character, and reflected the goals and ambitions of an ambitious and self-assertive provincial government.

The Bennett government's infrastructure policies were not merely a reflection of the demands or interests of pressure groups, class fractions, or society. Rather, the provincial leadership went out of its way to strengthen its control over the provincial economy and society. A key element in the defense of provincial government autonomy was the strategic location of infrastructure facilities to monopolize and control the spatial pattern of economic development ahead of outside political competitors, to pattern movement of goods and persons to conform to a provincial scheme of development, and to form and reinforce alliances within the provincial boundary. The Social Credit leadership seized and reorganized transportation and communications facilities within the provincial boundary with the clear intention of deflecting threats to its autonomy, and to ensure the province became more fully integrated.

Threats to the provincial government's control over the provincial territory and society came from two sources. The first major threat came from
outside competing governments. Within the context of a highly competitive federal system, the Bennett government maneuvered for survival and advantage in a struggle for control over territory with Ottawa and Alberta. The second threat came from the strong ties which existed between powerful economic interests within British Columbia, and commercial and political elites in eastern Canada.31 Faced with such challenges, the Bennett government went out of its way to build infrastructure in order to preempt the challenges posed by outside political competitors, while reinforcing and building new alliances within the provincial society.

### Bennett's Inheritance

British Columbia in 1952 was a province which featured rugged terrain, recent immigration, unstable political loyalties and traditions, a resource-based economy, and sporadic and isolated settlement.32 The relative isolation of many resource-based communities inhibited the growth of the political loyalties and identities required for a closely knit and united province. Furthermore, the differentiated economic base, and sporadic settlement patterns created many internal rivalries between the various regions of British Columbia, and there were few transportation and communication systems to facilitate effective social, economic, and political integration within the province. If the province was ever to become an integrated economic and political entity, it was essential that new transportation and communication linkages be established.

31 Philip Resnick showed in his article the many reasons why the appeal of provincialism has not been strong for British Columbia's economic elite. For further discussion see P. Resnick, "B.C. Capitalism and the Empire of the Pacific" (Winnipeg: Presented at the Western Sociology and Anthropology Association Meetings, March 4-6, 1981).

Bennett's answer to the problems posed by geographical barriers and the strong sense of isolation felt by many residents in the province was to upgrade transportation and communication facilities in the province. The purpose behind the self-contained development scheme was to foster a new pattern of economic and political development within the provincial boundary. The Social Credit infrastructure policies were carefully designed for the purpose of integrating and controlling space and to increase the role of the provincial government in directing internal economic and political development within the provincial boundary. Bennett's infrastructure policies were motivated by a strong desire to increase provincial autonomy, build a more integrated and closely knit provincial society, and shut-out the influence of outside governments. These initiatives were not primarily motivated by a desire to

33 Interviews conducted by the author with various former colleagues and critics of the Premier indicated that W.A.C. Bennett was fully aware of the need to exploit infrastructure for the purpose of opening up, settling, and controlling territory. Patrick McGeer, former Liberal leader in the province and now a provincial Cabinet Minister, indicated that W.A.C. Bennett was a frontier-builder. He praised the former premier's dedication to erecting infrastructure for the purpose of opening up and settling provincial territory. Robert Bonner, former Attorney General in the Bennett government, shared these sentiments, and added that British Columbia in 1952, and to a certain extent even today, was an open frontier. There was a need to provide strong political leadership and the infrastructure required to stimulate new lines of communication and transportation in the province. Bonner stated the federal government had not served the province well in providing essential communication and transportation linkages in the interior and north in the past, and that the Bennett government was not willing to wait any longer for federal action. Besides, he stated the federal government did not truly appreciate the special interests of British Columbia, and it was important that the province take charge of its own development. Wesley Black, former Provincial Secretary in the Bennett government, indicated that W.A.C. Bennett always advised his cabinet members to keep the map of British Columbia freshly in their minds when they were devising policies. According to Black, Premier Bennett felt that because the first duty of the provincial government was to serve the interests of British Columbia, it was crucial that each policy decision serve the interests of the people who lived within the provincial boundary. Black praised Bennett's province-building initiatives, and stated these series of policies effectively integrated the various regions of the province and pulled the province together.
integrate classes or maximize short-term economic growth in British Columbia, but instead reflected a dream of building a more autonomous provincial society. There was a clear strategy of 'defensive expansionism'.

**Defensive Expansionism**

The term 'defensive expansionism' was first coined in Aitken's description of the National Policy. The purpose of a defensive expansionist strategy is to utilize infrastructural development to defend territory from outside political competitors. Defensive expansionism involves building infrastructure for the clear purpose of pulling territory closer together under the control of a particular political leadership. The emphasis on such a form of government intervention is to undermine or defend against the expansionist aspirations of some outside political competitor. In describing the National policy Aitken asserts, "only by union with the other British colonies could the necessary resources be mobilized to hold the lines of defense against American expansionism and create a national transcontinental economy."35

The strategy of defensive expansionism reflected a desire on the part of the Fathers of Confederation to claim and preserve territory. As indicated by Aitken, "The overall objective of the policy was to make possible the maintenance of Canadian political sovereignty over the territory north of the American boundary: that is to say, to prevent absorption by the United States and to build a nation state that could guide its own economic destiny, and assert its independence from both the mother country and the United States, within


limits no more restrictive than those necessarily applicable to an economy dependent on staple exports for its overseas earnings.36

The Aitkin assumes that the Fathers of Confederation acted autonomously in providing the infrastructure required for constructing a new nation. "Both in tariff legislation and railroad construction the state after Confederation assumed an active role in promoting Canadian development. The responsibility for creating a national economy and the conditions in which it could survive lay with the state."37 Furthermore, many of the decisions made by the Fathers of Confederation did not emphasize economic efficiency. In fact, Aitken concludes that, "Defence against American economic expansion necessitated transcontinental expansion in Canada, but its costs, borne originally by the government but finally by consumers of high freight rates and a high tariff, made the maintenance of national economic unity extremely difficult."38

Implicit in a defensive expansionist approach is the assumption that the political actors themselves dominate the public agenda with a master-objective of preserving or increasing their control over a particular territory. The defensive model asserts that the members of the political elite are the key actors responsible for erecting the infrastructural pre-conditions necessary to defend against outside interference. As stated by Aitken,

the assertion that the state in the form of the federal government was merely acting as an agent or instrument of private economic interests - the same interests that had worked to achieve Confederation, the sale of the Hudson's Bay Company lands, and the chartering of a Pacific railroad - could probably be supported. But if the distinction between "the state" and "private enterprise" is to be retained (as applied to Canada, the distinction often seems artificial), the weight of the evidence seems to indicate a contrary view. The secular decisions at this

36Ibid., p. 209.
37Ibid., p. 209.
38Ibid., p. 208.
stage of Canadian development were made by governmental bodies; the basic developmental policies to be pursued were stated by government officials; and the implementation of these policies involved the exercise of initiative by governments.39

The National Policy, which was created and implemented by the Fathers of Confederation, was carefully designed to first, protect the sovereignty of the Canadian state over the territory known as British North America; and second to provide the infrastructure necessary to settle the West.

As noted by Creighton, "A divided British America had become a united Canada; but the change was a change of constitutional form rather than of economic and social substance. The rudimentary political framework of a nation existed; but the nation itself had yet to become a vital reality. It remained to realize the full potentialities of the enormous half-continent that the Dominion had become - to settle its empty spaces, to develop its resources, to make it the homeland of a prosperous and contented people."40 If a united Canada was to become a reality, it was imperative that new infrastructure be constructed; otherwise the threat posed by outside economic and political forces could never be defended against. The Fathers of Confederation adopted a long-term view on what needed to be done to foster development and enhance their control over the territory.

Creighton asserts that the final grand design of nation-building, formulated by the Fathers of Confederation and their successors, was complete in 1878:

The Fathers of Confederation and their successors were sure from the beginning about some features of their programme; but about others they were hesitant and divided. It took them some


time to decide on certain parts of their plan; and it was not until 1878 that the last great decision in policy, the protective tariff, was taken. By then it had become obvious that Canada had set out on a career of economic nationalism. An economically viable nation was to be established on the northern half of the continent and its development and growth were to be promoted by three major national policies: immigration and western settlement, all-Canadian transcontinental railway transport, and industrialization by means of a protective tariff.41

Most analysts recognize the territorial and political nature of nation-building. The relationship between opening up territory and establishing new transcontinental communications and transportation linkages is generally accepted throughout the academic community. In addition, the nation-building initiatives are generally accepted to have been designed and implemented, with little public debate, by the politicians themselves. The purpose of the National Policy was to support and encourage the development of a new national economy. Even if amalgamation with the United States may have been a more economically rational strategy to pursue, the creators of the political nation had other dreams. The Fathers of the new nation were extremely jealous in guarding their political control over the territory. It is clear that the desire to remain a separate nation overshadowed the economic appeal of becoming a part of the United States. Political considerations overshadowed economic ones.

Province-building is considered by many to be a different kettle of fish. The territorial dimension of province-building has been largely ignored in the literature. The purpose of this thesis is to reintroduce the territorial or spatial component of political decision-making, and apply it to province-building to see how it influenced infrastructure development in British Columbia in the years 1952 to 1972.

41Ibid., p. 25.
A basic assumption of this thesis is that W.A.C. Bennett had a long-term view of what needed to be done to promote spatial integration in British Columbia. Indeed, like the National Policy, Bennett's long-term view of provincial development emphasized the need to acquire and control space. Short-term economic considerations were secondary in Bennett's quest for control over the provincial territory. The premier's self-contained development scheme, which was designed to strengthen communication and transportation ties in the province, manifested a deep-seated desire on Bennett's part to increase economic and political autonomy in the province. To give substance to the dream of building a provincial society which was more integrated and autonomous, Bennett explicitly set out to exploit infrastructure development.

The protectionist direction of Bennett's self-contained development scheme created a number of problems for the federal government and imposed many costs on the provincial economy. But the provincialist policy did strike a responsive chord among many discontented B.C. voters. Throughout the years of his premiership, Bennett's unwavering domination of the policy process, deceptive style of financial management, and ability to stage events played a major role in creating public support for his government's policies. Bennett saw British Columbia's problems in terms of building infrastructure and claiming resources and territory. Bennett's first priority in the area of infrastructure development was transforming the territory of British Columbia into a more integrated and united political economy.

Premier Bennett had grand ideas about re-drawing political boundaries in British Columbia and developing distinctive and autonomous regions of economic enterprise. As indicated by Neering,

Ever since the 1930's, he had believed that Canada should be divided according to economic, not political boundaries. Instead of ten provinces and two territories, he envisaged five regions.
The map that Bennett took with him to the federal-provincial conference in 1969 showed the region of British Columbia extending all the way to the northern boundary of the Yukon and including part of the Northwest Territories.42

Bennett was a great believer in decentralizing political decision-making powers over taxation, and regional economic development. As presented at the 1969 federal-provincial conference, "Bennett's reform proposals were based on the firm conviction that British Columbia's development was being held back by the federal government. Bennett couldn't expropriate the federal government, and he couldn't defeat it in an election. The only alternative was to change the constitution so that British Columbia could go ahead as Bennett envisioned."43 Convinced that the federal government was a major obstacle which interfered with provincial development, Bennett became preoccupied with exploiting infrastructure development to increase the provincial government control over the provincial territory.

However, within the context of a provincial economy with extensive dependencies on exports and limited capital and technology, Bennett was not averse to increasing international interdependencies. In fact, the premier did not have the resources to greatly influence the province's reliance on foreign capital and markets, even if he wanted to. Thus, Bennett could not ignore the needs, desires, and inputs of foreign interests in such policy spheres as forestry or mining. These policy spheres imposed a number of constraints upon the government's autonomy. Nevertheless, in the area of infrastructural development at least, the premier was committed to exploiting infrastructure for the purpose of knitting the territory, people, and provincial government

42Rosemary Neering, W.A.C. Bennett (Fitzhenry and Whiteside Ltd., 1981), p. 47.

43Ibid., p. 49.
closer together, even to the extent of imposing heavy economic costs on the province. The Bennett government operated with a great deal of autonomy in the area of infrastructural development. Infrastructural development is an area of province-building in which governments often act upon their own initiatives to shape state-society relations and to defend territory.

The most critical motivating factor behind Bennett's infrastructure-building ambitions was the competition posed by outside political competitors. The Bennett grand scheme to establish a more integrated and autonomous British Columbia was more a reaction to what was perceived to be outside political interference by the federal government in local affairs, than it was an attempt to influence international economic relations or maximize economic growth. The major objective of Bennett's infrastructure-building initiatives was to guard and enhance the provincial government's control over the territorial pattern of social, political, and economic interdependence within the provincial boundary.

This dissertation focuses upon six separate case studies on Bennett's infrastructural development policies to investigate whether, in point of fact, the initiatives were based upon strictly territorial and political considerations, or whether the policies were responses to societal demands. Railway, oil and gas, highway, ferry, Roberts Bank, and the Two Rivers policies were selected for study. It is hoped that this micro-approach to the territorial dimension of province-building will provide new insights on one micro-component of the larger general phenomena of province-building.
CHAPTER 2
THE POLITICAL SETTING

The authority and legitimacy of any government is directly linked to its control over its territory, abetted by its geographical pattern of social and economic activity. In B.C. there was an additional problem of overcoming the immense physiographic barriers posed by an extensive and highly dissected mountainous terrain. Early in his political career, Bennett became preoccupied with improving the communication and transportation system in British Columbia. Influenced by his experiences in the Peace and problems faced by the residents in B.C.'s hinterland, Bennett was convinced that if intraprovincial dependencies were to be strengthened and the authority and power of the provincial leadership over regional development was to be exerted, the province's transportation-communication system had to be more fully developed.¹

The appeal to defend the frontier proved very popular. Bennett's frontier mentality was shared by many of the rural residents of the province and they gave strong support for the government's policies. One could even argue that Bennett's frontier mentality existed in the hearts of many of B.C.'s "urban" residents located in the Lower Mainland. It was a period of infectious optimism.

A major reason for W.A.C. Bennett's entry into politics in 1941 was the lack of leadership shown by others for integrating, upgrading and extending

¹As noted elsewhere, Bennett's brand of frontierism or pioneering spirit was shaped by his own frustrations as a resident in the hinterland, and by his experiences on the Post-War Reconstruction Committee. For further discussion on Bennett's experiences and the effect upon his dedication to frontier-building see David Mitchell, W.A.C. Bennett and the Rise of British Columbia (Vancouver: Douglas and McIntyre, 1983), Chapters 1, 3, and 8.
transportation lines in B.C. Bennett attacked the lack of commitment shown by
the federal government for developing British Columbia, and became deeply
committed to de-centralizing power from that point on.²

To truly appreciate what transpired in British Columbia between the
years 1952 to 1972 one should review the institutional setting within which
Bennett operated. While Bennett's style of frontier politics was an attempt to
give expression to the goals and dreams of a determined leader, several factors
contributed to Bennett's popularity and his ability to strengthen the provincial
authority over regional development. The premier's desire to give expression to

²In an interview conducted by Roger Keene and David Humphreys, Bennett suggested he entered politics in a bid to promote economic development in British Columbia. According to Bennett, "Ottawa had come up with the Rowell-Sirois Report, a national study about the economic situation in all parts of Canada. It painted a very dismal picture of British Columbia. With all its mountains and all its problems, the province was not viable according to the Rowell-Sirois Commission. Of course I didn't agree with that, so I entered public life.

The main issue I brought up was the report. I condemned it. I condemned the British Columbia Liberals and Alberta Socialists and the Ontario Liberals for walking out of that conference, instead of fighting it out on the floor. What it was all about was centralization - to centralize everything in Ottawa. Of course you always have some provinces that want to have a strong central government, and federal socialists want to have a strong central government because they want to plan everybody's lives, and they can only do that from the centre. I was opposed to all those things.

As far as the report's views on British Columbia were concerned, I had the answers, and I voiced them very clearly. They had become promises I later carried on. We had no highways, not even simple trails. We needed highways. We had terrible, unpaved roads. We lacked bridges and tunnels. We lacked proper ferries at the coast. We lacked power and hydro-electric stations, which could create jobs and industry. We were in a terrible mess." Later on in the interview Bennett stated, when referring to infrastructural development at Roberts Bank, that "We built a rail line to the port; it was owned by the government of British Columbia. We didn't want it controlled by the CN or the CPR because they would have restricted it." Premier Bennett was a strong supporter of increasing provincial autonomy, and restricting outside political interference. For more details see Roger Keene and David Humphreys, Conversations with W.A.C. Bennett (Toronto: Methuen Press, 1980), pp. 30, 95.
provincial concerns, as he perceived them, and ensure that the provincial government was in a position to respond to these issues was a manifestation of a unique political setting. In 1952, W.A.C. Bennett exploited a frontier culture, a protest party system, an executive-dominated political system, widespread populism, and a politics of deception to defend the territorial integrity and political autonomy of the British Columbia government.

Frontier Community

British Columbia is characterized by diverse landscape, marked by chains of alpine terrain, intermittent valleys, desert plains and a highly dissected and majestic coastline. Isolated settlements appear like beads on a string - at periodic points along major transportation arteries (for further details see Map 1). The primary resource foundation of the province is based upon forestry, mining, tourism and fishing. This diverse and frontier-oriented sector of the B.C. economy required special attention. Faced with the special needs of this frontier community, the provincial government has always assumed a major vanguard role in improving communication and transportation linkages in British Columbia. In response to the special needs of a disjointed political economy, the various premiers to serve in the province have scrambled to put into place the infrastructure required to unite the province. Since 1871 provincial leaders in B.C. have played a primary role in opening up the frontiers, providing efficient transportation and communication networks, fostering economic development, and reducing the sense of isolation and vulnerability felt by many

3For further discussion on the infrastructure-building demands placed upon the B.C. government see E. Patricia Roy, "Progress, Prosperity and Politics: The Railway Policies of Richard McBride," B.C. Studies, 47 (Autumn 1980) for an excellent account of the pressures faced by frontier politicians.
of the residents of the interior and north. To a great extent, British Columbia's frontier climate has reinforced aggressive government action. It has never been an ideal climate for passive politicians.

Great diversity of climate and terrain, isolated and thinly populated frontier settlements interconnected by rail, sea, and road provide a unique physical and social environment in Canada's west coast province. While Vancouver is the metropolis of the region, transportation has played a key role in reinforcing and diverting human activity in the direction of the lower mainland. Pipelines, railways and highways have strongly reinforced a provincial pattern of transportation, communication, and commerce.

As outlined by Bradbury,

This diverse environment supports distinct regions of economic enterprise. The narrow valleys traversing the southern border country are heavily forested in the coastal zone but more sparsely treed in the dryland areas of the interior. This change in natural landscape is a dramatic feature, as logging and lumbering on coastal mountain slopes give way to irrigated agriculture in the Okanagan, Similkameen, and Thompson Valleys of the Interior Plateau. To the east, the valleys of the Columbia River system are dammed for energy production. The provincial government has invested heavily in the production of hydroelectricity for export to coastal cities, as well as to cities and industries in the northwestern United States. The East and West Kootenays also have a mining base and some forest industry, but little agriculture. The presence of enterprise pales in northern British Columbia. Multinational oil companies exploit natural gas and the provincial government generates hydroelectric power in the Peace River District, but beyond, in the vast areas of tundra and low forest cover, there is little evidence of human activity. Swinging south, Prince George is the "hub of the north," the centre of the forest industry in the interior and of an extensive road and rail network built by the provincial government. The Central Interior and the Thompson-Kamloops region support some small farms and extensive cattle ranches, but the forest industry and mining form the backbone of the economy. On the Pacific Coast, at Prince Rupert, the salmon fishery is the most important industry. Along the Northwest Coast, the Lower Coast, and on Vancouver Island, lumbering and pulp and paper production predominate. Giant corporations - some of the largest in the world - run integrated logging, sawmilling, and pulp and paper operations, shipping products to world-wide markets. Fishing here is of secondary importance, although it produces more in value than its Atlantic counterpart. Enterprise in British Columbia is indeed resource-
oriented, for one half of provincial income is generated by the forest industry alone.

These patterns of resource enterprise, in a rich and diverse physical environment, support the structure of metropolis and hinterland in the province. Virtually any criterion illustrates the commanding position of Vancouver in the region's geography: population distribution, concentration of manufacturing activity, location of corporate headquarters, the confluence of transport facilities, share of provincial wealth, and control of political power, are all representative of this fact. These characteristics are suggested by the distribution of urban population and above all else, outline the metropolis and hinterland pattern in which Vancouver is the mainspring of the provincial space economy. It is the centre for resource extraction, processing, and servicing, and also the focus of trade, corporate management, and, along with Victoria, of government operations. The pervasiveness of this pattern of metropolis and hinterland, set against the context of resource enterprise and the natural landscape, forms the challenge basic to an interpretation of the regional geography of British Columbia.4

Edwin Black has commented that, British Columbia is a "continuously evolving frontier with a frontier population, a frontier economy, and a frontier type of politics."5 It is a land which features a rapidly changing population base, and a highly volatile system of party support. "The province's politics are notable for their lack of traditionalism and for their instability."6 Moreover, "to these difficulties in the development of provincial traditions are added those imposed by the spread of population over tens of thousands of square miles of mountainous territory with little inter-communication. Without proximity and


6Ibid., p. 251.
frequent intercourse, there can be little sense of a common present, to say nothing of respect of a communal past." 7 The only perspective which most rural B.C.'ers share in common is the "pioneer spirit". The pioneering spirit is an important part of the communal past - it lies at the heart of B.C.'s heritage.

There is not a strong sense of political tradition in British Columbia - no appeal to long held patterns of family party support. 8 Furthermore, the great distances have not promoted a strong sense of provincial community. Black is correct in his assertion that the "culture has been powerfully shaped by the absence of both traditionalism and shared past, as well as by the continuous striving of successive waves of immigrants to better themselves materially - a striving that becomes part of their children's heritage." 9

British Columbia politics is dominated by a frontier style too. As suggested by Black, "An extreme orientation towards action is typical of frontier

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7Ibid., p. 254.


communities — as is a lack of respect for traditional political procedures. Established procedures represent methods of restraining governments; they are safeguards against bad or oppressive government. Because traditional procedures are restraints, action-oriented politicians have little interest in them, and neither do their constituents.\textsuperscript{10}

W.A.C. Bennett offered a style of leadership which thrived in a frontier environment. He understood and defended the dreams of a frontier society. Being the product of a small rural community, Bennett understood many of the problems which go hand-in-hand with frontier life. It is clear that such a strategy would not have been as popular in a setting where people had more respect for traditional political procedures and elegant public debate. Bennett's unique style of populist politics struck a responsive chord in the frontier community. His dedication to a no-nonsense approach to government, and his commitment to extensive infrastructural development was well received in the frontier province and helped to ensure the campaign for new linkages between the various disjointed regions of British Columbia was a success.

Protest Party System

A second factor which enhanced Bennett's ability to protect the territorial integrity and political autonomy of British Columbia was the conception and growth of the Protest Party System. The early 1950's was a period of political change. It was the end of an era of traditional party rule on

\textsuperscript{10}Ibid., p. 255.
the provincial scene and Bennett took full advantage of this situation to realign party support in his favour.11

In order to truly appreciate the political temperature of 1952, one is required to review the 1933 election. The election of 1933 redefined the character of provincial party politics in British Columbia in a fundamental way. As demonstrated by Sanford, "Since that time, most changes in the state of the system have been merely an adjustment to the challenge and varying strength of the CCF, as illustrated by the fact that Social Credit arose as a device to stop socialists, rather than as a movement to cure economic depression, as in Alberta."12 The results of the 1933 election sent shock waves through the provincial party system. "Seven months after its establishment, the British Columbia CCF had entered a provincial campaign and emerged as the Official Opposition. The new movement won 7 seats and 31.53 percent of the total vote."13

In the election of 1937 the Conservative party fought an aggressive campaign to reclaim the title of Official Opposition, while the Liberals remained the governing party. However, it is certain that the relative success of the traditional parties was, in part, the result of political infighting on the left. A number of supporters of the CCF party could not continue to support the hard-line approach pursued by the party leadership. As a consequence, a new party was formed after the 1933 election, calling itself the B.C. Constructive Party,

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12T.M. Sanford, Politics of Protest, p. 110.

13Ibid., p. 107.
and it offered a less radical alternative for seeking fundamental economic and political reform. This dissension and splitting of the vote hurt the chances for a CCF victory at the polls.

The election of 1937 precipitated full-scale changes in the operation and organization of the CCF. It was quickly realized by party organizers that the party would have to integrate its forces and work in a shoulder-to-shoulder fashion in order to become a major contender for power. Gone was the emphasis placed on grass-root initiative and leadership. The party came to be led by a group of political experts following the 1937 election.

With a new sense of purpose, the CCF reaped significant rewards in the 1941 election. The CCF party shook the foundation of the traditional party system by receiving more votes than either the Conservatives or Liberals. It doubled its representation in the legislature. After the CCF refused an offer to form a coalition, the Liberals and Conservatives changed their strategy.

Out of desperation, the Liberal and Conservative parties formed a coalition in 1941 to increase political stability in the province. As shown by Sherman,

As the votes rolled in, it seemed possible that Canada's first CCF government was about to be elected. The final count showed, in fact, that CCF polled 151,440 votes, the Liberals 149,525, and Conservatives 140,282. The slide had swung 14 seats from Patullo's government, most of them to the CCF. But when the oddities of electoral distribution had done their work on the votes, the dominant Liberals had dropped to twenty-one seats in the forty-eight seat House. The CCF had fourteen, Conservatives twelve, and Tom Uphill, the one-man Labour Party, was the sole independent. The indecisive results brought a widespread clamour for a union or coalition of the parties. The contemporary mood was one of anger that all parties would once more be politicking furiously in preparation for the early death of the minority government that was considered inevitable.
The call for coalition spread quickly through the ranks of both the Liberals and Conservative organizations. Despite Pattullo's desperate appeal for party unity, the Liberal membership voted in favour of forming a coalition and selected John Hart as their new leader. The Conservative party quickly followed suit and pledged support for coalition with the Liberals. B.C.'s first Liberal-Conservative coalition government assumed the responsibilities of office in December, 1941.

There is little doubt that while the decision to form the new coalition did not lack support at the time, the decision to integrate the traditional parties eventually weakened party identities and loyalties in the provincial party system. This confusion was of little consequence when the coalition government enjoyed widespread popularity, but created major problems for the traditional parties when the government was under fire. For Liberal and Conservative supporters alike, the distinctions between the two traditional parties had become blurred, and there was no real free enterprise alternative.

As one might have predicted at the time, the new experiment in traditional party rule reinforced a honeymoon relationship between the party leadership, supporters, and the press. It was a period of political harmony. As surveyed by Alper, "The first few years of coalition government were exceptionally harmonious. Perhaps the most striking thing about the legislative sessions from 1942-1945, was the almost complete lack of conflict exhibited between members of the once rival parties."\(^{15}\) Moreover, "By the end of the 1945 session, even some C.C.F.ers were publicly remarking (albeit reservedly)

that the coalition was the best government British Columbia has ever had. The press followed suit as both liberal and conservative papers lauded the Hart-Maitland government for its solid achievements, its progressive initiatives and its successes in submerging petty partisanship for the good of the province.  

During these early years of coalition the Liberal and Conservative leadership worked closely together to put into place a number of progressive and popular policies. The Hart-Maitland government implemented new initiatives in social policy, post-war reconstruction planning, and initiated public sector development and delivery of electric power in non-urban areas of British Columbia. Stable majority government, progressive policies, and strong integrated leadership characterized the times.

The strains inherent in a coalition government became more evident in the later years of the decade. The precipitating event which led first to political in-fighting, and then severing of formal ties between the Conservative and Liberal parties, was the death of Conservative leader R.L. Maitland in March, 1946. The struggle for leadership within the Conservative ranks, and interparty conflicts over cabinet representation after Maitland's death, were major factors leading to the decay and final destruction of one of the most popular governments in the province's history. After 1946 the honeymoon between the Conservatives and the Liberals was over.

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16Ibid., p. 219.

17It is important to note that W.A.C. Bennett was a valuable member of the coalition team. Bennett had been elected to his first term as a Conservative MLA and he strongly supported the concept of coalition. While he turned down the offer to be a member of cabinet, he participated in the twelve-member Postwar Rehabilitation Council. In his description of Bennett's participation on the Council Sherman noted, "From it, he derived most of the ideas he was to put into effect later. Though nobody could know it then, the council's report would be the vehicle for his later rise to office." See Paddy Sherman, Bennett, p. 44. These sentiments are shared by Mitchell. For further discussion see David Mitchell, W.A.C. Bennett and the Rise of British Columbia, pp. 72-76.
As time passed, the Conservatives and Liberals found it more and more difficult to maintain the coalition arrangement. Political infighting over party representation in cabinet, health care, the provincial debt, the Pacific Great Eastern Railway, and other issues created major divisions between the various members of the coalition.

A major source of conflict, which is of major interest to this thesis, was the struggle for power which was fought between W.A.C. Bennett and Herbert Anscomb for the Conservative Party leadership. It is clear that this battle contributed in a fundamental way to the demise of the coalition arrangement.

As indicated by Mitchell, "Bennett fashioned his campaign in the straightforward style of an interior MLA, a man of the people against the 'big city machine,' and thereby won the support of many rural delegates." It was a bitter campaign fought on a personal level. In his description of this battle, Alper noted:

Echoing the complaints of the younger members, Bennett charged the Progressive Conservative Party for the past four years had been run by an inner council - "a brain trust" - instead of by the "duly elected executive". He blamed the party's failure at the last election on Anscomb, arguing "it was a direct result of the present state of the organization as a one man party." Apart from four or five constituencies, he said, the Progressive Conservatives do not have an organization in British Columbia that is worthy of the name. Bennett brought up the issue of directorates in wine and brewing industries and criticized Anscomb for not giving them up on becoming Finance Minister.

The result of the leadership vote was 450-167. Bennett was soundly defeated by Anscomb. To make matters worse, the newly elected leader insulted his opponent in front of the entire convention. Anscomb, in an obvious attack on

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18 David Mitchell, W.A.C. Bennett, p. 86.

Bennett, told the delegates that, "now we should be looking ahead for a very stable young man who can assume the responsibilities I am now taking for the second time." In another incident, the ungracious victor accepted a portrait of W.A.C. Bennett framed in a toilet seat, and proudly displayed it in front of a press club party. The bitterness and rivalry between the two combatants had reached new heights.

In the spring session of 1947, Bennett became one of the most vocal critics of the coalition government. He had become a one-man wrecking crew.

He openly asked the burning political question of the day: What happens to the Coalition if Premier Hart goes to the Senate? ... If the present Coalition government is in existence at present only to meet the threat of the CCF then this is a very negative policy and is certainly built on sand. One does not need to be a prophet to see the government will collapse. He then launched a devastating attack on all aspects of government policy, criticizing in detail what he felt were inadequate economic and social policies.

As predicted by Bennett, the retirement of Premier Hart in late 1947 put into play a flurry of political infighting between the Conservative and Liberal elite over who should succeed Hart as premier. When newly selected Liberal leader Byron "Boss" Johnson was sworn in as Premier on December 29, 1947, Anscomb and other Tories were not very happy about the turn of events. Anscomb held the opinion that within a coalition government the premiership should rotate between party leaders. It was clear that the Johnson-Wismer-Anscomb government was not well united even at a time when the government's popularity was high.

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20Ibid., p. 317.

21See David Mitchell, W.A.C. Bennett. p. 86.

22Ibid., p. 88.
The period between 1948 to 1952 was a time characterized by political infighting and accusations of financial mismanagement. While a number of Liberals strongly opposed Anscomb's implementation of a provincial sales tax, a few staunch Conservatives disagreed with British Columbia's new compulsory hospital insurance program. Despite some opposition, the concept of providing a public-sponsored hospital program was widely supported by most British Columbians, but the government made a number of errors in implementing the program. This contributed in a significant way to the break-up of the coalition government in 1952.

In 1950, the controversy over the $4.5 million debt of the hospital insurance scheme dominated public debate and permanently drove a wedge between the coalition partners. The first punch was thrown when Finance Minister Anscomb delivered a 1950 budget speech which was highly critical of the government's handling of the hospital insurance scheme. The controversy about the need to increase taxes to meet social welfare responsibilities divided Liberal and Conservative members of the coalition and led to a public display of party differences. This resulted in the eventual collapse of the coalition arrangement in 1951.

The controversy over hospital insurance centred on how best to finance the growing debt of the program. Since thousands of British Columbians had refused to pay their premiums, the program was not self-financing as had been first intended. Finance Minister Anscomb responded by advocating the establishment of an in-patient service charge to help reduce the debt load. The government had decided to increase premiums by $9 and then introduced a new co-insurance charge of $3.50 per day for hospital patients to help finance the program. These new initiatives created new tensions on the government side of the House. Led by W.A.C. Bennett, a number of coalition backbenchers were
becoming more and more concerned about the government's handling of the hospital insurance scheme. As shown by Alper,

While Bennett and Finnerty were the only members on the government benches to vote against the measure, there were signs this "mini-revolt" was only the tip of an iceberg. The hospitalization scheme had become such a wrangle-escalating premiums, overcrowded hospitals, people refusing to pay premiums, and now co-insurance - that the public was becoming completely fed up. Private members who had to face the people in their riding were speaking their minds. During the throne speech debate government members complained that the cabinet was not giving enough consideration to what they had to say.23

A major factor which led to the fracturing of party loyalties and which intensified political infighting over government mismanagement of the hospital insurance scheme, was the second leadership contest fought between Bennett and Anscomb in September 1950. When the new initiatives for re-financing the controversial hospital plan were introduced in the spring session of the legislature in 1951, the Conservative party was badly divided and Bennett had a score to settle. As indicated by Mitchell, "Ancomb's decisive victory was hugely significant. It split the Conservative Party in B.C. apart - young Conservatives withdrew from any activity in the provincial party, and the federal wing of west coast Conservatism would never be reconciled with Anscomb's abrasiveness. By continuing with Anscomb, the provincial Tories had unwittingly doomed themselves to extinction in British Columbia."24

When Finance Minister Anscomb delivered the provincial budget on March 13, 1951, just three days after the debate on the controversial $3.50 per day co-insurance charge, there were signs that the Liberal-Tory alliance was


24David Mitchell, W.A.C. Bennett, p. 100.
about to come to an abrupt end. Breaking the traditions of cabinet solidarity, Anscomb's budget speech was highly critical of the government's hospital insurance policy. Anscomb publicly stated that he opposed increased taxation and new ventures in socialism. The alliance was about to be shattered.

Just two days following Anscomb's budget one of the most crucial events in the history of the province took place. W.A.C. Bennett crossed the floor and sat as an independent. As described by Mitchell,

Bennett believed the hospital insurance issue was a good one to stake his political career on and one from which he could launch out in a new direction. On the day the BCHIS bill came up for final reading, March 15, 1951, he rose in his place in the chamber and delivered an hour-long indictment of the coalition. He opposed policies in each and every government department. He told the legislature that the Hart-Maitland administration was the best government B.C. ever had, but the Johnson-Wismer-Anscomb coalition was far and away the worst government the province had endured. He charged that economy was not being practised in public affairs and predicted that another large budgeting surplus would soon demonstrate that the hospital insurance premiums were unnecessary. After voicing his disgust with the general handling of BCHIS, he concluded his speech with these words: "I now dissociate myself from the present cabinet and the Coalition government both in this House and throughout the province."

In the final year of traditional party rule, W.A.C. Bennett was one of the most vocal critics of the government's policies. He defended what he perceived to be the interests of the 'man in the street' against government incompetence and arrogance. Bennett's tenacious attacks upon government mismanagement created the opportunity for him to become one the best known political figures in the province.

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26 David Mitchell, W.A.C. Bennett, p. 102.
The election of 1952 witnessed the end of traditional party rule. The disputes over hospital insurance and other controversial issues had created major divisions between the two traditional parties which could not be resolved. As a consequence, the Liberal and Conservative parties severed their ties and competed as separate entities in the election.

To keep the socialists at bay, the two traditional parties put together an elaborate plan for the election of 1952. In a deliberate attempt to solidify voter support for the traditional parties on the right, the former coalition leaders introduced a new electoral system. The "alternative voting system" offered first and second choice selections. The strategy was designed to enhance support for the Conservatives and Liberals against the CCF competitors. It was hoped that free enterprise would ultimately triumph, without the nuisance of a coalition government. The plan backfired.

Ironically, the creation of the protest party system in British Columbia, consisting of the CCF as the major opposition and Social Credit as the governing party, was the result of an accident. Rather than selecting the Conservatives and Liberals as their two alternatives, as expected by the traditional party leaders, many of the free enterprise voters selected Social Credit as their second choice. The CCF was once again denied the opportunity to hold the reins of power, despite receiving the highest percentage of the popular vote. The leaderless and sporadically organized Social Credit party received more seats in the legislature and formed the next government. In the end, the combination of a new system of election and voters discontentment with the coalition leadership ushered in a new era of party politics in British Columbia.

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The most important decision made by the Social Credit party was the selection of W.A.C. Bennett as leader. Playing upon the rhetoric of socialism versus free enterprise, Bennett was the major figure responsible for realigning party support in the province. Presenting himself as the defender of the many small interests which supported and relied on a prosperous and free enterprise economy, Bennett promised to eliminate the political chaos of the past. Advocating a non-partisan approach to politics, the new self-proclaimed populist government offered administrative efficiency, restricted popular debate, a northern vision, and economic prosperity.

The conception and growth of the protest party system provided Bennett with a great deal of autonomy for defending and enhancing his territorial and political ambitions. Being the only real alternative to a socialist government allowed the Social Credit government more freedom to operate than would have been the case if the party system was not highly polarized. Moreover, since the Social Credit party was elected without the support of major economic and political interests in the province, the government had few debts to pay. This in

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28 Of course, it should be emphasized that this polarization was not merely a reflection of class divisions in the province, since a good share of Social Credit support comes from workers. Likewise, the NDP is supported by voters of various class backgrounds. For a review of party support in the province see Donald Blake, "Another Look at Social Credit and the British Columbia Electorate," pp. 53-62; Donald Blake, et al., "Sources of Change in the B.C. Party System," pp. 13-28; D.E. Blake, "The Effect of Context in a Polarized Political Setting" (New York: Presented at the Annual Meeting of the American Political Science Association, September 2-6, 1981); D.E. Blake, Two Political Worlds: Parties and Voting in British Columbia (Vancouver: University of British Columbia Press, 1985); D.E. Blake, "The Electoral Significance of Public Sector Bashing," B.C. Studies, 62 (1984), 29-43; Donald J. Koenig and Trevor B. Proverbs, "Class, Regional and Institutional Sources of Party Support Within British Columbia," B.C. Studies, 29 (Spring 1976), 19-28; Patricia Marchak, "Class, Regional and Institutional Sources of Social Conflict in B.C.," B.C. Studies, 27 (1975), 30-49; and W. Peter Ward, "Class and Race in the Social Structure of British Columbia, 1870-1939," B.C. Studies, 45 (Spring 1980), 17-35.
turn increased the opportunity to build new alliances and reshape economic
development in the coastal province according to the needs and desires of the
political leadership. Premier Bennett's dedication to defending provincial
autonomy, territorial integrity, and the interests of the working and small
business man against Big Business, Labour, and outside governments struck a
responsive chord among B.C. voters and made him the peoples' champion for two
decades, but it also increased the opportunity to defend the territorial and
political ambitions of the provincial government.

Politics of Deception and Its Institutional Base

To truly appreciate how Bennett dominated the policy process it is
necessary to understand how powerful the executive level of government is at
the provincial level. As indicated by Noel, "Provincial Premiers occupy roles of
unique significance in Canadian politics. Each in his own province has a standing
and a public visibility unmatched by any federal politician, except perhaps the
Prime Minister himself." Executive domination of the policy process is a
standard feature of the British parliamentary system, but has reached new
heights at the provincial level of government. As asserted by Chandler and
Chandler, "Executive dominance of the policy process is, if anything, even more
prevalent at the provincial level. Shorter sessions, fewer backbench resources,
greater ideological convergence, and a tendency towards one-party dominance
and weak oppositions have traditionally combined to make provincial legislatures
extremely pliable in the face of cabinet dictates."  

29S.J.R. Noel, "Leadership and Clientelism," in The Provincial Political
Systems, ed. D. Bellamy, J. Pammett and D. Rowat (Toronto: Methuen

30M. Chandler and W. Chandler, Public Policy and Provincial Politics
While Bennett did not face a weak opposition and there was limited ideological convergence between the NDP and Social Credit, the fact remains that the Social Credit leadership was directly responsible for the initiation formulation, coordination, and implementation of public policy in the province. The Bennett cabinet not only helped to focus public attention upon provincial issues which were of concern to the government, but in addition, it created and manipulated the public agenda in order to ensure these conflicts were resolved in the government's favour. The dominance of the executive over the policy process was enhanced by the power to prepare and manipulate the financial summaries and accounts presented to the legislature. This power was of great importance in the government's bid to generate public support for its territorial and political ambitions.

Time of Relative Prosperity

A final important factor which helps to explain why the Bennett government was able to embark on this expensive adventure in infrastructure development is the factor of prosperity. All of those interviewed agreed that the relative prosperity of the time Bennett was premier greatly enhanced the ability to promote new transportation and communication linkages in British Columbia. The proposition advocating massive infrastructure development for the purpose of promoting spacial-integration in British Columbia was by no means new. The idea goes back many decades. Especially since the time of Premier McBride, the idea of building infrastructure to open up B.C.'s frontier has been an historical refrain in B.C. politics. Since the idea of exploiting infrastructure to foster integration is not novel to British Columbia, perhaps as a consequence, the political environment was more receptive to the idea of
establishing the structures necessary to promote increased communication and transportation linkages in the province when the economy could better afford it.

The years 1952 to 1972 were a period of rapid economic growth. As noted by Taylor, "In the twenty inter-war years of 1919-39, there was little progress or growth in B.C. The next period of spectacular growth after World War II came once more in response to a foreign demand. Revitalized by the Americans, the Japanese economy demanded B.C.'s industrial metals, and caused the third great mining boom. Simultaneously, twelve new major pulp mills were built."31

During the period of Bennett's premiership, the B.C. economy showed rapid increase in precious metals, pulp and paper, and lumber production.32 Moreover, the tourist, construction, farming, and fishing industries experienced phenomenal levels of economic growth.33 It is clear that this provided the funding necessary to finance the new experiments in infrastructure development.

From 1950 to 1972, while the population of British Columbia doubled, the value of the government's fixed assets expanded from $157,494,103 to $1,424,678,204.34 British Columbia had entered the age of big government. The Bennett government had more resources at its disposal, than had been the case with previous administrations to serve in the province, and it could well afford to

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33Ibid.

use this new wealth to protect its territorial and political interests. With
provincial expenditure increases from $36.2 million in 1951 to $1,419.2 million in
1972, the Social Credit administration had ample opportunity to finance a
number of innovative province-building initiatives.\(^{35}\)

In addition to providing the capital needed to finance a number of new
initiatives in infrastructure development, the prosperous economic times
cushioned the government from harsh criticism. As long as times were good,
there were few opponents of the government’s expensive defence of territory. In
fact, the economic prosperity added to the myth that the government’s
expansionist initiatives contributed in a significant way to the economic growth.

In summation, the combination of a protest party structure, an executive
dominated policy process, and a time of relative prosperity, were crucial factors
contributing to Bennett’s drive to promote territorial unity within British
Columbia. Had the premier operated in a different context, it is conceivable
that the government’s defense of the provincial territory would not have been so
easily implemented. Within the confines of a political system which featured a
highly polarized party system, and strong executive control over the entire
policy process, it was relatively easy to defend the territorial and political
interests of the provincial government.

\(^{35}\)See Province of British Columbia, Department of Finance, "Financial
and Economic Review in 1951;" and Province of British Columbia, Department of
CHAPTER 3
PROVINCE-BUILDING ON THE RAILS

The primary objective of this chapter is to provide new insights into the chain of events which led to the completion and extension of the rail connection between Vancouver and the northern hinterland of British Columbia under W.A.C. Bennett's sponsorship. Focus will be placed upon the various activities and manoeuvrings of Premier Bennett and prominent cabinet members within the framework of Bennett's province-building initiative. The study will provide a detailed analysis of the internal politics which influenced the decision to defend provincial territory from external forces. It is hypothesized that a number of the megaprojects which have been built in British Columbia since the Second World War are, in large part, an outgrowth of political stewardship. Province-building in Canada's westernmost province cannot be understood by focusing exclusively upon economic and class factors.

Infrastructure development within the Pacific province, has been characterized by at least one scholar as a device for shoring up the competitive advantages of commercial interests at the expense of taxpayers.¹ Within this framework, Bennett's public policy initiatives are viewed as instruments for defending and enhancing the role of the private sector in their search for new

¹For further discussion see Martin Robin, Pillars of Profit (Toronto: McClelland and Stewart Ltd., 1973), Chapter VII.
forms of wealth within the province. In the following passage Resnick succinctly encapsulates this viewpoint:

The politics of British Columbia has reflected the movement to monopoly capitalism in the economic sphere. The provincial government and crown corporations have become vastly more important since World War II, providing a whole array of services, and much of the infrastructure for capitalist development. Highway and port developments, to facilitate the transportation and export of B.C. resources, followed thick and fast, while crown corporations such as British Columbia Railway (formerly Pacific Great Eastern) and B.C. Hydro became key boosters of B.C.'s resource industries.2

Such a characterization is incomplete because it underestimates the relative autonomy of the provincial state, and the political jurisdictional component in the objectives of the Bennett government.

While it is clear that the extension of the Pacific Great Eastern (P.G.E.) into the northern British Columbia stimulated economic growth in the province, it is unclear whether the decision was merely the product of societal pressures. Bennett himself was the key player responsible for initiating and designing northern rail policy in B.C. The desires, conflicts, and dreams of the Premier had a major impact on the final outcome of the railway saga.

There is little doubt that one concern of Bennett's infrastructure-building program was the desire to open up a new frontier to commercial interests. As noted by Black, the close connection between economic development and political longevity in British Columbia reinforced an aggressive public policy stance in the affairs of the provincial economy.3 But there were


other more important considerations. Because of the fragmented nature of the provincial economy and society, it was imperative in political terms that the government respond by building the necessary transportation system to facilitate effective integration of the province's various regions. Otherwise, the government would have lacked adequate control over its peoples and resources. Such at least was the view of the Premier.

On various occasions, Premier Bennett indicated that the P.G.E. was an essential instrument for opening up the north to the rest of the province. In December 1954, the Bennett government presented an elaborate plan for economic development to the federal government. Within the document Bennett succinctly stated that,

The cost structure inherent in the geographical character of British Columbia is high and rigid. Compact settlement of population throughout the province is impossible. Its rich natural resources, which are the basis of provincial wealth and income, are separated by large, barren areas. The opening up and development of new resources in the central and northern interior, essential to the further expansion of the economy, require costly transportation facilities.

Bennett saw himself as pursuing the same type of objectives which were pursued by the fathers of confederation, but on a small scale. According to Bennett,

The Pacific Great Eastern Railway occupies a position in British Columbia similar in many respects to the position occupied by the Canadian National Railways in Canada. Both are government-owned lines and become such because of financial difficulties. Both incurred large deficits for many years while serving to open up and to develop sparsely settled areas.

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4For examples see Province of British Columbia, Department of Trade and Industry, B.C. Government News (Victoria: Queen's Printer, December 1955), pp. 4-7; February 1956, p. 4; June 1956, p. 4-6; February 1958, p. 3; July 1962, p. 2; August 1963, p. 6; May 1964, p. 1; April 1966, p. 7; and January-February 1967, p. 3.


The evidence suggests that the Social Credit government viewed northern rail development as a means to promote territorial unity within the provincial boundary. The spatial pattern of economic development in British Columbia reflected the dreams, power struggles, and aspirations of the provincial leadership. It is important not to portray rail development in British Columbia merely as a product of societal pressures.

The Bennett government utilized its control of the P.G.E. in an attempt to reduce the influence of government and corporate interests in Alberta and the federal government in northern British Columbia. Of primary importance to the provincial government, was the need to use railway development to reinforce intra-provincial lines of communication and commerce in British Columbia. Since the federal government did not share these objectives, the Bennett government exploited the P.G.E. as an instrument for defending its territory from Ottawa and Alberta.

The Bennett government viewed the provincial railway as an instrument for changing the landscape as a sign of possession, for patterning movement of goods and persons to conform to a provincial grand design, while stimulating new settlement and economic opportunities in the north. The premier of British Columbia realized that pre-emptive action was necessary, and he stated explicitly in his statement to the Royal Commission on the British Columbia Railway that, "The vision of the north was a recurrent theme throughout the 20 years of the government I served as Prime Minister. During that period almost 1,000 miles of new track were laid over some of the roughest terrain on the face
of the earth." Later on in his presentation Bennett stated that,

In the course of these great undertakings I met repeatedly with four different Prime Ministers of Canada, Canadian National Railway president, Donald Gordon, and many other federal representatives, in efforts to illustrate the negligence of national railway policy. These efforts were met with vacillation and procrastination. The pattern was clear. British Columbia had to pioneer on its own. The national railway, content with the conventional operation and cash flow of the Edmonton to Prince Rupert corridor, ignoring both north and south, shied away from virgin and pioneer territory. Only when the risks were taken by this Province, and the hard work completed, did the CNR and federal Ottawa express interest in the open frontier.8

It was a battle for supremacy in the north fought between political competitors. Bennett built the P.G.E. to promote the regional strategies of his government, and to ensure their implementation, with or without federal support.

Premier Bennett attempted on a number of occasions to gain federal financial aid for his northern railway scheme, but his efforts were not greeted with enthusiasm by Ottawa. As a consequence, the premier became a major critic of the federal government. On one occasion, during his budget address in 1958, the premier stated that,

A great many will recollect vividly the days when the Peace River Block, under the management of the Dominion Government, was justifiably praised as one of the richest areas in Canada and one requiring early development. In the propaganda for settlement, assurance was given by the Federal Government that adequate communication means, particularly by rail, soon would be provided. As a result, thousands migrated to that area. Since then, settlers were repeatedly assured by representatives of both the Dominion and the Provincial governments, that broken promises would be good. Precisely nothing of consequence, however, was provided. This Government, soon after assuming office, made pressing representations to the Federal Government for cost participation in communication and transportation projects designed to give access to immense but dormant riches. The value of the Peace

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7University of British Columbia, Main Library, Special Collections Division, "Presentation to Royal Commission on the B.C. Railway from W.A.C. Bennett," September 6, 1977, Exhibit 173A, p. 2-3.

8Ibid., p. 2-3.
River area to Canada and the Province, and in particular the desperate need for rail transport by the shortest route from that area to Vancouver, was stressed most forcefully. Initially, our plea received, at most, only polite attention. It was therefore decided to proceed immediately with the Pacific Great Eastern Railway extensions to Vancouver and north to both Fort St. John and Dawson Creek, even though it meant reliance on Provincial resources only.9

In conclusion the premier asserted that,

Economic and adequate rail transport will assure rapid and sound development of that northern area. If we bear in mind the ultimate effect of growth potentials of natural gas and oil production, immense power projects, mineral riches, and of all allied industrial and manufacturing production, we can envision the true worth of our northern domain, and the wise daring exercised by the Government.10

Territorial Conflicts and Strategies

In the past, political scientists have generally ignored the prominent role that territorial boundaries have played in reinforcing territorial conflicts, not only between governments, but vis-à-vis society. From the province's inception, respective political leaders have made a concerted effort to increase territorial unity through various public policy initiatives in British Columbia. The P.G.E. is a case in point.

Under Sir Richard McBride's direction the vision of a more united B.C. became a political legacy. For McBride, the vision of a closely knit political empire, stretching from the lower mainland to the northern periphery, depended upon the construction of a railway between the north and south. The drive for north-south integration was not only the result of economic calculation, but was also a response to specific conditions within a new frontier.


10Ibid., p. 3.
When McBride made the decision to push the P.G.E. into the B.C. interior and northward into the Peace River region, he hoped that the transportation facility would play a major role in the consolidation and expansion of the province's economic and political base. Primary emphasis was placed upon reinforcing a provincial pattern of interaction and development. This McBride believed, was essential to fostering greater economic, cultural and political unity in British Columbia. McBride committed his government to reducing transportation costs in the province fully aware of the geographical problems posed by rugged terrain and great distances. Despite the tremendous costs involved, McBride was fully committed to building the infrastructure necessary to defend the provincial territory from outside interests.

The Pacific Great Eastern Railway was first incorporated in 1912, at a time when British Columbia was experiencing its first great economic boom. McBride proposed that the key to continued prosperity and increased tax revenue was the development of the B.C. frontier. After reaching an agreement for the construction of a transcontinental rail system from the Yellowhead Pass to Vancouver in 1909, McBride quickly followed suit by entering an arrangement with Foley, Welch and Stewart for the building of the P.G.E. line between North Vancouver and Fort George in 1912.

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12 For further discussion on McBride's recognition of the problems facing British Columbia as a result of her "eternal realities of geography" see Brian Smith, Sir Richard McBride: A Study in the Conservative Party of British Columbia 1903-16, (M.A. Thesis, Queen's University, 1959), pp. 60-61.

13 See Ibid., p. 196.
The arrangement provided that the shares for P.G.E. stock would be owned by the private investors, with the bonds guaranteed by the provincial treasury. At the time the announcement was made it seemed to be a good deal for the province. Confident of the continued prosperity which lay ahead for British Columbia, McBride proudly declared: "All rates would come under control of the province (applause), thus prohibiting the P.G.E. from having itself declared "for the greater benefit of Canada" and collecting a federal subsidy which would then put its freight rate structure under the control of the Board of Railway Commissioners in Ottawa."15

By June of 1913, the great building boom had collapsed, and with it, McBride's reputation as province-builder. With a massive reduction in British investment in the provincial economy that year, British Columbia faced a bleak economic and political future.

These were poor times for the P.G.E. as well. In 1917 the province was forced to acquire all of the shares of the P.G.E. Except for a short extension to Quesnel in 1921, no further extensions were built until after the Second World War. An era was over. Taylor has noted that, "the years 1913-14 really ended the great period of railway building in B.C. Outside the 80-mile P.G.E. extension to Prince George in 1949-53, no major railway project was undertaken until the

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14Ibid., p. 196.

15It is interesting to note that McBride took great pleasure in announcing that the provincial government would be fully in charge of the project. See Bruce Ramsey, P.G.E.: Railway to the North (Vancouver: Mitchell Press, 1962), p. 47.

W.A.C. Bennett government decided to open up the north. The P.G.E., thereafter referred to as Provincial Government Debt by many of its critics, offered a working line of 176 miles between Squamish and Chasm when Bennett inherited it.

Bennett's Railway

A number of factors influenced the decision to carry on with the P.G.E. extension during Bennett's years of power. First was the desire to open up new territory to commercial interests. Being both a provincial patriot, and promoter of the free enterprise system, Bennett shared all the local fears that the province was losing control over development in the north to Ottawa and commercial interests in Alberta. Having served on the Post-War Rehabilitation Council, Bennett was well informed about the wants and needs of all regions in British Columbia. The Interim Report (1943) and Supplementary Report (1944) had proposed that the P.G.E. be extended into the Peace River to provide new economic opportunities in the north. Following these recommendations, the

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19 Mitchell argues that the experience of serving on the Post-War Council provided Bennett with an opportunity to assess the needs of the province. He argues that during these formative years, Bennett developed a grand scheme for promoting economic growth and integration in British Columbia which included extending the P.G.E. See David Mitchell, WAC Bennett and the Rise of British Columbia, (Vancouver, Douglas and McIntyre, 1983), pp. 71-74. My interviews with Robert Bonner, Wesley Black, and Ray Williston all confirmed that Bennett was greatly influenced by his experiences on the Council.

coalition government had already started constructing the line in 1949, and Bennett carried on from there.

The need for defending provincial territory and preserving the relative autonomy of the provincial state over the spatial pattern of development in the north was a major priority for Bennett. Economic considerations were not always primary in this bid to strengthen a provincial pattern of territorial unification. As noted by the MacKenzie Commission, a major factor under Bennett's premiership, was the goal of defending provincial territory from Ottawa. With the new interest shown by the federal government in building a national railway in the north, the Bennett government responded by exploiting the P.G.E. to defend its control over the pattern of communication, transportation, and commerce in northern British Columbia. The intention was to undermine Ottawa's influence over the pattern of development in the region, and to direct attention to the need for strengthening intra-provincial lines of rail transportation.

For Bennett, the P.G.E. was an important tool for changing the priorities of both Ottawa and commercial interests to conform with his own. The premier hoped to use an integrated railway system to gain support for his vision of a better integrated and united provincial territory. The P.G.E. was an instrument for fostering support for the provincial government's priorities. As indicated earlier, Bennett was unhappy with Ottawa's policies in northern British Columbia. He felt that the best thing the province could do would be to cut the

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21 Interviews conducted by the author with Wesley Black, Ray Williston, Robert Bonner, and various officials at B.C. Rail, all confirmed that the P.G.E. was extended by the Bennett government to increase territorial unity within the provincial boundary and defend the priorities of the provincial government.

dependence upon Ottawa's initiatives so that they could control their own
destiny. Frustration with Ottawa's futile attempts to improve inter-provincial
lines of communication, transportation, and commerce spurred Bennett on in his
defense of provincial priorities.

In defending the past policies of his government, Bennett informed the
Royal Commission on the B.C. Railway that, "It would appear, through the last
five years, that a vision has become clouded if not lost - a vision of opening the
vast untapped British Columbia north; a vision of providing our American
neighbors a vital link between the States of Alaska and Washington; and a vision
of a new Yukon."23 The premier saw the P.G.E. as a tool for gaining support for
a provincial grand scheme for development. Bennett argued, "Canada and the
United States are currently engaged in an era of pipeline debates, all focused on
the extraction of vital energy resources from Alaska and the Yukon. British
Columbia has an essential interest as the land bridge between the resources and
the market."24 He went on to say that his government pushed rapidly into the
northern hinterland hoping to have the "hardware in hand" necessary to
strengthen the province's negotiating position with Ottawa and Washington.
According to the premier, "An operating railway to Dease Lake would have been
a bargaining position that could not have been denied, uniquely poised for the
final steps into the Yukon and Alaska."25

23 University of British Columbia, Main Library, Special Collections
Division, Presentation to Royal Commission from W.A.C. Bennett, Exhibit 173A,
p. 1.

24 Ibid., p. 1.

25 Ibid., p. 6.
The Bennett government put into play a grand scheme for ensuring the province gained more control over its own destiny. Bennett stated before the Royal Commission that, "Transportation is crucial to development. The most promising potential for British Columbia remains in the vast territories north of Prince George. The railway concept was a package deal of transport, forest industries, mines, hydroelectric development, and exploration, some components more advanced in planning than others." He went on to add that, "It was apparent a decade ago that the north would become a dramatic arena of economic activity. The only possible British Columbia involvement in this modern day goldrush was through the railway." The Bennett government viewed infrastructure development as a way of reducing the influence of outside political and corporate competitors, while shaping societal interests along provincial lines.

While a number of experts denounced his government's policies, the premier defended his state-building revolutions with great conviction. Referring to his scheme for northern development, the premier replied to all the criticism that,

Virtually all policy makers and the experts called it hopeless fantasy. History has proved them wrong. The Columbia became a profitable negotiation for British Columbia only when it was apparent we were going ahead on the Peace anyway. In the same context, the Roberts Bank deepwater terminal, the British Columbia Coastal Ferry Services, the Rogers Pass Highway and other major developments became attractive to Ottawa only when my administration forged ahead by itself. This was to be the strategy of the northern extension.

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26 Ibid., p. 4.
27 Ibid., p. 5.
28 Ibid., p. 6.
Another factor which perhaps influenced the commitment to the P.G.E. was the experiences of the coalition government. Several issues surfaced in the public debate staged by the coalition government over P.G.E. extensions which are of major concern to our study. First of all, the failure on the part of the national government to provide transportation facilities between the lower mainland and northern regions of the province resulted in the Peace River economy being solely dependent on the markets, policies, and facilities offered by Alberta. By 1949, the Peace River region still operated mainly within the orbit of the Alberta economy. With the threat of separation gaining strength in the north, it was imperative that the provincial government react quickly, or lose control over the territory, perhaps forever. At issue in this debate was the need to utilize the P.G.E. to effectively integrate the province both economically, and politically.

Initially, the coalition government supported extending the provincial railway but then reconsidered, after the internal opposition questioned the economic feasibility of P.G.E. expansion. The Johnson coalition government came under heavy fire for supporting P.G.E. construction on the main line because it did not serve the principles of sound economic management. Air Vice Marshall L.F. Stevenson (Coalition, Vancouver Point Grey) registered his dissent by quoting a Federal Royal Commission on Transportation finding that, "thousands of miles of railway (are) being abandoned in favour of motor roads." James Sinclair, M.P. for Coast-Capilano, joined in the chorus to criticize the government's call for a P.G.E. extension from Squamish to North Vancouver.

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29 For further discussion on the threat of separation of the Peace see Vancouver Sun, April 24, 1951, p. 4.

30 See Vancouver Province, April 18, 1951, p. 21.
without further study. He felt the fact that twice as much railway was being abandoned as was built in the USA was reason enough to reconsider before going on with the project.31

The divided coalition government reconsidered its policy in light of these criticisms. Fragmented and appearing to have no clear direction, the government reversed its position to support the building of a highway on the old railway right-of-way.32 The results were disastrous. Rather than reducing opposition, as expected, the policy raised further controversies in the province.

Led by J.A. Kennedy, general manager of the P.G.E., Liberals, Conservatives, and members of the CCF all rallied together to defend the project. The cry for provincial integration had unified the most powerful political forces in the province against the government. Economic considerations were secondary. This coalition of interests vehemently challenged Johnson to redirect business going to Alberta from the Peace to Vancouver through a P.G.E. extension. In an emotional appeal to the premier's patriotic sentiments Kennedy lamented, "if you don't build the extension, you might as well turn northern B.C. over to Alberta."33

The campaign forced the Johnson administration to again consider its position on southern extension, but in addition, it ultimately led to further disintegration in the coalition government. Appearing as a fragmented band of unprincipled politicians, Premier Johnson announced his government would

31See Vancouver Sun, February 8, 1952, p. 21.
support southern and northern extensions to the P.G.E. While it was too late for Johnson to take full advantage of the policy, Bennett learned an important political lesson. Fully aware of the support which could be quickly marshalled to serve the needs of his government, Bennett would later exploit the P.G.E. to defend the provincial territory from outside forces.

The physiography of British Columbia provided many obstacles to effective provincial integration. Consisting of several distinct regions of economic potential, ranging from prime agricultural land in the interior, petroleum country in the Peace, coastal forests on the coast, and majestic mountain systems in the East and West Kootenays, the two most important barriers to economic and political integration in the province were physiography and the incredible distances between the regions of the province. Against the context of rugged terrain, it was imperative that the provincial government invest heavily in providing transportation facilities. If British Columbia was ever to have permanent trading connections within provincial boundaries it was necessary that a new transportation infrastructure be created. The terrain dictated the necessity of provincial government leadership for the undertaking of these infrastructural tasks.

In the rush to reinforce provincial lines of transportation the Bennett government set its sights on utilizing the P.G.E. to strengthen its control over the spatial pattern of development in northeastern British Columbia. Prior to the completion of the John Hart Highway in 1952, there was no transportation

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34 See Vancouver Sun, May 21, 1952, p. 2.

35 For a thorough review of the geography of B.C. see J.C. Horwood, British Columbia: An Introduction to Geographic Studies (Toronto: McClelland and Stewart Ltd., 1966).
link between the Peace River Region and the commercial heartland. In fact, "Before World War II practically all social and commercial contacts were with Edmonton, Alberta, there being no highway or rail connections with southern British Columbia." It is important to note that the natural lines of communication and commerce overlapped provincial boundaries. By 1952, the conditions of isolation, coupled with the sharing of facilities with the communities of northern Alberta, had reinforced the natural growth of a group consciousness in the region. Many residents recognized their distinctiveness and their special interests, calling for a re-drawing of provincial boundaries in the north.

From 1952 onward, regional integration and the defence of British Columbia's northern hinterland became a central concern of the premier. In the 1960's the Bennett government substantially enlarged its control over the territory. Greater attention to economic growth and integration moved the government in the direction of solving the basic infrastructural problems of the Peace. The P.G.E. was utilized by the government to promote a stronger sense of identification between the residents of the province. The P.G.E. reinforced new intra-provincial transportation linkages within British Columbia and this created a new series of associated social, economic and social interdependencies within the B.C. border.

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Bennett's Early Development Strategy

Premier Bennett had a clear vision of provincial development. Bennett saw himself as a builder, a man who could overcome the obstacles posed by geography.\textsuperscript{37} With the map of British Columbia permanently embedded in his memory, he approached each problem from the perspective that it was imperative that the government play a key role in supporting the growth of a more united provincial society. It was assumed that the value returned to the province would undoubtedly be greater if the economy was controlled from within. While the importance of these activities have been hotly debated by economists, the political impact was clear. The premier and the rest of the cabinet felt it was a crucial stage in the province's development. The electoral victory brought to power a group of outsiders who did not have close ties with established pressure groups in the province and who were not paralysed by internal fighting. It meant the dream of building a more spatially-integrated province could finally be fulfilled.

Bennett was fully aware of his role as province-builder. Determined that the important job which lay ahead should not be further delayed by patronage, incompetence, professional politicians, nor internal bickering, Bennett retained firm control over the activities of his cabinet, and the legislature. Most selective in whom he picked to sit beside him in cabinet, or on the P.G.E. board of directors, the premier retained full power in directing the affairs of the province. W.A.C. Bennett was a very private person who made a practice of distancing himself from his political colleagues. He never participated in idle conversation with other members of the cabinet, and never spent more than an

\textsuperscript{37}This paragraph draws heavily on interview material, particularly upon information provided by Wesley Black, former provincial secretary in the Bennett cabinet.
hour at any time discussing problems with individual ministers. Yet one always knew what had to be done after these brief discussions. Bennett also maintained full control in the legislature. He was not a strong advocate of detailed and time consuming debates in the legislature, nor as we shall see, was he a proponent of well informed debate in the Legislative Assembly either.

**P.G.E. - The Political Railway**

In 1952, the Bennett government inherited the assets and liabilities of previous administrations to serve in the province. Earlier efforts to encourage intra-provincial ties between the commercial heartland and periphery had largely failed. Given the commitment of the Socreds to a positive role for government in developing the provincial economy, Bennett accepted the traditions of a government-directed railway. In fact, one of the first actions of the premier was to appoint himself in charge of P.G.E. operations. It was clear he planned to be the political leader of the development scheme. As noted by Langford and Swainson, "British Columbia has had a long standing tradition of placing ministers on the boards of public corporations. The custom dates from the acquisition of the P.G.E., whose presidents over a continuous stretch from the mid-thirties until 1976 were the province's premiers." Bennett carried on the tradition by appointing himself as president, with Finance Minister Gunderson, Bernard Allen (former manager of the CNR in Vancouver) and James Stewart (past chief engineer of the P.G.E.) as directors.

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38 This information was obtained in interviews conducted by the author with Wesley Black and Ray Williston. Ray Williston was another member of the Bennett cabinet, and former member of the P.G.E. Railway Board of Directors.


The new premier attempted to rid himself of the past liabilities of the railway through various strategies. First of all, in a bid to secure federal funding to pay off past debts, Bennett attacked the hauling practices of the Canadian National Railway. He contended that the 1912 agreement between the Grand Trunk railroad and the P.G.E. guaranteed that the provincial rail system was entitled to all "passenger, express and freight traffic originating on the Grand Trunk system east of Prince George and destined to Vancouver."\(^4\) The original agreement clearly stipulated that it "bound future heirs, successors, and assignees of both parties."\(^4\) While only in effect when the P.G.E. completed the line to Prince George, the agreement was to be operative for a period of fifty years.

The strategy of invoking confrontation with the federal government over the CNR monopoly served several objectives. The premier promoted confrontation with Ottawa in a deliberate bid to secure federal support for the provincial railway, and focus public attention upon an issue which concerned the provincial government. In the end, the province received only a $1,230,000 federal subsidy for a P.G.E. extension out of Prince George, but it was an important symbolic victory for the Socreds.\(^4\) Ottawa's domination of northern rail transportation was about to be challenged, as the provincial government attempted to use its powers to redirect traffic away from the federally supported Edmonton-Prince Rupert Corridor, towards Vancouver.


\(^4\)A number of legal experts proposed the agreement of 1912 was not enforceable since the P.G.E. never completed the line by 1915. For further discussion see \textit{Vancouver Sun}, October 2, 1958, p. 21.

One of the biggest problems confronting the new government in 1952 was that it was an unknown commodity. Increasing the Socreds popularity may have been a major objective of the federal-provincial clash. The conflict over the priorities of northern development provided a stage to re-awaken provincialist loyalties, while gaining recognition for getting the job done. Bennett's team broke the recent pattern set during the coalition era, by integrating political forces in the province in a major battle with Ottawa over the priorities of regional development.

In December 1953, Bennett initiated talks with Ottawa to lay out his government's plan to build a major rail system to Dawson Creek, bringing together the Vancouver market and the northern hinterland. A major document outlined plans for a P.G.E. extension to Vancouver, and from Prince George to Dawson Creek. But Ottawa had other plans. While unconvinced about the economic merits of P.G.E. extensions, Ottawa had its own ideas about northern expansion. The province was on its own.

As indicated in the MacKenzie Commission Report and by Ruppenthal et al., the Bennett government utilized the P.G.E. as a vehicle to strengthen the control of the provincial government over the northern interior and Peace River regions of British Columbia. Embroiled in a bitter struggle with the federal government over the control over northern development, the Bennett-led Socred government extended the railway with the clear intention of defending the provincial territory from Ottawa. Other considerations were secondary. It was an intense battle which Premier Bennett appeared to be determined to win at any cost.


Railway development in northern British Columbia represented the goals and dreams of an ambitious provincial government. Williston observed in his submission to the Royal Commission on B.C. Rail that:

The Canadian Federal Government, then under Conservative leadership, formulated a comprehensive plan for improving conditions in the north. This was a popular concern in this period. Provincial governments responded to the interest by producing their own plans for development of lands which had identifiable resources for exploitation. Oil and gas in the Peace River provided an original interest for British Columbia's northern thrust along with the economic desire to displace Alberta's growing influence on the activities covering almost one quarter of this province's land mass.\(^{46}\)

The Bennett government formulated and pursued its own policies in an attempt to gain support for the regional and economic development strategies put forward by the provincial leadership. Bennett engaged in defining societal problems and framing the strategy necessary for resolving them. For the premier, a major problem facing the province was the power exerted by Ottawa over northern development, and the inability of the province to control its own destiny. The Bennett government opposed Ottawa's bid to reinforce inter-provincial lines of development. The P.G.E. provided only part of the solution.

As reported by the Council of Forest industries of British Columbia,

Mr. Williston, former Lands and Forests Minister for the Province, discounted the likelihood of either CN or CP taking a progressive stance on expansion in B.C., when he suggested: "any time a national railroad operating out of eastern Canada can get a feeling of commitment, understanding, development in the northern part of British Columbia and get those directors who come from all parts and don't know even where the geography is to make a decision on our behalf which makes some kind of sense..."\(^{47}\)

\(^{46}\)University of British Columbia, Main Library, Special Collections Division, "Presentation to Royal Commission on B.C. Rail from Ray Williston," September 1977, Exhibit 186, p. 2.

\(^{47}\)University of British Columbia, Main Library, Special Collections Division, "Brief Presented to Royal Commission on B.C. Rail by Council of Forest Industries of B.C.," January 1978, Exhibit 285, p. 5.
Rail extension in the north was viewed by the Bennett government as a means of defending its regional and development strategies against Ottawa and commercial interests in Alberta. It was a race for control over territory. The P.G.E. expansion was one component of an overall general scheme designed to defend provincial state autonomy. Referring to the plans for northern development, Williston suggested that,

To be consistent this action required that the Peace River power be acquired as well. Although not originally planned, all work undertaken on rail development was also acquired by the province and turned over to the P.G.E. The prime reason for the take-overs was to ensure that development action would proceed. Rail extension was not the motivation but it became affected by the same general policy. The government was action oriented.48

W.A.C. Bennett approached the building of a provincial railway with great care because there was much to be gained or lost. The P.G.E. had always been a source of major conflict in British Columbia, and many doubted he would complete the dream without losing significant political support. Yet he remained determined the project would be completed as planned. The pivotal factor in the successful completion of the dream was the ability to control the public debate. Perhaps influenced by experiences of the coalition government, the premier made a standard practice of providing only limited details on the actual costs and benefits of the rail-building scheme. Bennett effectively undermined the rise of strong opposition, by deliberately limiting the opposition's access to the relevant facts on the affairs of the public corporation.

48University of British Columbia, Main Library, Special Collections Division, Presentation to Royal Commission from Ray Williston, Exhibit 186, p. 2.
Format for Success

As a direct result of Bennett's initiatives, the province of British Columbia witnessed an extensive rail-building program between 1952 and 1972 (see Map 2). In 1953, the eighty mile rail linkage between Quesnel and Prince George, started earlier by the Coalition government was completed. The new premier quickly realized the potential of the P.G.E. for advertising the government's commitment to economic growth and integration. So he pressed on. By 1956 the controversial southern line linking North Vancouver and Squamish was finished.\textsuperscript{49} The railway simultaneously was pushed northward to connect Prince George to Chetwynd in 1955. In 1958, the Peace River region was made more accessible to the rest of the province with the completion of new lines connecting Fort St. John and Dawson Creek.\textsuperscript{50} The government renewed its support for improving rail transportation with the construction of a extension from Kennedy to the town of Mackenzie in 1966. With a line completed to Fort St. James in 1968, Bennett pressed further and further into the northern hinterland. Yet even Bennett could not continue to finance such an ambitious project forever. The last project to be successfully completed was a 250 mile extension between Fort St. John and Fort Nelson in 1971. The Fort St. James to Dease Lake extension, started in 1971, was abandoned in April 1977 as a result of high construction costs.

\textsuperscript{49} For further details see B.C. Government News, January 1957, p. 1.

\textsuperscript{50} See B.C. Government News, February 1959, p. 3.
MAP 2
MAIN RAILROAD LINES

LEGEND

Railways
Under Construction
Under Survey

P.G.E. Pacific Great Eastern Railway
C.N.R. Canadian National Railways
C.P.R. Canadian Pacific Railway
B.N.I. Burlington Northern Inc.
W.P. & Y. White Pass and Yukon Route
N.A.R. Northern Alberta Railway

The P.G.E. had finally become a major transportation link in British Columbia. Bennett had succeeded where so many others had failed. The province finally completed the dream when it was unclear whether the P.G.E. was the most cost-effective mode of transportation for spurring industrial expansion. It is certain that Bennett's ability to control the public debate was a major factor in this development. Had it not been for Bennett's political initiatives, the project may not have been completed as far as it was.

Evidence of limiting public debate through the deliberate suppression of relevant facts about the actual costs of P.G.E. expansion can be documented throughout Bennett's premiership. By failing to disclose full details on the actual costs and benefits of the province-building project, Premier Bennett was successful in preventing the rise of a strong opposition, either within or outside the governing party.

During the crucial early years of debate over the merits of extending the line — south to the Lower Mainland, and north through the Central Interior — there was not much information presented on the economic feasibility of the project. Relying more on political instinct than anything else, the premier pushed on with the construction. Until 1959, there was not an annual report on the P.G.E. per se presented in the legislature. Instead, the government prepared an annual report of the Railway Department. This had been the standard practice of previous British Columbia governments.

It is interesting to observe how the material was presented to the legislative assembly. Rather than comparing the costs and benefits of the extensions, the Railway Department's commentary focused almost entirely on how the industrial expansion in the province was, in part, a consequence of building new transportation facilities.
In the report of the Railway Department in 1953, the government stated, "the continued industrial expansion within the Province intensified the activities of the Department, with many new transportation installations pursuant to the Railway Act."\textsuperscript{51} It is worth observing the industrial expansion was seen as propelling transport development. Yet by 1954 the government openly declared, "the industrial expansion in British Columbia over the past few years has been phenomenal. Most of us are apt to think this great expansion is due alone to our vast and unlimited natural resources and development of our natural water power. One should remember, however, that improved methods of transportation have been and will continue to be the deciding factor in our future development."\textsuperscript{52} By definition, to oppose the P.G.E. extensions would be equivalent to opposing economic advancement. In 1956 the report of the railway department characterized the rail construction north of Prince George as a great catalyst for spurring economic growth in the Peace.\textsuperscript{53} The report succinctly stated, "this has shown a marked impetus in progress in the Peace River area, as towns are developing rapidly in anticipation of the new rail connection."\textsuperscript{54}


\textsuperscript{53}The \textit{B.C. Government News} printed an article entitled "Pacific Great Eastern Railway Opens Gateway to Northern British Columbia" in an attempt to increase public support for the government's policy. See \textit{B.C. Government News}, June 1956, p. 5.

While these reports were full of optimism, there was little detail to support the boastful claims. Consisting of only a few pages, the reports focused almost exclusively on the progress achieved during the year. To provide a general background on the history of rail construction in British Columbia, several of the sessional papers explored such topics as the history of Saanich Peninsula Railways, and the history of railroad logging, among others. The purpose of these inquiries was never made clear, but may have been used to legitimize the government's existing rail program.

From 1959 to 1972 the Bennett government circulated a brief annual report reviewing the general policy thrusts of the P.G.E. The primary purpose of the document was to highlight the importance of the rail facility to the growth of the regions which it served. As well, each annual report provided a set of financial statements to review the assets, liabilities, and revenues that accrued from the operation of the rail facility. While these annual documents never properly assessed the actual costs and benefits of the P.G.E., they always assumed the rail facility was a positive force in the provincial economy. From 1965 onward when phase two of the construction scheme was in the works, it became a standard practice to review the pattern of industrial development along the rail line. The annual reports echoed the assumption made earlier by the premier that the rail construction program and a high level of economic growth were interdependent, but there was no concrete evidence on which to base such a claim.55

While the railroad had promoted new industries throughout

55As well, the provincial government published a number of articles in an attempt to gain public support for its policies. In an open letter to the youth of the province, the premier declared in 1964 that, "Another part of our communications system is the Pacific Great Eastern Railway. Both as a potentially sound business operation in its own right and as a powerful instrument of development for the whole Province, the Pacific Great Eastern had a great
the interior and north, it was unclear whether the P.G.E. was the most cost effective mode of transportation.

Throughout Bennett's years in power, the operations of the provincially-owned railway were not closely monitored by the legislative assembly. Being a doer rather than a debater, Bennett never put in place an effective control system to ensure the P.G.E. was fully accountable to the legislature. The desire to preserve the control of the provincial government over the development of the province took priority over the right of effective legislative control. The problem of non-accountability of public corporations in the B.C. legislature was recently addressed by Langford and Swainson, who observed that,

First, we should note that the British practice of accompanying the presentation of a corporation's report with a short ministerial statement, and then following it up with a lively debate, has never been part of this province's legislative tradition. Such reports are regularly tabled without comment.

The written question responded to by a written reply has long been used in the province's legislature; it has frequently been and still is addressed to a probing of the affairs of public corporations. The oral question is crucial as well, but was not allowed in a daily question period until the spring of 1973. Until that date oral questioning on public corporate affairs was normally possible only when the estimates of designated ministers were being dealt with in the Committee of Supply. The grilling then on corporate affairs was frequently intense. Still interrogation was truncated. Until 1973 it was never carried over to any of the legislature's committees, which did not review public corporation reports. Further, the corporations were not included in the public accounts.56

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Throughout the years of the Bennett premiership the opposition was unable to mount a systematic review of the costs and benefits of P.G.E. expansion. As indicated by Wilson: "Prior to 1973, Committee of Supply provided the opposition with its only real opportunity to set the agenda of debate and extensively question ministers. From the standpoint of controlling government expenditure, the supply procedure leaves much to be desired. The format is much more likely to produce attacks on visible and politically saleable government weak spots than exhaustive and expert scrutiny of government performance or plans."57

British Columbia's premier resisted many reforms which had become popular in other jurisdictions, and "continued the spring sitting pattern which had been the norm throughout most of the century."58 Ruling with the combination of short sessions and Members' indemnities ensured the opposition had no opportunity to scrutinize closely the affairs of the provincial railroad.59 Within such a context, it is not surprising the premier had a powerful influence over the affairs of the development scheme.

The history of P.G.E. extensions clearly illustrate how important a factor Bennett's domination of the policy process was to the distribution of economic development in B.C. between the years 1952 to 1972. Premier Bennett exploited his position of power to dominate the policy process to serve his government's territorial ambitions. When Ottawa expressed interest in fostering


58 Ibid., p. 31.

59 Wilson argues that, "Members' indemnities ensured that noncabinet MLAs other than those who were independently wealthy or conditioned to living at the poverty line would be compelled to turn to other jobs at session's end." See Ibid., p. 32.
development in northern B.C. in the early 1950s, the Bennett government reacted to protect its control over the pattern of northern development. As reported in the *Vancouver Province*, at the time, "The P.G.E. is a race to ensure that trade channels do not develop in other directions." Bennett was prepared to defend his government's control over the provincial territory, even if it meant putting into place a controversial rail line. Unaided by economic feasibility studies, the premier rammed through the required legislation for extending the northern and southern lines. Yet it was a gamble the premier could well afford to take since the opposition was never kept well informed, and the legislative sessions were short. The Bennett government was in a very good position to defend its priorities against Ottawa.

These actions outraged the members of the opposition. Led by Robert Strachan (CCF, Cowichan New Castle) the opposition charged the government had called for tenders for P.G.E. extensions before the House had been properly consulted. The CCF also condemned the abuse of legislative privilege, joining with others calling for a full inquiry into P.G.E. operations.

Despite the transgression, the government remained unwilling to compromise. The threat posed by Ottawa's plan to improve transportation facilities between northern B.C. and Alberta provided a strong incentive to press on. Committed to the policy with his heart and soul, Bennett replied, "this government is not going to allow any obstructive methods being used outside this House or elsewhere to stop construction of this railroad which was promised by

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political parties for 40 years."^62 Because of the threat posed by Ottawa's scheme for northern development, other more efficient modes of transportation were never fully investigated. With Bennett ensuring quick passage of a loan bill for $30 million, the future of the P.G.E. was guaranteed.^63

A number of prominent critics opposed the P.G.E. construction schedule. There was some doubt whether further P.G.E. extensions could be justified on purely economic grounds. The Vancouver Board of Trade issued a brief stating that it would never endorse further railroad construction unless an exhaustive investigation of all factors verified the project was feasible.^64 Gordon Gibson (Liberal-Lillooet) charged it was necessary that further studies be done on the merits of extension, and Ottawa had refused to finance any further extensions, until a commissioned study had completed a thorough review on the economic merits of the policy.^65

Premier Bennett fought the political opposition, fought the business community, and fought the federal government on the issue. He consciously moved his government forward in order to defend his government's control over northern development. By the time of the landslide electoral victory of September 1956, in which the Socreds obtained 39 out of a possible 52 seats, the government was in an excellent position to continue to defend its territorial

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^63_Bill No. 21 initiated "an Act to borrow the Sum of Thirty Million Dollars for the purposes therein specified" first read on March 17th, passed a third time on April 7th, 1954, without amendment. For further discussion see Province of British Columbia, _Journals of the Legislative Assembly_, Session 1954 (Victoria: Queen's Printer, 1954), pp. 52, 129.

^64_Vancouver Province_, March 23, 1954, p. 9.

ambitions. Part of the government's success came from the ability to create the impressions that its railway policies served the needs of the provincial economy.

The government's well-publicized campaign to utilize public funds to finance the growth of new transportation linkages within provincial boundaries, struck a responsive chord among the members of the electorate. Bennett had become a myth of his own creation. With polarization of political alternatives intact, Bennett continued to mobilize his forces to take advantage of the opportunities offered by a protest party system to intensify intra-provincial patterns of spatial interaction in B.C.

The pattern of curtailing public debate on the merits of P.G.E. continued throughout the Bennett years. Since it was generally recognized that rail transportation was not the most efficient mode of surface transportation available, it did not serve the government's best interests to accommodate excessive political discussion. The charges made by CCF Leader Robert Strachan over the fact the Bennett team had, for purposes of political expediency, boosted its chances for election in 1956 by pushing the building of a rail link between Squamish and North Vancouver ahead of the road, demonstrated the further need to limit all future public debate. It had become public knowledge that the affair saddled the province with an extra cost of "55 cents a cubic yard of moving material twice." Here was incentive enough to keep a lid on future public debates.

Evidence of Bennett's ability to control the focus of public debate, the power to set priorities for the political agenda, can be traced throughout the history of the P.G.E. Nearly every spring session it became a common practice

66  *Vancouver Province*, February 10, 1959, p. 15.
to push through a new Loan Act to accommodate further construction. Yet there never seemed to be enough time for a well informed public debate. Bennett's ability to stage events, and create the impression all was going well with the provincial railway, left the opposition at a distinct disadvantage. Since the provincial economy continued to grow at an unprecedented rate, the general public was not really concerned about reform, or about changing their allegiance.

Creative Financing

The economy of the province was profoundly affected and its pattern of commerce was greatly influenced, by the decision to extend the P.G.E. into the far north. However, the project was a financial disaster from the start. The Bennett team knew their limits from the past failures of previous attempts to extend the P.G.E. Nonetheless, the dream was never open to compromise. Although the problems of finance were far from being solved, the economic boom which characterized the times provided an effective shield between government and society. To be sure, the opposition from businessmen over the escalating costs of government was only minimal during these times of prosperity.

Public support was enhanced by the employment of an unorthodox public accounting system. The Bennett government deceived the general public in reporting the financial performance of the P.G.E.

The style of P.G.E. financing changed a great deal in British Columbia under the Bennett government. In March 1954 the new financial system was first

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67Vancouver Province, February 10, 1959, p. 15.
put into play with the retiring of the outstanding debt of over $93 million. The Pacific Great Eastern Company Debt Adjustment Act was passed to integrate borrowing practices and put the railroad on a sounder financial footing, but things were not as they appeared. The bill provided essentially two methods to secure funds for expansion. Prior to 1954, all railroad operations were financed either directly from general revenue, or from loans secured by the province. Under the new scheme, direct financial assistance from general revenue was continued, along with a new provision granting the P.G.E. the power to secure loans on its own behalf. These debts became a contingent liability of the province. As noted by Carlsen, "the Act of 1954 wiped out the P.G.E. indebtedness to the province, and in its place provided for the acquisition by the Government of P.G.E. stock at a par value of $65 million." In a bid to present a debt-free P.G.E. to the electorate, the government purchased shares in a corporation it already owned!

Bennett devoted considerable energy to the art of creative financial reporting. As both finance minister and president of the railway, his bookkeeping wizardry came to play a primary role in forging political support behind the P.G.E. The premier insisted the P.G.E. would eventually become a financial success, but the figures showed a different story.

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68Vancouver Province, March 26, 1954, p. 7.

69See Province of British Columbia, Journals of the Legislature Assembly, pp. 52, 75, 129.


There is much evidence to suggest that Bennett deliberately deceived the public on the financial affairs of the provincial railway. For instance, in 1959, the Socreds employed a new unorthodox accounting system to shore up the financial outlook for P.G.E. operations. The auditors who reviewed the financial statements that year reported the railroad had capitalized costs in a manner unacceptable to standard accounting procedure. While the premier responded that the change had been necessary as a result of an internal management decision, it was clear the purpose of the procedure was to distort the financial record on the performance of the railway.

The findings of the Royal Commission on B.C. Rail add credence to this thesis that Bennett distorted facts. The Commission concluded, "the idea of a government department serving as a public watchdog over a railway of which the Premier is president, has in it an element of political farce of the comic genius of Gilbert and Sullivan." At the time Barrett took over the responsibility for the P.G.E. in 1972, "proper accounting principles disclosed that it had lost money every year for at least two decades and by the end of 1973 had a cumulative deficit of 66 million." Even the attempt to credit Ottawa with a debt it never promised to pay could not conceal the fact that Bennett had improperly boasted about recording a profit in nearly every year of his premiership.

72 Vancouver Sun, February 21, 1959, p. 13.
73 Vancouver Sun, February 28, 1959, p. 6.
74 Royal Commission on the British Columbia Railway, Volume 3, p. 132.
75 Ibid., Volume 1, p. 14.
76 In March 1961 the Socred government enacted an Act which declared the federal government owed the province $19.8 million for northern extensions. While the books were adjusted, Ottawa never acknowledged the debt. Vancouver Province, November 26, 1956, p. 1; Victoria Daily Times, November 30, 1958, p. 6; and Paul Gamble, The B.C. Railway and Regional Development, p. 17.
The general public was clearly fooled by the political elite. The creative financial system effectively manipulated political support for the P.G.E., while it helped secure extra funds for other province-building schemes. With the actual costs and benefits of the development scheme conveniently hidden, the government retained strong support for its policies. But in addition, Bennett exploited the financial hocuspocus to secure extra funding at lower interest rates for financing other province-building initiatives.77

Winners and Losers

It is perhaps only fitting that an investigation into railroad infrastructure-building should make some reference to the major benefactors of the policy. Who were the major benefactors? Did the executive leadership pose a major threat to the prevailing economic order and its major beneficiaries? Was the province-building thrust a response to conditions prevailing in the private enterprise system, or did it mainly serve the objectives of an ambitious administration?

There is little evidence to suggest the decision to push the government-sponsored integrated rail system into the far north was motivated primarily by the need to serve the interests of powerful economic groups. The main impulse for the executive behaviour was the perceived need to utilize the powers of the state to foster the growth of a more united and autonomous province. Within the confines of a stable governmental environment, the provincial state operated

with an interest and logic of its own. With an interest and logic of its own.78 Perched at the heights of decision-making hierarchy, Bennett extrapolated the dreams created by previous administrations to erect a barrier to external influences. The premier had a clear vested political interest in completing the project at a time when conditions were ideal.

The British Columbia economy experienced rapid economic growth between 1952 and 1972, but it is unclear whether the P.G.E. was a major contributing factor. The 1950's and 1960's were the age of Trucking. As indicated by Purdy, the national rail strike of August 1950 clearly demonstrated that long-distance highway travel provided a cost-effective and flexible alternative to rail shipments.79 With the faster, more reliable service, plus competitive price, for-hire trucking was a more popular form of commercial transportation. With the exception of grain, coal, and other bulk goods, highway transportation offered a more efficient and reliable transportation service.

78 In a recent interview Patrick McGeer, former provincial Liberal leader, and now Minister of Science and Technology, confirmed that the protest party system and time of relative prosperity provided the premier with the necessary resources to continue on with the vision. He maintained further that each provincial leader to serve in the province has adopted the northern development dream in response to the inherent pressures of operating within the capacity of premier. Apparently, accepting the responsibility of defending the interests of the provincial constituency influences how each occupant viewed his role. Incompatible state/society interests provided the rationale for developing and fostering new ties within the province. Since the natural lines of spatial integration and commercial activity did not conform to a provincial pattern, the Bennett government went out of its way to reinforce new intra-provincial lines of transportation, communication, commerce, and political allegiance.

79 For further discussion see H.L. Purdy, Transport Competition and Public Policy in Canada (Vancouver: University of British Columbia Press, 1972), p. 30.
In contrast, railroad construction was not expanding rapidly throughout most of North America when the decisions were made to complete and extend the P.G.E. In particular, "as the Canadian economy and its transport requirements became more sophisticated, railways (were) losing traffic at an accelerating pace to other modes regardless of what they charge(d) for their services." Yet Bennett continued to adopt policies and take actions which were perhaps disadvantageous to the long-term interests of the economy. At the time the premier was citing the virtues of P.G.E. expansion "50,000 miles of railway track (had) been abandoned in the United States," and Canada had 8,600 miles of obsolete rail lines.

There is ample evidence to suggest that Bennett failed to meet the needs of the general economy by implementing the rail program. In a brief submitted to the Royal Commission on B.C. Rail, Ruppenthal and Keast concluded, "In many areas of British Columbia, the railway is not an appropriate mode of transportation. It is not appropriate because many of the province's resources are separated by difficult terrain. Unless the pockets of resources are both rich and continuous, a rail network is unlikely to be a financial success." The authors indicated that an underlying conflict between the needs of government and the general economy helped produce an archaic and inefficient transportation development scheme. It was proposed that a disjointed series of transportation facilities, consisting of strips of rail and highway linkages, would have better served the needs of the extractive-based economy.

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81Ibid., p. 58.

These findings were generally supported by the MacKenzie Commission on B.C. Rail. The assumption that the P.G.E. was an effective development tool for connecting markets in Vancouver to the resources of the northern hinterland was flatly rejected by the inquiry. In point of fact, the Commission discovered that, "most of the BCR southbound traffic is U.S. destined interline freight much of which could more economically be moved via Prince George and the CN."\(^{83}\) The Commission also discovered that while 80 percent of P.G.E. freight is made up of forest products, "it moves less than one-third of the B.C. rail originated forest product traffic, about 15% by value of the province's total forestry industry production."\(^{84}\) Representing a cost of over $1 billion in invested capital and operating losses, these expenses could not be justified on economic grounds. While "the northern expansion program contributed an extra 740 miles of railway to the existing 462-mile strip between North Vancouver and Prince George," it also "created a debt for the provincial economy representing an average of more than $500 per family in the province."\(^{85}\)

If one went beyond the boundaries of the explicitly economic determinist framework, other arguments might better explain the history of events which led to the decision to extend the P.G.E. into the north. While the P.G.E. expansion occurred in a period of economic boom in the province, it may be argued that an even higher level of economic growth would have been achieved without the railroad.\(^{86}\) There were several factors which influenced the boom, but the most

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\(^{84}\)Royal Commission, 1978, Volume 1, p. 13; see also Volume 2, p. 63.

\(^{85}\)Royal Commission, 1978, Volume 1, p. 75.

\(^{86}\)For further discussion see Royal Commission, 1978, Volume 2, p. 102.
important was the demand for B.C.'s resources in the international marketplace. If we are correct in our assessment that the railway construction scheme was a coincidental occurrence, and not the cause of the economic growth, what motivated the northern expansion drive?

The northern expansion scheme was a direct consequence of Bennett's desire to shut out the influence of external forces. Bennett hoped the project would increase the power of his government to impose its development objectives through building societal support. Since Ottawa was seen as not being concerned about building new intra-provincial linkages within B.C., the premier was determined to do it himself. Northern expansion was propelled by a dream of acquiring and controlling new territory. It was a clear strategy of defensive expansion.

With the great interest expressed by Ottawa for developing the north, there was a strong incentive to increase the provincial government's influence over the pattern of development in the north. The costs of the project were only secondary in the final analysis. Primary emphasis was always placed upon utilizing public funds to ensure the provincial government maintained maximum control over the geographical pattern of transportation within the provincial boundary.

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87It is worth noting that Cameron discovered that, "the openness of the economy is the best single predictor of the growth of public revenues relative to the economic product of a nation." We propose that within the context of the Canadian economy, competing governments also react to external political and economic forces. The evidence suggests that the Bennett government extended the P.G.E. to enhance its power to control the priorities for northern development. For further detail see David Cameron, "The Expansion of the Public Economy," *The American Political Science Review*, Vol. 72 (1978), p. 1254.

88At the same time the Bennett government was implementing its development strategy, Ottawa had set its sights on building a new rail network connecting northern B.C. with the central heartland of Alberta. Because of the high costs of transportation posed by an integrated rail system in British
A number of political objectives were served by the rail-building program. As is the case with any mega-project, the P.G.E. exhibited the government's commitment to "economic growth" and integration. Firstly, because most of the actual costs were kept out of the public arena, Bennett was able to perpetuate the myth that the railway spurred economic development. Secondly, the rail policy reinforced the power of the province to control the pattern of spatial interaction in British Columbia. In the view of Mr. M.C. Norris, former Vice-President of the P.G.E.,

the original decision to construct both the Dease Lake Line and the Fort Nelson Line was politically oriented. Very superficial studies were made of traffic potential and it is believed that the over-riding consideration was to construct two lines northward that would prevent the CN from extending either from the northern Alberta Railroad north to the Yukon, or from their Jasper-Prince Rupert line north to the Yukon. Construction of these lines (Dease Lake and Fort Nelson Extensions) would force the Federal Government to the bargaining table if they wished to develop the Yukon, and place the Provincial government in a strong position to bargain for subsidies for building the B.C. Railway. 89

It is certain the primary motivation of the northern vision was to defend the territory under the jurisdiction of the B.C. government. Despite the economic liabilities of an integrated rail facility, Bennett began to push the line

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Columbia, the federal government never endorsed Bennett's vision. It is clear the race to the north was, in part, a bid to undermine Ottawa's attempt to promote further integration between the two provincial economies. The two levels of government squared off in a major battle for supremacy in the north. For further information see Vancouver Sun, June 2, 1958, p. 3; Vancouver Sun, June 23, 1958, p. 3; and Victoria Daily Times, November 1, 1958, p. 11.

89Royal Commission. 1978. Volume 2, p. 1984. As well, Ruppenthal, et al. argued Bennett pushed rail construction in an attempt to redirect the priorities of the federal government for a major port facility at Prince Rupert. These transportation linkages were also perceived as essential for "a redrawing of the political map of Canada to provide for the incorporation of the Yukon Territory into British Columbia." For further discussion see K. Ruppenthal and T. Keast, The British Columbia -Railway - a Railway Derailed, pp. 19-20.
to Dease Lake with the hope the province's negotiating position would substantially improve "with hardware in hand."\(^90\) Not closely observing the needs of the resource economy, the P.G.E. was "built on muskeg and unstable sidehills, and with frozen fill material, propped up in places with plywood and laid unballasted on sub-grade in others."\(^91\) Since the railroad was built to maximize territorial rather than economic objectives, primary consideration was not given to providing an efficient transportation network.

Role of the Provincial Government in Integrating the Territory

In the final analysis, the Bennett government succeeded in constructing a more united economic and political entity within British Columbia. While the evidence suggests the building of the railroad infrastructure may have actually retarded the potential for optimal industrial development in the province, we must recognize the impact the policy had on building a more integrated provincial society.

While the railroad was opening up new territory, new communities were springing up along its route. In their efforts to legitimize their continuation in power, the Socreds exploited their position to establish a power base for themselves in the hinterland. Entire communities became dependent upon the government's initiatives, regardless of the economic merits of the development scheme. The lumber, pulp and paper, construction, mining, service, and oil and gas industries made major investments which depended upon the continuation of

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\(^90\) Royal Commission, 1978, Volume 1, p. 16.

\(^91\) Ibid., p. 17.
the rail service. The intraregional link became a powerful integrative mechanism for fostering the growth of a closely knit provincial economy and for gaining support for the government’s initiatives.

Rather than taking its lead from business spokesmen, the government exploited rail construction to enforce its own objectives. Aside from limiting effective public debate, a number of other initiatives were employed to ensure the regional development scheme was a success and gained societal support. During the early stages of expansion, the government maintained strong control over the type of industrial development that was located near the P.G.E. line. It is interesting to note that each purchase contract for leasing land to industrial firms along the route had a clause inserted which stated that "all materials used in its construction as well as its eventual output would be shipped by the P.G.E." A similar clause was inserted for the construction firms who built the hydro facilities in the north. It was clear the need to promote integration and to provide business for the railway took priority over the desire to keep transportation costs as low as possible. Another initiative provided a realigned stumpage appraisal system to provide added incentive for locating near the rail network. As described in the MacKenzie Commission Report, "the over-optimism of industry investors reinforced by government policies has resulted in a poorly planned, poorly located forest industry."

The building of the P.G.E. had a major effect on business investments, population growth, and regional development in British Columbia. For a thorough review of these industrial changes in the Squamish, Cariboo, Prince George, Peace River-Liard, Omineca-Stikine regions see Paul Gamble, The British Columbia Railway and Regional Development, pp. 37-88.

Ibid., p. 23.

See Royal Commision, Volume 2, p. 102.

Ibid., p. 71.
By the 1960's Bennett's enthusiasm for northern development was no longer a contentious issue in the province. It was generally recognized by all parties that, "industrial expansion, resource development, and population growth along the route of the P.G.E. are auguries of a rich and promising future." Even the Vancouver Board of Trade, a major critic from the past, came to applaud the policies of the P.G.E. The Bennett government had succeeded where so many others had failed.

Conclusion

The history of northern development suggests that the railroad development scheme remained an integral component of the dream which aimed to construct closer ties between the various regions of the province and defend the territory against Ottawa, and other outside interests. The infrastructure-building program was put into play by a political elite which exploited each decision to serve the needs of building a strong political support system in British Columbia. For Bennett, the primary role of executive leadership was to provide

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97 Vancouver Board of Trade, Primary Resources Committee, Report on Northern British Columbia -1965 (1965), p. VI.

98 It is interesting to note that both the Council of Forest Industries of B.C. and the International Woodworkers of America in their submission to the Commission pledged support for continued provincial ownership of B.C. Rail. While the representatives of the I.W.A. criticized the activities of CNR, the Forest Council indicated that it was imperative that the province control its own destiny. The Forest Council added further, that while it supported the defense of provincial government priorities, it proposed that the government, and not the private sector should pay these costs, since it was the government, and not the corporate sector, which benefitted most from these actions. For further details see University of British Columbia, Main Library, Special Collections Division, Presentations to Royal Commission on B.C. Railway, Exhibits 172 and 285.
a clear sense of direction for the provincial constituency, and accordingly, each decision should be judged by the electorate, not by special interest groups or other governments. While the railway provided an effective tool for turning out the Social Credit vote for nearly two decades, it also strengthened associated economic, social, and political dependencies within the B.C. boundary. Bennett was much more than just a vote maximizer.
CHAPTER 4
PROVINCE BUILDING UNDERGROUND

This case study examines the growth of oil and gas policies under the political stewardship of W.A.C. Bennett. Bennett's defense of provincial autonomy and territory was a major theme in all aspects of oil and gas policy. The territorial imperative was a major driving force behind revenue, pipeline, and especially off-shore policies of the Bennett government. The provincial government played a key role in dictating the spatial pattern of economic development in British Columbia, and a major campaign was launched with the goal of orchestrating and building political support for the government's initiatives.

Reassessing State and Society Conflicts

While capitalist enterprise today seems to require a great deal of government support, it cannot be assumed that the central interests of government and industry always coincide. Public policy initiatives often reflect an underlying inherent conflict between the primary goals of government and those of private industry. As defenders of a well-defined territory, governments may be more concerned with breaking down the many social, economic and physical barriers standing in the way of effective territorial integration, than they are with stimulating uncontrolled economic development. Preserving the territorial integrity, political and economic autonomy of their constituency is usually a central concern of most governments. Industry, on the other hand, is primarily driven by a profit-maximizing motive. Territorial integration is not usually a major concern of corporate planning.
The history of oil and gas policy under Bennett's stewardship illustrates the conflicts which sometimes divide government and industry. During Bennett's reign, British Columbia experienced dramatic industrial growth throughout the northern half of the province. The oil and gas industry provided a major catalyst in this industrial expansion. Moreover, this industry provided a valuable source of revenue for fuelling new government initiatives. For Bennett and his colleagues it was an excellent opportunity to exploit the issue of oil and gas regulation to enlarge provincial government control over regional economic and political development.

There were a number of economic and institutional considerations which influenced these political initiatives. Firstly, Bennett inherited the procedural norms established by his predecessors. There was a strong tradition of political leadership in the field of oil and gas policy before Bennett's rise to power. The tradition began in 1921, when the provincial Liberal government launched a major state-sponsored drilling campaign which prohibited private sector access to the northern oil fields. While the policy was highly controversial and promoted a number of fundamental conflicts in the province, it marked the beginning of a tradition of strong executive leadership in this policy area.

The need for securing a major role for provincial government involvement in the industrial development of B.C.'s northern regions was generally recognized by every provincial political party. However, it was the Conservatives who strongly endorsed private sector participation in oil and gas development in the north. In 1932, the Conservative government offered a plan for spurring oil and gas exploration in the north, without sacrificing the power of

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1See Victoria Daily Colonist, April 7, 1921, p. 4; Victoria Daily Colonist, July 30, 1921, p. 5; and Victoria Daily Times, December 13, 1922, p. 15.
the province over oil and gas policy. Under the Conservatives' scheme, Crown lands were leased to private operators at a rate of 50 cents per acre. The provincial government would "participate equally in holdings in commercial fields," and a twelve and one-half cent royalty was due for each barrel of oil produced. This policy was a forerunner of future oil and gas development in the province.

Throughout the 1920's and 1930's, the Liberal and Conservative parties squared off in a major battle over the best approach towards spurring rapid industrial development in the north, whilst garnering some measure of government influence. The interest of the government dictated that the policy be designed to ensure that the Crown received a good portion of the income generated from fossil fuel exploration. The power to direct and control northern industrial strategy was to be the responsibility of the B.C. government. Differences between the two parties focused upon the best method for promoting economic expansion. Both parties' designs however stressed the need for the provincial government to extend its control and power over the province's northern industrial strategy.

The debate continued for nearly two decades. On September 15, 1938, Premier Pattullo suspended the private leasing program created by previous Conservative administrations. At that time, the Liberal government announced plans for a major oil and gas drilling campaign in the north, committing itself

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3For further details on the style of political leadership during this era see Margaret Ormsby, "A. T. Dufferin Pattullo and the Little New Deal," Canadian Historical Review, 43 (1962), pp. 277-297.

4Victoria Daily Times, September 15, 1938, p. 5.
towards ensuring that the reserves would be developed in the best interests of all British Columbians. However, the experiment was a dismal economic failure. Before the plan was scrapped, Pattullo had spent nearly $600,000 of public funds on wild-catting in the north.5

The economic failures of the Liberal policy rekindled new enthusiasm for private sector participation in the Peace River region. The newly formed (1941) Coalition government amended the Coal and Petroleum Act in 1942, which reintroduced the concept of private sector leasing.6 When it was clear that the government's exploration campaign had failed, Premier Hart delayed the private leasing system. Rather, Hart offered all the province's oil and gas reserves to Ottawa for the duration of the War.7 Ottawa, in turn, did not make a major effort to search for oil and gas.

With the failures of previous policy still visible, the Coalition leadership put into force an elaborate system of private leasing and licensing in the mid-1940's. In an effort to ensure that the best interests of the province were protected, the government emphasized the need to put into place specific policies and regulations for controlling and policing the activities of the private resource developers. By 1944, when Pattullo's long-shot had cost the province

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5See Victoria Daily Times, May 7, 1940, p. 1; Vancouver Sun, September 9, 1942, p. 1; and Vancouver Sun, September 10, 1942, p. 4.


nearly $1 million, it was announced that all future ventures would be financed exclusively by private capital.8

To put into place the new initiatives, the Petroleum and Natural Gas Act was presented to the legislature in 1944.9 The new legislation was based upon the premise that the oil and gas reserves belonged to all the people of the province and the government should have the power to supervise the industrial expansion to ensure it met the best interests of the general public. In the past, relatively few mineral rights had been alienated from the Crown. The coalition forces continued to push for increasing the role of the provincial government in developing the mineral resources of the province.

The implementation of the new legislation put into place a three-tiered system of oil and gas leasing. Private investors could purchase a permit to conduct geological and geophysical surveys on stretches of land not exceeding 160 square miles; but these were renewable only if survey work was actually undertaken in the first year of the agreement.10 The Crown charged a fee of $250 for each permit, renewable on an annual basis. Prospective drillers needed a licence before they could proceed to uncover new sources of energy in the sub-surface geological formations. Each licence covered two square miles. A licence fee of $25 and a rental charge of 50 cents per acre were required by each licencee.11 Like holders of permits, licence-holders were required to demonstrate that a drilling campaign was in progress before the licence was renewed the next year.


9Vancouver Sun, June 10, 1944, p. 2.

10Vancouver Sun, June 10, 1944, p. 2.

11See Vancouver Sun, June 10, 1944, p. 2; and Province of British Columbia, Statutes of British Columbia, "An Act Respecting Petroleum and Natural Gas."
According to the policy, a lease was required on Crown lands where major finds of oil and gas reserves were discovered, but licence-holders were granted first access. Leases were issued for a period of 20 years, and were renewable on that basis. They covered a maximum of two square miles, requiring a fee of twenty-five dollars, plus a rental charge of one dollar per acre. In addition, the legislation imposed a royalty charge of 12.5 percent on the gross value of products sold, and the Crown reclaimed adjacent parcels of land each time a lease was granted. These reserves were later to be sold through public auction or developed by the crown.

As one might expect, these measures were not endorsed enthusiastically by the oil and gas industry. Yet the leasing system effectively blended together the major concerns of the public and private sector combatants. While the policy reinforced the view that free enterprise should be the primary driving force in the economy, at no time were the major elements of government supervision undermined. While the Coalition forces flatly rejected the C.C.F. call to nationalize the oil and gas industries, stating the public treasury could not afford to continue such a policy, Premier Hart accepted increasing the role of the provincial state in managing resource sector growth. The reform package balanced the demand for increased government intervention, with the cultural constraint of the market ethos. This resulted in a blend of policy options aimed at satisfying everyone.

The new Coalition government's first priority was to ensure that the position of the provincial government was not compromised by the removal of the Crown reserve. Thus an elaborate scheme was devised to control and direct

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12 For instance, George Stewart, spokesperson for Imperial Oil Ltd., was highly critical of the policy, and stated the regulations discouraged exploration in the province by imposing high costs on the industry. See Vancouver Province, November 23, 1949, p. 1.
private investment in the industry. A major feature of the new policy was the removal of public sector risk-taking. Unlike Pattullo's scheme, the Coalition government's plan operated exclusively on a commercial basis, relying solely upon private sector initiative. Private oil companies felt the policy placed an unfair tax burden on their industry, but considering the alternative of imposing a Crown reserve, it was an acceptable compromise.

The Petroleum and Natural Gas Act was an important watershed in the history of oil and gas legislation because it provided a strong foundation for the growth of a number of policy options. By 1952, oil and gas policy-making had become a fine tuned art in British Columbia. The foundations of Bennett's oil and gas policy can be traced back to these early developments. There were a number of advantages to the new Premier in accepting the policy design. First of all, the plan had several features characteristic of a free market system, yet it provided Bennett with the power to regulate private sector decision-making closely. While the policy was flexible enough to guarantee that the Premier was always in control of the timing and pattern of industrial growth, the tax rate could easily be amended to provide extra funds for other initiatives. Consistent with past policy, tax increases were introduced to serve the best interests of the governing political elite. Moreover, the Coalition policy effectively accommodated the divergent interests in the province. Any student of British

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13 It is worth noting that the B.C. grand design for the allocation of oil and gas rights was based upon the Alberta system of allocation. Yet while the B.C. government employed a similar system to collect the economic rents which accrue from oil and gas production, the opportunity for making large profits were considerably lower in British Columbia. By employing the Alberta model of allocation, the B.C. government imposed a high cost on investors. For further details on the Alberta allocation system for oil and gas leasing see Michael Crommelin, Studies of Government Management of Oil and Gas Resources in Canada, Part II. Also see the Canadian Petroleum Association's, 1968 Statistical Year Book for a thorough comparison of the costs and benefits of oil and gas production in Alberta and B.C.
Columbia politics realizes that political tastes in the province have traditionally extended from the far "left" to the far "right" of the political spectrum. Hence, within the context of designing public policy, there was room for both private and public sector initiatives. Political self-interest dictated that each of these camps be accommodated. The Coalition option provided a valuable compromise between the two.

For Bennett, there were other reasons for increasing the power of his administration in the field of oil and gas policy. It was universally accepted that a strong government role be taken in the mad rush for new energy reserves. During Bennett's premiership, national and provincial governments and corporate interests were intensifying their efforts to uncover new sources of fossil fuels.\(^\text{14}\)

As competition for provable reserves heightened, Bennett, out of political self-interest, responded. Had the Premier failed to respond to industry initiatives, British Columbia may have lost control over a valuable public resource in its province-building thrust. Furthermore, such a loss would have greatly curtailed Bennett's influence over the north.

By the mid-1950s, the high level of economic affluence through the post-industrial world, had rekindled an interest in exploring new forms of state intervention in the development of a nation's resource base. The onslaught of an unprecedented boom in the province's northern economy, based primarily on oil and gas development, provided Bennett with the opportunity and resources to more fully integrate B.C. Private firms had become infected with large doses

\(^{14}\text{Average percentage growth rate of energy consumption for petroleum and natural gas products in Canada during the years 1950-1960 rocketed to levels of 9 percent and 18.6 percent respectively. For further details see Canada National Energy Board, Short-term Energy Forecast 1960-66 (Ottawa: Queen's Printer, 1963).}
of 'oil madness' and were willing to pay a high premium for Crown leases. Had the Premier operated in another time, and the pie not been so large, he probably would not have been as aggressive as he was. One cannot fully appreciate the growth of oil and gas policy unless consideration is given to the underlying political conflicts that were prevalent at the time. The 1950s were a crucial period for controlling the spatial relationships between markets and production in Western Canada, since it was a time when all major pipelines were built.

Like other defenders of political territory, the Bennett team expanded the role of government regulation in a bid to increase its sphere of influence over oil and gas development. Reacting to both political and economic externalities, the premier instituted an elaborate tax and regulatory system to offset the influence of non-provincial actors. For Bennett, provincial self-interest dictated that a strong response was required to meet any challenge to provincial control mounted by outside interests. The history of B.C. oil and gas policy cannot be understood by focusing exclusively upon the powerful corporate interests. The policy was designed to increase the power of the Premier and his cabinet over the territorial pattern of industrial expansion within the province.

Oil and Gas Policy Under Bennett

Oil and gas policy under W.A.C. Bennett cannot be explained by understanding the needs of powerful corporate interests. The picture of Bennett defending the rights of private enterprise against the evils of socialism, as often portrayed in the literature, ignores the important role played by the premier in exploiting oil and gas policy to defend the government's control over the provincial territory. Whilst rekindling interest in northern frontier-building, Bennett was increasing government involvement in the economic development of
the province. Bennett considered himself defender of the provincial territory. The provincial government's mix of oil and gas policies reflected the goals and ambitions of an ambitious leadership.

In 1952, the provincial government assumed its managerial role in the context of existing policies. One of the first actions of the new administration was to establish an arbitration board to adjudicate disputes between landowners and wildcatters. The establishment of the board provided an effective means for settling costly and rancorous disputes without creating political unrest in the province. This move created new opportunities for industrial expansion while increasing public support for the government's leadership.

Bennett was deeply committed to opening up the north to commercial interests, but he relentlessly pursued a course which increased the revenue going into the provincial treasury. The administration moved quickly in March, 1954 to increase tax revenues by introducing new royalty payments representing 15 percent of gas value at well head, and from 5 to 16.5 percent for oil, depending on the level of production. As well, rental charges were substantially increased for permit holders, and new fines established to punish non-performance on Crown lands. The legislation provided the first step in the Social Credit drive for a government-controlled northern development scheme.

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The response of the oil and gas industry was mixed. In 1954, George McMahon, Vice President of Pacific Petroleum, the first firm to discover a major find in British Columbia, welcomed the government's commitment to free enterprise. He claimed such a commitment would stimulate new interest in oil and gas exploration in B.C. Since the McMahon brothers had long been frustrated by past oil and gas policies in B.C., it would appear that the renewed support for private sector development was enthusiastically endorsed. Other operators did not share the same enthusiasm. Dr. R.D. Hughes, a petroleum engineer, lamented that the high rental fees would discourage further exploration. These sentiments were supported by Pat Ravey, of Profit River Gas and Oil Company, who stated that the policy would provide a disincentive for wildcatters.

Despite this criticism, Bennett was highly committed to utilizing oil and gas policy to develop the northern part of the province. Commencing in the mid-1950's, while prospects for further industrial expansion were relatively promising, the provincial leadership pursued a course which ensured that while exploration firms paid for access to Crown lands, fifty percent of the productive acreage was turned back to the province for resale. The policy was based upon a similar one implemented earlier in Alberta. While there were signs that the economic attributes of the development scheme were not entirely overlooked, it was a high cost to impose on wildcatters, especially given the limited likelihood of a gusher in any particular permit area.

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17 Vancouver Sun, April 6, 1954, p. 9.

18 Vancouver Sun, April 6, 1954, p. 9.

The effort to extend the influence of government within the province was greatly enhanced by the introduction of an Oil and Gas Conservation Board, staffed by experts. The idea of establishing a board was borrowed from the Alberta government. The Board served two important functions. Its chief function was to upgrade the managerial capacity of the province's leasing program. The Board tendered advice on all aspects of oil and gas development. In particular, the panel of experts provided assistance in developing British Columbia's first energy resource conservation program.

Bennett's dedication to energy conservation was partly a response to the history of resource wastage which plagued early oil and gas development in Alberta. His action in conservation was also a response to pressure from concerned citizens of the province seeking state intervention into the affairs of the oil and gas industry. The new rules for regulating oil and gas development were developed by the British Columbia Conservation Board, and quickly received the approval of cabinet.

The second function of the Board was to legitimize the government's actions. While providing assurances the program operated smoothly without resource wastage, the practical experience of experts who had worked actively in the industry provided voters with the general impression that the government was acting in the best interests of everyone in the province. It was an effective and popular strategy.

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21 For more details see Victoria Daily Colonist, May 6, 1958, p. 6; and Province of British Columbia, Statutes of British Columbia, "An Act to Amend the Petroleum and Natural Gas Act" (Assented to 20 March, 1958).
The Bennett government employed a myriad of revenue raising schemes to increase oil and gas monies going into the provincial treasury. The issue here was not really territorial. Rather, a good portion of the money from oil and gas production was used to help finance other province-building endeavours.

As indicated in Table 1 aggregate revenue returned to the private sector did not exceed the costs of exploration and money due in lieu of rental and royalty obligations during Bennett's premiership. While a number of firms enjoyed a period of great prosperity during Bennett's reign of power, many others lost money. The Bennett government did not subsidize oil and gas exploration to any great extent, but instead, received a valuable source of revenue to help finance its defensive expansionist policies, while receiving credit for opening up the north.

Oil and gas revenues provided a necessary source of capital to finance other government projects in British Columbia. A good chunk of the wealth generated by the oil industry was siphoned back into the provincial treasury. The dreams of territorial unity demanded that the Premier keep the oil industry in check. By November 1967, the B.C. petroleum industry contributed $34 million to the provincial treasury, compared with $56 million for forestry.22 Yet according to the President of Pacific Petroleums Ltd., while Bennett spent $24 million on forestry expenditures, the oil and gas sector received less than $2 million in government aid.23

The Social Credit government inherited a booming oil and gas economy when they assumed public office in 1952. Massive oil and gas exploration was

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TABLE I

OIL & GAS EXPENDITURES, SALES AND GOVERNMENT REVENUES

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Value of Expenditures</th>
<th>Value of Sales</th>
<th>Government Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>1956</td>
<td>$22,300,000</td>
<td>$314,000</td>
<td>$4,561,999</td>
</tr>
<tr>
<td>1957</td>
<td>54,600,000</td>
<td>1,292,000</td>
<td>4,632,839</td>
</tr>
<tr>
<td>1958</td>
<td>27,600,000</td>
<td>5,225,000</td>
<td>9,472,221</td>
</tr>
<tr>
<td>1959</td>
<td>34,100,000</td>
<td>7,780,000</td>
<td>16,575,116</td>
</tr>
<tr>
<td>1960</td>
<td>41,900,000</td>
<td>11,360,000</td>
<td>14,116,470</td>
</tr>
<tr>
<td>1961</td>
<td>45,500,000</td>
<td>13,884,000</td>
<td>15,690,202</td>
</tr>
<tr>
<td>1962</td>
<td>58,300,000</td>
<td>30,330,000</td>
<td>22,214,283</td>
</tr>
<tr>
<td>1963</td>
<td>49,700,000</td>
<td>39,393,000</td>
<td>20,350,040</td>
</tr>
<tr>
<td>1964</td>
<td>57,600,000</td>
<td>39,261,000</td>
<td>20,350,040</td>
</tr>
<tr>
<td>1965</td>
<td>43,200,000</td>
<td>47,489,000</td>
<td>31,956,732</td>
</tr>
<tr>
<td>1966</td>
<td>62,600,000</td>
<td>58,448,000</td>
<td>33,834,445</td>
</tr>
<tr>
<td>1967</td>
<td>89,400,000</td>
<td>71,718,000</td>
<td>34,279,901</td>
</tr>
<tr>
<td>1968</td>
<td>62,400,000</td>
<td>79,984,000</td>
<td>36,662,065</td>
</tr>
</tbody>
</table>

underway in the Peace River region. In the nine months prior to Bennett's electoral win, the area leased out for exploration mushroomed from 12,300,000 to 35,400,000 acres. By March 15, 1955 the area held under the government's permit, drilling and leasing program dropped to 25,726,566 acres, as corporate interests concentrated their efforts in regions which showed the greatest promise.

These efforts paid off handsomely. By 1958, substantial reserves of gas had been discovered, and two oil wells showed potential for commercial production. The rate of expansion in the petroleum and natural gas industry reached new heights in 1961. While the total acreage held for exploration actually declined from 38,880,286 in 1960 to 32,031,236 in 1961, completed wells increased by 80 percent. As well,

Production of oil and gas in 1961 increased over 1960 by 17 and 20 percent respectively to 1,017,826 barrels and 103,916,428,000 cubic feet. The number of producible oil wells increased 83 percent from 104 to 191, and gas wells 27 percent, from 230 to 293. At the end of 1961 the number of wells actually being produced was 114 oil wells and 138 gas wells, an increase from the end of 1960 of 119 and 31 percent respectively.

The gas and petroleum industries increased their activities during Bennett's last decade as premier. In 1968 the province turned out 256.6 billion

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28Ibid., p. 66.
cubic feet of natural gas. This output came from 270 of 646 producing wells.\textsuperscript{29} This compared with 305 producing gas wells providing 359 billion cubic feet in 1971.\textsuperscript{30} Oil production increased as well. While oil output stood at 2.2 million barrels in 1968, "crude production output in 1971 from 556 of 677 producible wells was 25.3 million, up 5.1 percent from 1970 and over 29 times the production in 1960."\textsuperscript{31}

Such a dramatic growth rate had wide-ranging implications for the government's desire for more revenue. The provincial interest dictated that a fair share of the wealth be siphoned off, especially given the province-building imperatives of the populist leadership. Premier Bennett's effort to promote the integration of British Columbia was undertaken with a full consciousness of the past province-building traditions, as well as the failures. Unlike any other period in the province's history, the political leadership had the political tools and resources to significantly increase provincial control over northern development. Within a political setting characterized by uninformed public debate, a protest party system, and minimal infighting, Bennett exploited the time of relative prosperity to utilize oil and gas revenues to defend provincial territory.


\textsuperscript{31}Ibid., p. 49.
Battle Over the Offshore

Attempts to utilize the issue of offshore mineral rights to shore-up the provincial government's control over oil and gas policy adds credence to the proposition that oil and gas policy cannot be truly appreciated by focusing exclusively upon economic factors. The conflict which intensified between Ottawa and the British Columbia government over offshore mineral rights did not serve the needs of private sector expansion. The Bennett government exploited its constitutional powers to the fullest possible extent to discourage offshore development. It appears an intense fear of new federal incursions in British Columbia's affairs thwarted any chance for a political compromise. From the beginning, the Social Credit leadership made it clear that the thrust of its defensive strategy would be aimed directly at the federal government. The needs of industry were never a primary consideration in this dispute. The premier exhibited strong support for more provincial government control and kicked off the new campaign by declaring "Ottawa had a better chance of getting the mineral rights for the moon than it does offshore."32

As illustrated by Black,

Premier Bennett spoke glowingly of the prospects when Richfield, Shell, and other oil companies began exploring the offshore areas. Between 1949 and 1961 the provincial government issued exploration permits for areas ranging from the southern tip of Vancouver Island all the way up the coast to the Queen Charlotte Islands. Not until 1960 did the federal government do anything to claim jurisdiction over the same territories; on April 13, 1960 the "Canada Oil and Gas Regulations" were promulgated under the Territorial Lands Act and exploration companies were told to take out federal permits.

Most of the complications that one might expect from such a jurisdictional clash did ensue. The federal government encouraged business by setting permit fees lower than British Columbia's. The province deliberately auctioned off exploration rights to territories which Ottawa had already "sold". Some companies sought protection by securing double sets of permits;

others were content with holding permits from one but not the other government. At one point, Shell held federal permits covering eleven million acres, some 420,000 acres of which were also held by four companies with provincial permits. The companies did not take each other to court but waited for intergovernmental negotiations to resolve the issue.33

At issue in the debate over offshore mineral rights was whether Ottawa or the British Columbia government had the jurisdictional power to oversee development, collect royalties, and other fees from the leasing of these lands. It was essentially a battle over jurisdiction and territory. British Columbia's strategy was rooted in the implicit assumption that the provincial government was more competent and able to deal with the wishes of the local population.34 Rather than defending the interests of the private sector against federal government incursions, the Premier's response was geared towards protecting his government's control over offshore development. The strategy of "economic provincialism" was based on a series of political calculations, which aimed to counter the powers of the federal government over offshore development. In short, provincial government self-interest dictated that the federal initiatives be stopped. Bennett's reaction to the perceived crises underscores the significance of the effort to increase provincial autonomy, even when industry suffered as a consequence.

On August 22, 1961, the Bennett government registered its dissent against what it considered a federal government trespass on provincial rights by


34In describing these events, Black stated that, "The inter-governmental talks were fraught with partisan and personality differences. British Columbia boasts a Social Credit regime led by Premier W.A.C. Bennett, a realistic and flamboyant politician who sincerely believes the Liberal and Conservative parties have been the ruination of the province if not the country as a whole." See Edwin Black, "Oil Offshore Troubles the Waters," p. 591.
imposing a prohibitive provincial licensing system on private interests. The Premier deliberately exploited the power of taxation to retard further development of the offshore, until the province could regain full political and constitutional power over these resources. At the time, Mines Minister Kiernan announced a new licensing program. For Bennett, it was imperative that the province retain full control over these resources, and reap a major share of the benefits from their development. In assessing the policies formulated in the context of the major jurisdictional battle, it is clear the premier was unwilling to compromise on the issue. The provincial government responded to the alleged federal 'trespass' by introducing an exorbitant licensing schedule in a deliberate bid to undermine the private sector sponsored offshore development program announced by Ottawa. Throughout the entire campaign there was never an attempt made to appease the demands of the private oil companies. The primary objective was to wrestle power away from Ottawa. For instance, when federal government charged Shell Oil a 20 dollar fee for the right to explore 9 million acres off Vancouver Island, the province responded by demanding $1,350,000. As noted by Northern Affairs Minister Arthur Laing, at the time, the provincial initiative prevented further exploration of the offshore because the private sector could not afford these high charges. It was certain the provincial leadership was not willing to compromise its priorities in return for spurring further industrial growth.


36Victoria Daily Times, October 6, 1964, p. 11.

37Victoria Daily Times, October 6, 1964, p. 11.
Even after the Supreme Court indicated the offshore belonged to Ottawa, and Trudeau offered to share oil revenues with the province on an equal basis, Bennett refused the olive branch. While the provincial government, in principle, favoured developing the offshore it was unwilling to sacrifice the dreams of an inward directed economy, regardless of the consequences.

The Bennett government refused to compromise its position. There is little doubt that this provided a major disincentive for oil firms interested in seeking new energy reserves off the Pacific coast. By the early 1970's, there were no major discoveries in the offshore drilling operations within British Columbia, and all wells were abandoned. In 1972, a moratorium on offshore petroleum was established, and is still in place. Recent interest expressed by Chevron and PetroCanada concerning exploring for new energy resources off the West Coast have stimulated discussions between the federal and provincial governments. The saga continues.


41See Province of British Columbia, Journals of Legislative Assembly (February 10, 1970), p. 42.
The Pipeline Debate

The history of conflicts involving pipeline development in the province of British Columbia clearly illustrates how the Bennett government exploited infrastructure development to promote provincial integration. The spatial component of province-building involves new lines of communication and transportation within provincial boundaries. To be effective, the political leadership must have the power and courage to force the private sector to build new transportation linkages within the provincial territory. In the case of pipeline development, the Bennett government defended its control over the spatial pattern of oil and gas development in the province by determining where the structures would be built.

The Bennett administration faced a number of formidable opponents in its province-building thrust. Depicting himself as a populist leader, Bennett exploited the powers of political office to control the issue, with the deliberate intention of extending the government's influence over oil and gas development in the Peace. While the program met the expansionist need of the Bennett government, extending its power to shut out or redirect the influence of exogenous political and economic forces within provincial boundaries, it is unclear whether it served the best interests of taxpayers, consumers, the oil and gas industry, or other governments in the federation.

The quest to create and solidify support for increasing provincial government control over the development scheme was a top priority of the Bennett government. Province-building took many shapes in the pipeline debate. While shaping and redirecting the goals of industry, it extended itself to molding the responses of outside governments, or alternatively, to erecting barriers to reduce their impact on the province-building drive.
A number of strategic considerations influenced Bennett's policy of confrontation. Provincial government self-interest dictated that British Columbia have an integrated pipeline. Had the oil been transported across provincial boundaries as proposed by the industry, it is certain that Bennett's influence in northern development would have been seriously undermined. The concentration of significant oil and gas reserves in the sister province of Alberta provided a major threat to exploration activity in northern sections of British Columbia. Since the lines of communication and industry in the north already extended to the province of Alberta, it was only natural for the industry to view the reserves as an extension of Alberta's economy. Such a characterization did not serve the needs of Bennett. The Premier wanted oil and gas development to strengthen intra-provincial lines of commerce, transportation and communication.

Bertrand, in an examination overview of the production sector, noted that Alberta's prorationing scheme was established, not to fix prices, but to maintain a balance between supply and demand.\textsuperscript{42} In effect, had B.C.'s oil been piped across the provincial boundary, the Alberta government would have had a major effect on corporate decision-making in the coastal province. For Bennett, it was imperative for the province-building drive that British Columbia wrestle these powers away from Alberta. Only then, could B.C. regain total control over the pace of exploration in the northern territory. In addition, the threat of losing jurisdictional control over a valuable provincial resource added further

incentive in the bid to block an inter-provincial pipeline. Had the product been shipped across the provincial boundary, the federal government would have gained more power over the resource. Primary emphasis was placed upon ensuring that Ottawa did not increase its sphere of influence over oil and gas development in the region. An historical fear of federal interference and mismanagement in the affairs of the province, compelled Bennett to safeguard the power of the province over the resource.

Another factor which contributed to the rise of the government's defensive strategy was the character of the petroleum industry. The industry was dominated by multi-national petroleum companies, which had, for the most part, concentrated their efforts on seeking new forms of energy in Alberta. Even the province's favorite son, Frank McMahon, had a vested interest in the Alberta economy. In consequence, Premier Bennett was able to mobilize support for his vision of industrial expansion by focusing on the threat posed by outside political and economic actors. The fact that the oil and gas industry was dominated by external actors contributed further to the success of the provincialist stance, especially where the 'man in the street' was concerned. As noted by Bertrand,

The Pacific Region has seen the highest level of concentration for the majors of any region except the Maritimes. Imperial, Shell and a regional major - Chevron - controlled 90 percent of capacity in 1956. In 1958, Gulf entered the market and the group of national and regional majors' share of total refinery capacity stood at 90 percent as of 1960. Despite the subsequent entry by Pacific Petrochemicals and Union Oil, expansion by the majors and the acquisition of Royalite by Gulf left the share of the three national majors and the regional majors relatively unchanged at around 86 percent until the end of the period.43

History of Pipelines

The Pacific province experienced extensive pipeline construction in the 1950's. Bennett's plans for increasing transportation linkages within B.C. was unfolding (see Map 3). In December 1951, Transmountain Pipeline, owned by a consortium of major oil interests, was granted the franchise to construct a crude oil pipeline facility between Edmonton and Vancouver. The project was approved by Ottawa, and had been endorsed by both the Alberta and British Columbia governments. This Transmountain megaproject was the country's second "big-scale pipeline" to receive federal approval.

The federal government had earlier approved the construction of the infamous Interprovincial Pipeline. This approval sparked a major controversy over the nation's development priorities and brought to a head a major battle over the need to use the nation's oil and gas reserves for the benefit of Canada. C.D. Howe's determination on building the most cost-effective pipeline between the oil fields of Alberta and the eastern markets precipitated a new wave of Canadian patriotism. The opposition launched a well-orchestrated attack on the decision to transport oil from Edmonton to Superior, Wisconsin. In consequence, a period of intense debate followed, with various groups voicing their disapproval of the decision. A very different policy stance was subsequently adopted by the federal Liberals in all future pipeline deliberations,

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44 For a thorough review of all the pipelines operated in Western Canada see Financial Post, November 25, 1966, pp. 0-9 to 0-10.


46 For further discussion see Earle Gray, Wildcatters (Toronto: McColland and Stewart, 1981), p. 120.
LEGEND

Oil Pipeline ————
Natural Gas Pipeline
Oil and Gas Fields

as the strident demands for an all-Canadian energy policy reached a feverish pitch. Despite the change, many Canadians had already lost some faith in their national government's ability to ward off the advancement of American capitalism.

For Bennett and the rest of cabinet, it was an excellent setting for introducing a new province-building strategy. With the resurgence of support for populism in the west, Bennett made a concerted effort to promote a strong sense of provincial community and identity in British Columbia. The pipeline debate played a major role reinforcing increased provincial government activity in the west because it raised serious questions about the ability of the national government to represent the views of all Canada's citizens. Many discontented voters were frustrated with the national leadership. To fill the void, strong provincial leadership served an integrative role by organizing disconcerted voters within British Columbia. Both the Alberta and British Columbia governments reacted to the crisis in similar ways. They exploited the issue to redefine the role of provincial leadership in Canada. Ironically, the national crisis generated by the pipeline debate, which focused primarily on the issues of nationalism and democratic freedom, had become a symbol for de-centralizing power within the federation.

The Bennett Social Credit government played a major role in the deliberations which led to the construction of a new natural gas transportation facility through the B.C. interior. When the announcement was first made that the Alberta government finally supported exporting Alberta's natural gas, the Bennett government quickly responded by supporting a Westcoast Transmission sponsored transportation facility to link the Peace River country of northern
British Columbia with Vancouver and U.S. markets. Several factors influenced the decision. First of all, building the pipeline would help promote economic expansion in the north, while providing access to southern markets for British Columbia's gas reserves. The Bennett government "passed resolutions demanding that any pipeline to supply Vancouver with gas follow an all-Canadian route the length of the province. This meant only the Westcoast pipeline." Moreover, the provincial leadership expected to increase provincial revenue from royalties and rentals of crown lands, while promoting the growth of new industries. The desire to diversify the industrial base of the provincial economy played a major role in determining the government response, as did the dream of generating new revenue for financing other province-building dreams.

The decision to support Frank McMahon's pipeline was based on a number of key considerations. McMahon's enthusiasm for developing the north symbolized many of the qualities of entrepreneurship which Bennett respected dearly. His career as a wildcatter reinforced the Social Credit ethos that hard work, commitment, service to the community, and dedication to the vitality of free enterprise was worth pursuing. The wildcatter embodied many of the features of the free enterprise spirit which the Premier hoped others would try to emulate.

McMahon's enthusiasm for adventure and commitment to the Province of British Columbia had spanned more than two decades. However, his efforts to develop the province's oil and gas reserves had been stifled by Pattullo's crown

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48 Earle Gray, Wildcatters, p. 119.

49 For further discussion see Victoria Daily Colonist, February 21, 1954, p. 13.
reserve policy. In early 1930, McMahon first launched his career as a petroleum promoter in the "Pacific Province", at a time when other investors showed little interest.\textsuperscript{50} With the financial support of the Spencer family and other commercial backers, McMahon quickly gained a reputation for being a shrewd gambler. But none of his early drilling exploits were successful. Undaunted, McMahon became frustrated with Pattullo's oil and gas policy, re-introduced in 1934, and moved on to Alberta to seek his fortune.

The plan for building a gas pipeline transporting energy riches from the Peace Region to markets in Vancouver, and the United States, had been a dream of McMahon's since the 1930's. On August 22, 1945, Frank McMahon joined forces with Victor Spencer, Norman Whittall, and George Martin to make an application for the pipeline right-of-way, and gas rights for the entire Peace River region.\textsuperscript{51} With the ban on private exploration in effect, McMahon was forced to wait until 1947, when Premier Hart finally permitted private sector access. As indicated by Gray, "the Peace River syndicate finally obtained the permits from the British Columbia government to explore the area stretching west from the Alberta border to the B.C. side of the Pouce Coupe field. The permits were assigned to a new company, Peace River Natural Gas Company, entirely funded at this point by the six members of the syndicate: Pacific, McMahon, Martin, Spencer, Whittall, and Ross."\textsuperscript{52} The group of investors did not purchase all of the leases available, but combined with the holdings of its chief competitor, Phillips Petroleum, a good share of the province's potential reserves were obtained.

\textsuperscript{50}McMahon acquired his first leases for oil and gas exploration in 1930. For further details see Earle Gray, \textit{Wildcatters}, pp. 22-23.

\textsuperscript{51}Ibid., p. 80.

\textsuperscript{52}Ibid., p. 89.
There were several factors which influenced Bennett's decision to support McMahon's proposal for building a gas pipeline. Certainly the British Columbia government supported the bid in part because it did serve the best interests of a number of prominent businessmen in the province. The Peace River syndicate was a partnership consisting of some of the most prominent and powerful economic spokesmen in the province, and it would not have been easy opposing McMahon and his colleagues, especially during the formative years of political rule. Secondly, Bennett's respect for McMahon's zeal for adventure, and dedication to the province, may have made the decision easier. Yet too much emphasis should not be placed on this explanation, because within the context of the deliberations, it was only of secondary importance. While the Premier was reasonably successful in protecting the interests of resident commercial interests from outside competition, there were other more important considerations. It is generally recognized that McMahon's package was the only one which came close to serving the goals of province-building. While the Westcoast sponsors - McMahon, Pacific, Eastmand, Dillon - had spent over half a million dollars presenting their proposal to the general public, and the respective government agencies, as well as millions of dollars in financing a major exploration program, the final decision came down to whether or not the mega-project served the needs of the province, as defined by government.53 To focus exclusively upon the needs of the private sector would leave out a major part of the history.

The Westcoast scheme for development effectively blended the needs of province-building in both Alberta and British Columbia. Ernest Manning, premier

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53 For further discussion on the lobbying campaign see Ibid., p. 135.
of Alberta, favoured the plan because McMahon offered to build a new industrial empire in the northern regions of Alberta and British Columbia. A central issue confronting the Alberta government was the problem of whether or not to export natural gas. Primary emphasis was placed upon ensuring that the needs of provincial consumers took priority over the drive for new foreign sales. McMahon's proposal was the only one which offered to tap Peace River gas, located in a remote region of the province where there was little local demand for such a resource. Manning endorsed the program because it was supposed to promote industrial expansion in the north, while maintaining the goal of self-sufficiency within Alberta. McMahon's proposal was the only one which offered the opportunity to develop the north.

The assumption that governments respond to the directives of the most powerful economic actors in the political community was not generally supported by the McMahon story. Faison Dixon's Northwest Natural Gas proposal for constructing a major gas thoroughway between southern Alberta to the West Coast via a U.S. route was flatly rejected by the Alberta government. Despite the willingness of Morgan and Stanley to invest in the project, Manning refused to compromise his policy of self-sufficiency in return for increased foreign investment. There were several defects in the Dixon's proposal which Manning could never endorse. First of all, the plan to transport gas via a southern route meant that the province would lose control over a valuable resource forever. At the time, it was generally assumed that the need to conserve the resource for future generations took priority over all other considerations. It would have been foolhardy for Manning to have even entertained such a proposal, given the populist political climate at the time. Moreover, the dream of northern expansion, offered by McMahon, appealed to Manning, because there was already a great demand for southern gas. McMahon's offer to promote regional economic
expansion in northern regions of the province would help diversify the provincial economy. As noted by Gray,

In a submission to the board in October on behalf of Pacific, Peace River Natural Gas, and Canadian Atlantic Oil Company, George McMahon stated that the group and its partners had already spent $22 million in Alberta, including $11 million for the purchase of Crown leases and the balance for exploration, drilling and production equipment. In Alberta and British Columbia, the group had drilled 171 wells, including 111 oil wells, 22 gas wells, and 38 dry holes. In the Peace River area, where they held oil and gas rights on 5.5 million acres, the group had drilled 16 gas wells and 20 dry holes and had 6 drilling rigs searching for more gas. No other export applicant had a similar program underway to prove up the gas it hoped to export.54

With the excitement generated by McMahon and his associates in the north, the Alberta and British Columbia governments were in a favourable position to approve Westcoast's proposal. Aside from generating new oil and gas revenues for the respective provincial treasuries, the pipeline provided a new stimulus for northern expansion, while offering an efficient and inexpensive source of energy for fostering industrial development in the B.C. interior. For Bennett, it would not have served his province-building objectives to have supported any other policy.

By October 1952, a major drilling campaign was already underway in the north, as a number of Calgary and Vancouver businessmen were gambling that the Westcoast pipeline would be constructed between Vancouver and Northern Alberta. Led by McMahon's Pacific Petroleums Ltd., the industry was spending over $1 million a month in the Fort St. John area searching for new forms of energy.55 The prospects for the development of a new industry in the province were excellent, especially with the approval by Ottawa for an all B.C.

54Ibid., p. 134.

pipeline. The only obstacle facing the industry was the consent of the American government, but as things turned out, it was a major obstacle.

In a controversial move, the U.S. Federal Power Commission temporarily dashed McMahon's vision for expansion by announcing it favoured the construction of a pipeline linking Houston, Texas with the Pacific Northwest. Without these markets, leading industrialists were predicting that northern expansion would be delayed for at least twenty years. Bennett quickly refuted these claims, stating his government would ensure the project went ahead as planned. For Bennett, the pipeline represented $15 million in royalties and leases in the first year alone, not to mention income derived from leasing the right-of-way, so there was added incentive for supporting McMahon's scheme for development.

The British Columbia government campaigned against Ray Fish's Pacific Northwest Pipelines Corporation scheme for supplying natural gas to the Pacific Northwest. Not surprisingly, the American government preferred issuing the franchise to an American supplier, but there were many problems with the policy. In fact, there was some question whether Fish had access to a sufficient supply of gas to service the needs of the Pacific Northwest, since the plan to supplement Texas gas with reserves from southern Alberta was not supported by Premier Manning. With the support of the Victoria Chamber of Commerce, the CCF, the Kamloops Board of Trade, former Premier Byron Johnson, and other interested parties, Bennett announced the government was considering

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56 Vancouver Sun, October 11, 1952, p. 1.

57 Vancouver Province, June 18, 1954, p. 1.


60 For more information see Earle Gray, Wildcatters, p. 127.
joining forces with McMahon in a 50/50 partnership.\textsuperscript{61} Engulfed in a major battle with Ray Fish over the issue of pipeline development, the premier arranged a meeting between McMahon and Ray Fish to settle their differences. In the end, a mutual agreement was successfully worked out between the two parties whereby Pacific Northwest Pipeline would purchase Westcoast's gas at the border, to supplement Texas gas sold in Pacific Northwest market.\textsuperscript{62} It was a great victory for Bennett. He had issued an ultimatum to McMahon and Fish stating that if their differences were not settled soon, the provincial government would build the pipeline itself.\textsuperscript{63} With Fish's supply problems, and McMahon's plans for expansion, it served their best interests to reach an agreement.

On October 8, 1957, Westcoast Transmission's $195 million 640 mile gas pipeline linking the Peace with American markets was officially opened by the premier. The gas line linked Taylor, B.C. and Fort Nelson, B.C. to Huntington, B.C. and came to serve Inland Natural Gas Co., El Paso Natural Gas Company, B.C. Hydro and Power Authority, and Pacific Northern Gas. As a direct result of the provincial government initiative, McMahon's life-long dream had become a reality. Pacific Petroleum's investment in oil and gas exploration in the north was assured a good return once the market to the south had been secured. Moreover, McMahon had a monopoly over gas distribution in the province. While Westcoast Transmission controlled markets in the southwest, Inland Natural Gas, a subsidiary of Westcoast, distributed gas in the interior.\textsuperscript{64} McMahon was well on his way to becoming a very wealthy man.


\textsuperscript{62}\textit{Vancouver Sun}, December 14, 1954.

\textsuperscript{63}\textit{Vancouver Sun}, April 27, 1956, p. 23.

\textsuperscript{64}For further discussion on Inland Natural Gas see \textit{Vancouver Province}, September 26, 1956; \textit{The Financial Post}, December 7, 1957, p. 75; and Earle Gray, \textit{Wildcatters}, p. 162.
Yet the provincial government made great gains as well. For Bennett, the gas pipeline provided a powerful catalyst for opening up the north and the interior. Moreover, the provincial treasury received a good portion of the wealth generated from oil and gas development to finance other projects. The government's policy initiatives in the pipeline debate had two fundamental aims: to ensure the development fostered the proliferation of new industries and population centres in the north and central interior, and to extract a significant proportion of the economic rent generated by the industry in order to pay for other province-building initiatives. These were well served by the gas pipeline scheme.

Bennett's Oil Pipeline

The history of events which led to the building of an oil-pipeline in the province of British Columbia provides further evidence that the needs of the political elite were considered primary over those of private actors. It is clear that while the construction of an oil transportation facility in the Peace River region met the expansionist needs of the provincial government, it proved disastrous for consumers and the oil industry alike. Bennett, in a determined effort to demonstrate the effectiveness of his northern development policy, mounted a ferocious attack on the oil industry's refusal to construct a pipeline from the Peace to Vancouver. The industry felt that such a line would not be feasible given the abundance of relatively cheap oil reserves in the province of Alberta. It was suggested that any oil transmission from the Peace should be channelled through existing systems in Alberta. But this would have reduced the government's jurisdictional control over the resource, and as a consequence, the Premier rejected the scheme. In a determined effort to promote integration in British Columbia and safeguard the power over the resource, "Bennett forced the
oil industry to build an all British Columbia oil pipeline south from the Peace River though the corporate economic judgement insisted it would be better routed through Alberta.\(^6^5\) To influence corporate decision-making, the premier threatened to transport oil through the rail network, and then legislate the refinery companies to accept the inflated commodity. In the bid to safeguard provincial control over the resource, Bennett clearly demonstrated that he wanted to grant his government more influence over the industrial strategy.

In December 1951, Transmountain Oil Pipeline was granted a franchise to construct an oil delivery system connecting the Alberta oil fields with the British Columbia west coast.\(^6^6\) With investment from Texaco, Gulf, Imperial, and Standard of British Columbia, the new consortium pooled their resources to build a pipeline from Edmonton, through the old Yellowhead Pass through the Rockies and on to Vancouver.\(^6^7\) At the time, the company also expressed an interest in constructing a connecting pipeline with British Columbia's oil fields, provided sufficient supplies existed for financing the venture.\(^6^8\) With the excitement generated by building the $100 million project, it seemed likely that Transmountain had a clear advantage over other competitors in the battle to construct British Columbia's second oil-pipeline, but things were not as they appeared. Most observers felt that Transmountain would be granted the franchise, but Bennett had other plans. No one expected the Premier to join forces with McMahon in a major battle with the established pipeline interests.

\(^6^5\)Paddy Sherman, Bennett, (Toronto: McClelland and Stewart Company, 1966) p. X.

\(^6^6\)Victoria Daily Colonist, December 15, 1951, p. 7.


\(^6^8\)Victoria Daily Colonist, December 18, 1951, p. 10.
Premier Bennett’s announcement that Westcoast’s pipeline request had been presented to Cabinet in November 1957, represented the first stage of a complicated deliberative process. At first, Westcoast’s expressed interest in constructing an oil pipeline adjacent to its existing gas line was based primarily on a desire to plan for the future. There is little evidence to suggest that the company was ready to make a firm commitment at that point in time. Yet a major effort was made to shore-up the competitive advantage of Westcoast over Transmountain, just in case an oil line proved to be a good investment at some later date. In an attempt to refocus the debate on a second pipeline, Kelly Gibson, executive vice-president of Pacific Petroleums Ltd., indicated that plans for diversion across provincial boundaries would complicate the political climate in British Columbia. It is worth noting that Gibson’s response came nearly two years after Westcoast first submitted its application.

Gibson concluded there were a number of major problems with the diversion policy. First of all, the province’s control over the resource would be shared with two other regulatory bodies should the oil be transported across provincial borders. Aside from the problems facing the Bennett government, Gibson stated that the industry would suffer from over-regulation. Moreover, if B.C. oil was shipped to Vancouver via Transmountain, Gibson described a scenario in which oil fields in Alberta would take precedence over British Columbia reserves. Within the context of Alberta’s prorationing system, it was argued that the flow of B.C. crude would be severely restricted by market conditions in Alberta. Gibson concluded that an all-B.C. pipeline was the only viable option worth considering.


70 Victoriam Daily Times, June 14, 1959.
These sentiments were shared by the Premier. However, rather than reacting to the cues of McMahon and his associates, Bennett acted on his own accord to maximize the interests of province-building. While Gibson's scenario may have reinforced the Premier's view of the pipeline debate, there is no evidence to suggest Bennett collaborated with McMahon in designing the policy.71 It served the best interests of the government to promote an all B.C. pipeline, and Bennett's respect for McMahon had only a limited effect on what transpired. Evidence of the determining influence of Bennett's vision of development can be traced throughout the debate on pipeline construction. Throughout the deliberations, primary emphasis was placed on ensuring the needs of province-building were never sacrificed for other objectives. Steadfast in his approach, the Premier defended the right of his administration to retain full control over industrial development in the north, especially in taxing and regulating oil production.

W.A.C. Bennett vehemently opposed what he believed to be increased centralization trends in the operation of Canadian federalism. The premier argued time and time again that the best interests of the provincial economy were neglected by the national leadership, and therefore, it was imperative the province gain more control over its resources, territory, and people. Of major importance to the premier's defense, was the assertion that Ottawa did not truly appreciate the costs of development in British Columbia. In the view of Bennett, Ottawa had done very little in terms of building essential lines of transportation...

71In an interview Wesley Black, the former Provincial Secretary in the Bennett government, indicated that the premier was never greatly influenced by McMahon. Despite what the opposition was saying, the Premier and McMahon were never close friends, and Bennett hardly ever saw the man. Black stated that Bennett acted on his own political instincts in devising oil and gas policy.
and communication within British Columbia, while the outflow of provincial wealth through the national tax system provided an extra burden for the provincial government.\footnote{There are many examples when Bennett used this line of argument. In 1956, the premier asserted that, "increased centralization had (1) given the National government almost complete control over progressive direct taxation and indirectly over Provincial budgets; (2) destroyed financial independence, Provincial autonomy, and Provincial responsibility; (3) greatly retarded, if not prevented, economic development and expansion; and (4) raised the service standards of some Provinces at the expense of others in order to attain a common level." Bennett went on to argue that the federal government failed to provide the necessary transportation and communication linkages necessary for fostering industrial growth in B.C. According to the premier, "Relatively speaking, no other economic area has expanded as fast as has British Columbia, nor has any other area as great an expansion potential for the future. The main task of providing adequate local communication, conservation, development, and other current services falls on the Province, and not upon the National government. It was logical therefore, to submit that a very substantial portion of their cost should be met from industrial profits and income." See B.C. Government News, February, 1956, pp. 3-4. In 1960, Premier Bennett stated in his budget speech in reference to Prime Minister Diefenbaker's national development policy that, "Except for joint sharing of costs on the Cassiar-Stewart resource road and sharing in clearing cost on forest access roads as a winter employment program, nothing in the nature of a national development policy has been visible in this Province." See B.C. Government News, February, 1960, p. 2. In 1965, Bennett stated that, "Our vastness, topography and rapid economic and population growth dispersed throughout the Province requires large increments in annual public outlays due to costs above the national average." He went on to suggest, "I re-emphasize that National policies contribute to the higher costs of our Provincial services. British Columbians believe that the current rate of growth of Provincial income can supply the necessary public funds from reasonable Provincial rates, if the Province is afforded its proper share of the direct taxation field." See B.C. Government News, February 1965, p. 2. For further examples see B.C. Government News, December 1955, pp. 4-8; February 1962, p. 2; January–February 1966, p. 2; and January–February 1967, p. 3.}

The tension between the Bennett government and the oil industry over pipeline policy reached a new threshold in the early 1960's.\footnote{For further discussion on the industry's reaction to the government imposed increased transportation costs, see Financial Post, December 10, 1960, p. 39 and December 15, 1962, p. 39.} The precipitating
event which fuelled the battle between Bennett and the industry was the decision by Peace River Oil Pipe Lines to cancel its franchise for constructing a new link with the Alberta oil network of pipelines. Formed by a group of majors including Imperial, Shell, British American, and Standard of California, Peace River Oil Pipe Lines Ltd. surrendered its pipeline permit received a few months earlier, after Bennett refused to withdraw the condition that surplus crude oil would be available for diversion in any future pipeline built in the province. Without a retraction, it would not have been feasible to proceed further.

Lyle Wicks, Commercial Transport Minister for the Province of British Columbia, stated that because of the government's commitment to refining B.C. crude in the province's refineries, the decision was made to restrict the transportation of oil across the Alberta border. It was also announced that Trans-Prairie Pipelines Ltd. proposed a gathering system connecting oil fields near Fort St. John and Dawson Creek to a distribution site on the P.G.E. northern line. In a bid to increase the sphere of influence of the province over oil and gas production and development, Bennett campaigned against the purchasing policies of the oil majors.

It appears that McMahon's earlier bid to construct a major oil gathering system through the heart of the central interior was no longer on the table, because if it was, the Premier would not have demanded that oil companies submit proposals for a new pipeline. The threat to divert crude along the P.G.E., at inflated prices, would not have been necessary.

75 Vancouver Province, July 20, 1960, p. 11.
The Bennett team pulled together to defeat the criticism from the oil industry. In a major clash with major refining interests in the province, including Shell Oil, British American Oil, Imperial Oil, and Standard Oil, the Premier declared war on extra-provincial oil shipments. The Premier announced that B.C. crude would receive preference over all other supplies. Where in the past Alberta crude dominated the market, it became clear that the government was strongly committed to reversing the trend.

There were a number of problems facing the industry as a direct consequence of Bennett's defense of his government's control over northern development. Because the majors participating in the B.C. economy had invested heavily in Alberta, the flow of crude from that province would be restricted by the preferential policy. Moreover, Transmountain pipeline, in which the oil industry had a major interest, was about to lose some of its throughput to a less efficient mode of transportation. The industry faced a dilemma. Either it built a new crude pipeline as demanded by the Premier, or the oil would be shipped at very high costs by the P.G.E., and the refinery companies would, as a result of legislative decree, be forced to buy the inflated commodity. In either case, the price at the wellhead was bound to escalate. Bennett had the industry over a barrel.

An agreement was finally struck between the Premier and the major refinery giants that B.C. crude would receive first priority, should it be made available. Although the majors vehemently opposed the policy, the Premier had finally convinced them that his commitment to the province-building

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77 *Vancouver Province*, December 14, 1960, p. 10.

campaign was not open to compromise. In the renewed call for bids for pipeline development, Westcoast Transmission was granted the right-of-way for the $30 million project. Since McMahon had already cleared a path for a gas gathering system, Westcoast had a clear advantage over other competitors. The line would hook up at a gathering system operated by Trans-Prairie Pipelines at Taylor, B.C., and transport crude to markets in the lower mainland. The Premier, in making the deal, charged a 22 cents royalty on each barrel sold through the system.79

Western Pacific Products and Crude Oil Pipelines Ltd., formed by Westcoast Transmission, constructed a major crude transport-facility through the central interior, in an attempt to ensure that Bennett's plans for development could be fully realized. As always, primary emphasis was placed upon ensuring that the government remained fully in charge of northern development, and retained full jurisdiction over B.C. crude.

There were a number of critics who opposed the bid to increase Bennett's sphere of influence over oil and gas development, albeit for different reasons. A.G. Bailey, President of Alberta Gas Trunk Line, criticized the protectionist stance of the Bennett administration, lamenting that the policy would restrict free trade between the two provinces.80 Federal officials shared these sentiments, entering what was coined a "cold war" between Ottawa and Victoria over energy policy.81 E.C. Hard, President of Transmountain, lamented that the prohibitive costs of provincialism would discourage exploration, since the added cost would be absorbed at the well head. "He estimated that throughput of B.C. oil would probably reach about 25,000 barrels a day within three to six

80Vancouver Province, February 25, 1961, p. 12.
81Vancouver Province, June 23, 1961, p. 9.
years and then start to drop off. Even if more B.C. oil is discovered in the
future, he added, it would be further removed from transit facilities."82

By December 1962, Western Pacific Products was delivering crude
between Fort St. John and Kamloops at a rate of 66 cents per barrel, where the
crude was then rerouted over the Transmountain system to Vancouver.83 To
have shipped the crude through Transmountain via the Edson route would have
resulted in substantial savings to provincial producers, but Bennett refused to
allow such a diversion. The cost of transportation between Edmonton and
Vancouver was 42 cents.84 The Bennett government attempted to reduce the
costs of transportation by negotiating a reduced tariff with Transmountain Oil
Pipeline Company, but even the bargain price of 22 cents a barrel from
Kamloops represented a total cost of 88 cents per barrel for transportation
charges from Fort St. John to Vancouver. Compared with Transmountain's
delivery price, it meant the industry would have to accept a lower rate of return
at the well head.85

In May 1966, the Bennett government had its last kick at ensuring its
sphere of influence was not compromised in the take-off of industrial expansion
in the north. The Pacific Northern Gas Ltd. made a formal bid to acquire the
rights to construct the $30 million gas pipeline between Prince George and
Prince Rupert.86 Pacific Northern Gas Ltd., a creation of Great Northern Gas
Utilities Ltd. of Edmonton, and Westcoast Transmission, had plans for extending
a gas service to various small communities dispersed throughout the north. The

project was approved on the condition that every effort be made to exploit the P.G.E., when possible, and B.C. labor, equipment and materials were to be given preferential consideration during the construction of the pipeline. For the premier, again, it was imperative that the project be used to promote integration in British Columbia.

Conclusion

With reference to B.C.'s oil and gas policy, it is clear that Bennett did not merely reconcile the diverse demands and expectations made upon him. Bennett accepted the traditions passed on by past administrators, as well as the norms and expectations which went with the job. Yet Bennett brought with him a number of personal characteristics which, in turn, shaped his interpretation of province-building. Within such a context, the Premier took charge of oil and gas development in British Columbia.

Relying upon the wisdom of past administrators the Bennett government remained fully in command of oil and gas development. Between 1937 and 1941-42, it had been customary for the political leadership to provide the capital and management skills required for untapping new energy reserves in the north. By the mid-1940's, it became clear that the government could not afford to continue the practice, but the legacy of strong executive leadership continued. Bennett never questioned the traditions of the past, and pressed on relying upon his own political instincts. The Premier left his own mark on the legislation. Bennett's perceptions, career aspirations, and life experiences helped shape his interpretation of events, as well as the lessons of the past. In the broadest sense, Bennett's vision of province-building effectively blended personal characteristics with the precedents and normative structures established by past policy.
There were a number of factors which helped determine the government position in oil and gas affairs. The lessons of past policy clearly stipulated that the provincial government should retain control over industrial expansion, and that a large share of the wealth generated by oil and gas development should be funnelled back into the Crown's treasury. Bennett never deviated from this position. Rather than being a broker for divergent political interests, the Bennett government itself played a major role in defining the issues.

It is clear that W.A.C. Bennett and Frank McMahon shared similar plans for northern expansion, and had great respect for each other, but whether or not this had an independent influence on government policy is open to debate. Our study demonstrates that Bennett never compromised his government's position on oil and gas policy to serve special interests. While McMahon profitted from the cancelling of the Crown reserve in the mid-1940's, he faced a number of obstacles in his quest to build a dynasty. When Phillips Petroleum Company of Bartlesville, Oklahoma, and Sunray Oil Company of Tulsa, Oklahoma bought control of Pacific Petroleum and Westcoast Transmission in 1960, the companies were losing money. Had it not been for a new corporate strategy, it is conceivable that the companies would have gone under. "In 1960 Pacific's operations had resulted in a net loss of nearly $4 million but by 1968 this had been converted to net earnings of more than $14 million and the company ranked as ninth largest oil producer and third largest gas producer in Canada."87

The history of oil and gas policy during the Bennett years illustrates the prominent role that political leaders play not only in defining issues, but in

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creating new expectations in the polity. The Bennett government was a major keynoter responsible for shaping the growth of a more integrated provincial economy, while gaining support for a more autonomous provincial government. The record shows that while the government occasionally formed alliances with business interests for special purposes, the goal of protecting provincial state autonomy was never compromised. The Bennett government was not merely a mouth-piece for special interests.
CHAPTER 5
BENNETT'S TWO RIVER POLICY

The purpose of this chapter is to trace the many determinants which helped shape or influence the creation of Bennett's Two River Policy. The Two River Policy refers to the commitment made by Bennett to develop the hydro potential of both the Peace and Columbia Rivers. Since the topic of the Columbia and Peace River hydro developments was thoroughly examined by Swainson, for this case study focus will be placed upon the myriad of factors which influenced Bennett's ability to control the issue in the interest of promoting an increased level of territorial unity within British Columbia.

The Two River policy demonstrates again that the political elite in the province had a major influence on how policy was perceived, and later implemented. Rather than working at the behest of commercial interests in the province, Bennett implemented the two river policy on his own accord. Once the decision was made to proceed in developing both sites simultaneously, the government sponsored an aggressive province-building campaign paying close attention to ensure the territory was controlled by the local political leadership, while fostering the growth of a more integrated society. Bennett exploited the two river policy with the full intention of implementing a grandiose scheme for provincial development.

As defender of the provincial constituency, the Premier played a major role in shaping existing patterns of social, economic, and political interaction in the province. Bennett's views on provincial politics in general, and hydro policy in particular, reflected the dreams and aspirations of a frontier politician who had a dream of achieving a better integrated provincial society, directed from within.
The Premier played a major role in generating support for increasing public sector participation in hydro development. In consequence, there was a new set of expectations created in B.C. society. Ironically, the preoccupation with rallying political support for a novel experiment placed new demands upon the government. The Bennett government succeeded in generating a new coalition of support for the two river strategy. While the Bennett government was the major engine responsible for initially spurring public sector growth in the sphere of hydro policy, once the policy was implemented, a number of new interests came to depend upon the government's commitment to northern development.

A number of issues are of major concern in this chapter. What role, if any, did the private sector play in asserting its influence over the government? Did Bennett act on his own accord? Why was there a major federal/provincial clash over the priorities of hydro development in the province? What effect did the split have on public/private sector relations? What role did expertise play in defending the interests of the combatants? Were these experts pawns, or independent brokers in the clash over priorities? Who were the major benefactors of the policy? Was this the intention?

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1 In an interview conducted by Jack Webster, Premier Bennett indicated that his government was the only major sponsor advocating the two river policy. Opposed by business, labour, the press, the federal government, and local political opposition, Bennett fought hard to solidify support for a scheme which was not open to compromise. According to Bennett, he was determined that the Peace power project would proceed as planned, regardless of what happened with the Columbia, because it was the only site fully under the control and jurisdiction of his administration. For further discussion see "An Interview by Jack Webster, CJOR Vancouver," October 22, 1976, Aural History Program, Provincial Archives of British Columbia (Transcription by Hansard Verbatim Recording Service), part of Roger Keene's historical data for Conversation With W.A.C. Bennett, Access No. 1675, 6-1, pp. 3, 17. For further discussion also see Paddy Sherman, Bennett (Toronto: McClelland and Stewart Ltd., 1966) pp. 221-227, 239-242.
Background

The history of the Social Credit government's bid to develop the province's major water systems concurrently provides a number of powerful explanatory insights for understanding the prominent role that Bennett's leadership played in defending its control over northern development, while hastening economic ties within the provincial boundary. The overall assessment will not attempt to explore all the controversies raised in the two rivers policy, but instead, will examine those most relevant to the territorial component of province-building.

The late 1950's and early 1960's were a period of political competition, as each government attempted to gain control over the strategy for developing the hydro potential of the province. There was a major battle fought between the political competitors over the need to develop the Columbia first, or to develop the Peace and Columbia Rivers concurrently. The Columbia River is located in the southeast corner of B.C. and flows southward across the United States boundary. Its major tributary, the Kootenay River begins in B.C., moves south to the United States, before swinging back into Canada to join the Columbia. The

2A major factor in the federal-provincial conflict over the priorities for hydro development in British Columbia involved a dispute over which government would control the development scheme. To defend his control over the provincial territory, Bennett was determined that his government would never allow Ottawa the opportunity to gain the upperhand. As indicated by Sherman in his reporting of events in December 1960 surrounding the dispute over the Columbia, "Right from the start, Bennett had been determined that there would be no federal control over the river." Bennett succinctly stated: "Aside from this financial consideration, the federal government proposes, through the creation of a new and separate agency ... to effectively remove control of that resource from this province. Under our constitution, property and civil rights are the sole prerogative of the province. There is going to be only one agency, the B.C. Power Commission. We want no fifth wheel. I am protecting the rights of the people of British Columbia." It is clear that Bennett's ambition to preserve his government's control over hydro development in the province had a major impact on the final outcome. See Paddy Sherman, Bennett, p. 239.
Peace River begins a number of miles west of Fort St. John, in northern B.C., and flows into Lake Athabasca, Alberta. The Finlay and Parsnip Rivers, which unite to form the Peace, provide the hydro potential.

Columbia River development came about as a result of a cooperative development scheme signed by the American, Canadian and British Columbian governments. It was a joint adventure involving the participation of all three governments. The Peace River project, on the other hand, was opposed by Ottawa, and Washington. The Bennett government acted on its own accord to develop the power potential of the Peace at the same time the Columbia was developed.

Jurisdictional Framework

The year 1944 was a divide in the history of events which ultimately led to the development of the Columbia River. The governments of Canada and the United States instructed the International Joint Commission to prepare a report outlining the various options for a cooperative scheme for harnessing the power of the Columbia. The International Joint Commission created earlier by the Boundary Waters Treaty signed between Canada and the United States in 1909, had no authority in the dispute over Peace Power development. The province had more jurisdictional power over Peace River development. Besides, the Peace River option did not appear until the latter part of the 1950s, and the Bennett government was its only sponsor.

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Conflicts over competing federalist and provincialist visions of development are not rare in fields of divided jurisdiction. Within the terms of the British North American Act, the federal government had exclusive powers over navigation and shipping, sea coast and inland fisheries. As indicated by Swainson:

Concurrent federal and provincial jurisdiction certainly exists over projects wherein the energy-producing and navigation functions are combined. In addition, Parliament has the right to acquire jurisdiction over any work, although wholly situated within a province, by declaring it to be the general advantage of Canada or two or more of the provinces. It has exclusive jurisdiction over interprovincial and international trade, transportation and communication. It shares a concurrent jurisdiction with the provinces over agriculture, and hence over irrigation. A still further federal competence exists with respect to international rivers, derived from the premise that Parliament has responsibility for domestic acts which would affect the property, and the civil and other rights of those resident outside Canada. Finally, basic responsibility for seacoast and inland fisheries has been vested in the federal government, although the administration of federal regulations concerning inland fisheries has been left to provincial officials.4

Since the first few decades of confederation, the residual federal powers (peace, order and good government) has not been used very often, but Ottawa held other jurisdictional weapons which could effectively be employed to defend the national interest. The federal government significantly increased its sphere of influence in the field of economic development, particularly since the Second World War, by introducing new initiatives in a number of areas which were under the jurisdiction of the provinces. Confident of the major role it should play in buoying up and spurring on integration in the national economy, while ensuring resources, people and capital moved freely across provincial boundaries, Ottawa made a practice of utilizing its spending powers to increase its control over national development.

4Ibid., p. 15.
It is clear that the political struggle over the Columbia River policy was heightened by an ambiguous constitutional setting. There was more at stake than just diverting water, since the goals of each level of government were separate and competing. The government of Canada held an impressive arsenal of weapons to mobilize the rest of the national community behind it, but the British Columbia government assembled its own resources in a tenacious battle over control of the project. Under the B.N.A. Act, each province owns the proprietary rights to the rivers within its boundaries, and no diversion into the U.S. is constitutional unless endorsed by the provincial government. Moreover, while the federal government was responsible for meeting with the American officials to negotiate a workable agreement, the onus for implementing the treaty fell firmly on the shoulders of the provincial government of British Columbia. As a consequence, Bennett was able to outstep the traditional bounds of provincial leadership, to carve out a new role in international diplomacy. Thus the divided jurisdictional framework contributed to the major conflicts which ensued between the two levels of government over hydro development. Bennett exploited the Columbia River negotiations to limit the growing influence of the Diefenbaker government over regional economic development. Reacting to the pressures of divided jurisdiction, Bennett scrambled to defend the autonomy of his government.

The Kaiser Deal

The crucial decisions made during the negotiations involving the B.C. and federal governments over a proposal by Kaiser Aluminum and Chemical Corporation to construct a major storage and power facility at Arrow Lakes, clearly illustrates that the Bennett government was never fully committed to investing in the Columbia River basin. The Peace River option that surfaced in 1956-57 was more attractive to the Bennett government because it offered more opportunity to protect the economic and political autonomy of the province. Premier Bennett was never enthusiastic about committing the province's resources to a development scheme which was not solely within the jurisdiction of the provincial government. Rather than merely defending the interests of private developers, Bennett was committed to maximizing his government's control over industrial development in the province.

On September 17, 1954, an agreement was reached between the Kaiser interests and the Bennett government providing for a storage and power facility at Arrow Lakes. The project was to be financed solely by the Kaiser Company. British Columbia was in favour of the development, provided the province received a fair share of the power generated, plus downstream benefit compensation. In addition, the agreement stated that all provincial taxes and water licence fees would be paid in full. For its part, Kaiser posted a bond, proceeding at once to study prospects for hydro development in the area.

6For a thorough history on the conflicts involving the Kaiser deal see Neil Swainson, Conflict Over the Columbia, pp. 57-71.

7Ray Williston provided the information in an interview with the author, and this was verified in an interview with W.A.C. Bennett conducted by Jack Webster. See Keene, Roger, "An Interview by Jack Webster, CJOR Vancouver, October 22, 1976, p. 17.
The response, outside provincial government circles, was not very supportive. With McNaughton's strong leadership for Columbia diversion, the federal government campaigned against what was perceived as a massive giveaway of the province's future. The press lamented that the policy would hamper further development of the Columbia River basin, but in particular, there was fear the Mica Creek dam would never be constructed. "Numerous organized - labour groups joined in the critical chorus, and the Board of Trade in the chief population centre of the Upper Columbia Valley, Revelstoke, begged all concerned not to displace Mica from its top priority." Another major issue of contention was the consequence of the Kaiser power grab on the competitive position of the Aluminum Company of Canada's operation in Kitimat.

Focusing upon the income generating benefits of the Kaiser formula, the Bennett government announced, "the contingent plans for dam construction at Castlegar by Kaiser is conditional upon the U.S. buying Peace River gas." The primary concern at the time was generating public support and saving as much money as possible so that a new empire could be financed in the Peace. Other considerations were secondary. Bennett ignored Ottawa's warning that the Kaiser giveaway would be vetoed, and proceeded as planned.

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8Vancouver Province, October 9, 1954, p. 6; October 26, 1954, p. 6.

9Neil Swainson, Conflict Over the Columbia, p. 59.

10It is worth noting that Bennett had earlier opposed what he perceived as a giveaway of special concessions to the Aluminum Company of Canada by the previous provincial government. The Aluminum Company was not held in high regard by the premier. For further discussion, see Roger Keene and David Humphreys, Conversations with W.A.C. Bennett (Toronto: Methuen Press, 1980), pp. 48-49.


12For further discussion on Ottawa's plan for veto see Vancouver Sun, October 18, 1954, p. 2.
Sommers flatly rejected the giveaway claim, stating that since British Columbia had been letting water flow downstream since Confederation, there were no give-aways. He stated emphatically that the province was merely raising money from an untapped resource.  

The evidence clearly shows that the Bennett government was never a strong supporter of utilizing provincial funds to develop the Columbia River basin. For example, when Ottawa proposed an alternative 50-50 development scheme allowing for direct provincial participation in the Columbia, the Premier responded that the costs to the province were too high. The premier was not keen about putting provincial funds into power development until the Peace power option emerged. Since other dreams of expansion sponsored by the Bennett government involved even higher costs and lower benefits to the provincial economy, the decision indicated that development of the Columbia River basin was not a top priority of the government.

Bennett resisted Ottawa's interference, hoping to draw attention away from the contradictions of his own policies, to those of the federal government. He rejected Ottawa's claim that Alcan would suffer from the


14Vancouver Province, November 25, 1954, p. 3.

15In his presentation to the Federal-Provincial Conference held April 26, 1955, Premier Bennett initiated a major defense against the federal government's interference in his government's plans for hydro development, while justifying the merits of the Kaiser plan. The premier suggested that it was time for preserving basic provincial jurisdictions over water power. In addition, the brief provided a review of the potential for hydro development in northern B.C., and what it would mean for the province. The point was made that Ottawa's interference posed a threat to development in the north because it restricted the autonomy of the provincial government. See Province of British Columbia, Department of Trade and Industry, B.C. Government News (Victoria: Queen's Printer, June 1955), p. 1-8.
Kaiser formula, indicating that because the company had several proposals for future expansion on the drawing board, the company would survive. Rather than focusing attention on the problems facing Alcan, as a consequence of the policy, the Premier preferred discussing how the company would persevere. Finally, Bennett's lack of commitment for a strong provincial presence in the Columbia was exhibited in his refusal to support an American proposal for a new Mica dam. The Americans offered to build the dam with the understanding Canada would machine it. To the surprise of the Americans, Bennett indicated that the province was more concerned with receiving a new lucrative source of tax revenue, plus downstream benefits.

Ottawa's threat to squash the B.C.-Kaiser deal was put in motion in January, 1955. The Liberal government introduced legislation requiring a federal licence for any hydro development scheme involving international waterways in a bid to squash the provincial initiative. As a result, Ottawa had won the first round.

Commitment to Northern Development

What effect, if any, did organized interest articulation have on Bennett's scheme for development? This question is of major concern to this study. Assuming active interests were a salient feature of the political system, did the Premier react to outside pressures, or was the government itself taking the lead

16 *Vancouver Province*, November 25, 1954, p. 3.
in resolving the issue? Were many groups concerned about the issue? Did large segments of the population become intimately involved in organizing political networks to express their opinions?

The Peace River Power Development Company's proposal for opening up the north was a major event which led to the two river policy. Yet the commitment to northern expansion was in no way the creation solely of these private commercial interests. The Premier shared these aspirations. The Peace River project just helped define what needed to be done to open up the potential of the north. As a prominent member of Premier Hart's Post-War Rehabilitation Council in 1942, the determined MLA from South Okanagan played an active role in analyzing the potential for growth in the region. While not the most prominent member of the study, Bennett was a staunch supporter of northern development.

Among a multitude of things, the Interim Report recommended that the Pacific Great Eastern Railway should be extended into the Peace River region, to Alaska, to the Yukon and into Vancouver, as well as into the United States. It recommended

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20 In an interview conducted by Jack Webster, W.A.C. Bennett stated that Wenner-Gren was the first to propose building a major hydro facility in the Peace. In fact, Wenner-Gren lost millions of dollars pursuing the dream. Quickly thereafter, the premier became deeply committed to ensuring the power of the Peace was harnessed to provide new opportunities for B.C. See Roger Keene's Collections, Provincial Archives, "An Interview by Jack Webster, CJOR October 22, 1976," pp. 4-6. Swedish entrepreneur Axel Wenner-Gren, famous for marketing the Electrolux vacuum cleaner, "undertook to develop about 40,000 square miles of the northern part of the province, to seek forestry rights to support a projected pulp mill there, and to build a railway north from the Rocky Mountain Trench to the Yukon Border. The memorandum also included an agreement calling for a reserve to be placed on the lands and timber within the proposed development area, and for a general survey of the resources of the area, including the possibilities for hydro-electric generation." See Neil Swainson, Conflict Over the Columbia, p. 82.

21 For a thorough review on the Bennett government's perspective on hydro development as displayed through Speeches from the Throne see B.C. Government News, February 1962, pp. 2-4; February 1963, p. 6; March 1964, p. 3; and July 1965, pp. 6-7.
the government set up a publicly owned hydro-electric authority to develop the maximum generation of electric power for industrial purposes and the promotion of rural electrification in the province."22

The decision to support the Peace River Power Corporation's large-scale investment scheme was based more on a desire to promote new linkages in the province at the lowest possible cost to the treasury, than it was a bid to protect the interests of any single power broker. The fact that the company lost millions of dollars in financing the project indicates that the government did not grant big business any special favours. A strictly pluralist interpretation of these events is not possible. The group of investors from Sweden did not have a strong base of support in the province, quite the contrary. Acting alone, Bennett faced the task of balancing the demands for rapid economic prosperity, with the self-imposed constraint of a balanced budget. In the early stages of policy, Bennett's first priority was to ensure the financial position of the province was not undermined. He sought hydro electric development which would operate on a commercial basis, but the intention was to foster northern development at the lowest possible cost to the province.

There was never widespread support for what was considered a sellout of the province's heritage. When Ray Williston first announced in February, 1957 that a memorandum of intent had been signed with the Peace River Power Development Company providing for a survey of resources in the area, and then, a major infrastructure building program which required further government

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approval, the response of the political community was not positive.\textsuperscript{23} The package provided for "a million dollar preliminary survey of an area covering forty thousand square miles - almost one tenth of the land area of the province - to be followed, upon subsequent government approval of the plans, by a two billion dollar development including pulp mills, power sites, town sites, roads, hospitals, schools, technical colleges and, a standard item in every Wenner-Gren package, the mono-railway."\textsuperscript{24} As noted by Robin, "Far from evoking the expected response of wonder and applause, the Williston announcement met with a chorus of catcalls, of shouts of sellout, typified by the double eight-inch column front-page screamer in the Socred Victoria Colonist which read: Industrialist Wins Exclusive Rights Over One-Tenth of British Columbia."\textsuperscript{25}

Despite the public criticism, Bennett continued to support northern development. Rather than being exploited by corporate interests, the Premier formed an alliance to serve his own goals. Peace River development served several objectives. While stimulating economic growth in northern sections of the province, the policy created new lines of communication and commerce in British Columbia. Moreover, political debate centred on whether Peace power was a better alternative than the Columbia River development, rather than on whether the power was actually needed. While the government received credit

\textsuperscript{23}See University of British Columbia, The Main Library, Special Collections Division, "Memorandum of Intention and Supplementary Documents Relating to Peace River Power Development Company Ltd." (1956-58); and "Power Capabilities and Operating Aspects of the Peace River Project and a Pacific International Pool" (Peace River Power Development Company Ltd., May 1960).


\textsuperscript{25}Ibid., p. 209.
for producing a new source of energy, it was unclear whether the decision to push the two river policy was the most economic alternative available. There were only minor attempts to explore other energy alternatives before the decision was made to proceed as planned.26

The Peace River option was supported by Bennett because it served the best interests of his government. Despite strong opposition, no attempt was made to withdraw support as long as the plan proceeded on schedule. The growing antagonism of business and labour were ignored as the Premier continued to push for northern development. It was a clear policy of defensive expansionism as the government responded to enlarge its influence over the territory enabling the province to become a more integrated unit. Once the commitment was made to develop the Peace River in October 1957, the Premier gave no real consideration to any alternative policy.27 Bennett was adamant that the project would proceed as planned, indicating that the need to stimulate northern expansion in the province was a top priority of his government.

The subsequent decision to push for a public development scheme was based on a number of strictly political considerations. Wenner Gren's lack of progress was a primary factor. Rather than reacting to societal pressure as indicated by Robin, Bennett on his own initiative attacked the group of financial proteges for failing to deliver the goods on time.28 Throughout the debate, the defense of provincial priorities was never compromised. Later, when the power industry was unwilling to gamble on Bennett's scheme for northern development

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27*Vancouver Sun*, October 9, 1957.

he proceeded alone. Bennett's initiatives were based on the priorities of the government, and he ignored the inputs of the major energy firms. Being the central decision-maker, the Premier was more concerned with defending the policies of the government than with serving the preferences of large power corporations.

William Mainwaring, past Vice-President of B.C. Electric and President of Peace River Power Development Company between 1958 and 1961, was unable to carry through Bennett's scheme for development without the cooperation of B.C. Electric. Mainwaring had indicated that without a contract from B.C. Electric to purchase Peace power, it was not economically feasible for the company to proceed further, at least on the scale demanded by Bennett. B.C. Electric had refused to commit itself to purchasing Peace power. The corporate giant determined that other sources of energy, including Hat Creek thermal and Columbia hydro power, were more cost effective.

This did not go over very well. The Premier deliberately ignored the input of the private sector, and commissioned the newly created B.C. Energy Board to compare and contrast the advantages and disadvantages of Peace vs. Columbia development. The inquiry, in part, served to legitimize the take-over of Wenner-Gren's Peace River Power Development and B.C. Electric. On August 1, 1961, the premier introduced the commissioned study on the same day that the assets of B.C. Electric and Peace River Power Development Company were seized by government. As noted by Swainson, "The Energy Board's comparison


30 Neil Swainson, Conflict Over the Columbia, p. 201.
of the cost of power from the two river systems paved the way for the Peace River Company's takeovers. The substance of its findings was that under similar conditions and public ownership, there would be little to choose between the power costs averaged over the period to 1985."31

The decision to nationalize the power utilities of B.C. Electric and Peace River Power was not merely the product of direct societal pressure. While a public opinion poll indicated that a majority of Vancouver residents favoured a public power scheme, there was little evidence of support among the active interest group leaders.32 Bennett ignored the positions taken by the major players, deciding instead, to proceed as planned. Bennett knew full well that he could mobilize public support. As reported by Worley, "Premier Bennett closed the debate by charging that the CCF and Liberal opposition had been forced to eat crow through the government action. It answers, once and for all, he declared, "charges that the Social Credit government had been controlled by the Wenner-Gren organization, and that the B.C. Electric had never lost an election. The vote for the record was 50-0."33

The Premier effectively manipulated support in the province behind his two river policy even when it was unclear whether it served the best interests of


32For evidence of poll conducted by Hugh S. Hardy and Associates see Vancouver Sun, August 24, 1957, p. 9.

the economic elite. Robin and Resnick have both argued that the two river policy was based merely on a desire to shore-up the competitive advantage of primary production in British Columbia, but there were other important considerations. As is demonstrated below, it is unclear whether the two river policy was a product of societal pressure or class conflict. Major commercial interests operating in the province at the time the decision was made already had their own sources of energy. Cominco's mining operations and Alcan's Kitimat-Kemano mega-projects were already well provided for. While Cominco did eventually benefit from the storage capacity in the Columbia hydro development, Bennett's emphasis on Peace River development put the project in jeopardy. The premier was not committed to using provincial funds to develop the hydro potential of the province until the Peace River alternative was assembled in the latter part of the decade. There was more at stake than just developing hydro facilities. Moreover, since he offered to sell the Americans Columbia power at a very competitive rate, it is unclear whether the needs of established local firms were best served by the policy. Clearly, the provincial interest was not a sum total of private demands for action. The Bennett government formed alliances with the private sector only when it served its own interests.

34One move which was taken to mobilize support for the government's initiatives was the recruiting of Frederick Mathers to the Board of Directors of the B.C. Hydro and Power Authority. Mathers, former president of the Canadian Manufacturers Association stated that, "Government control of business is a frightening thing. It is necessary during war, but in time of peace I believe in the efficiency of business." Yet to allay the fears of other businessmen, Mathers went on to suggest that, "public ownership of hydro electric power was the only exception to his rule of private enterprise in everything." See B.C. Government News, July 1962, p. 1.

The crucial issue is not whether the government's two river policy raised the Gross Provincial Product of British Columbia. The major issue is whether economic development assumed a different spatial pattern than it would have otherwise - a pattern more consistent with the government's plans for territorial integration. The implementation of the two river policy demonstrates that the Bennett government deliberately pursued aims which contradicted the demands of influential actors in the private sector, while serving the territorial goals of the government. Bennett employed the power of expropriation to undermine the position of private power interests. After the Peace River alternative was accepted by Bennett, the goal was to open up the north. For most groups, public power was a non-issue, but Bennett's initiatives changed all that. While the Peace River Power Corporation and B.C. Electric were the only representatives of the business community to take an active interest in the deliberations, both parties suffered substantial losses. On his own initiative, Bennett instituted a major attack on the power industry, and expropriated their holdings below the market value. As noted by Worley:

On the heels of the B.C. Power Corporation claim for more money, the Wenner-Gren corporation became restive. They claimed they had not been paid enough for the surveys and work done to date on the Peace River development. Comptroller-General Charles Ferber, the firm but very fair government watch dog, diligently spent many days checking and double-checking receipts and invoices to see where that organization had spent their money. He totalled it up and paid them an $8 million cheque, but they wanted more than $10 million.36

The B.C. Electric company was more successful in procuring extra money but only because of a court judgement.37

37Neil Swainson, Conflict Over the Columbia, p. 259.
To conclude, the two river policy was not the manifestation of societal pressure but instead, represented a preference for northern development put forward by the Bennett government itself. Once the Peace River alternative was established in 1956/57, the Social Credit government made it clear thereafter that northern expansion was a top provincial priority. The provincial interest, as presented by Bennett, was not a sum of private interests. The preferences of the central decision-makers took precedence over the dreams and goals of the power industry. There is little evidence to suggest that Bennett only reacted to the demands of pressure groups in the society. Instead, Peace River Power fostered the growth of a new regional economy, directed for the most part from within. Despite the opposition of key groups in society, the government had succeeded in promoting its own interests.

Two River Policy

The Bennett government exploited the two river policy to defend its own territorial interests. As indicated earlier, the Columbia River project was not a top priority of the provincial government, as evidenced in the premier's refusal to expend provincial funds on the joint project. The northern vision was another matter. After the federal government vetoed the Kaiser deal, the Premier offered Columbia power to the U.S. in return for access through the Alaska panhandle to the Pacific. While the deal was never accepted, it was clear the commitment to the north was strong. Once the decision was made to develop

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38 For further discussion on Bennett's grand scheme for northern development see B.C. Government News, January 1954, pp. 4-8; and December 1955, pp. 4-7.

the Peace River in parallel with the Columbia in 1957, the provincial government worked diligently to defend its scheme for development against outside opposition.

The policy never was endorsed by the federal government for various reasons. Since 1957, Ottawa held serious reservations about the cost effectiveness of the northern development scheme. These views were supported by federal government and private industry studies of Peace River hydro potential. Much of the criticism focused upon the problems of securing adequate funding for both projects, and the high cost of building an integrated power system from one end of the province to the other. Moreover, the development of both rivers simultaneously posed a problem because it would create a surplus of energy in the province. Since the federal energy policy had always vehemently opposed exporting hydro power across national boundaries there was little support for such a move. Ottawa's preferred scheme for development of the Columbia River basin included delaying the Peace power project, introducing the down stream power benefits generated in the U.S. directly into the B.C. power grid, and building a major upper Kootenay storage facility in Canada for a major diversion. Finally, Canada wished to continue good relations with the United States. Because of the importance placed on negotiating a workable agreement on flood control along the Columbia River basin, it was imperative that the Canadian position be clear and consistent. Continued good relations between the two countries depended on reaching an agreeable solution.

The nationalization of the power industry served several objectives simultaneously. First of all, it preserved the revenue lost to the federal government through corporate income tax paid by B.C. Electric. Many observers felt the move was based on a desire to recoup taxes lost to Ottawa in the national tax system.41

The Bennett government had been a major critic of the federal tax system and the nationalization of the power industry provided a vehicle for registering its dissent.42 Another major purpose served by the takeover of B.C. Electric was that it guaranteed the development of the Peace Region. Goaded on by federal government confrontation and local opposition, Bennett exploited past policies to create a new role for the provincial state.43 It is clear that the premier took advantage of the position of the B.C. Power Commission to significantly increase government participation in the power industry. Finally, the two river policy improved the likelihood of gaining Bennett's demand for compensation for downstream benefits.44 In describing Bennett's earlier support


42For examples of this criticism see B.C. Government News, December 1955, pp. 4-8; February 1956, pp. 3-4; March 1957, pp. 2, 6; February 1960, p. 3; and February 1962, p. 2.

43Yet W.A.C. Bennett did not fear criticism. He asserted that "As far as personal attacks are concerned, you learn to insulate yourself against them. You convince yourself that you wouldn't be doing a certain thing for personal advantage alone. As premier, you don't act for yourself, for big business or for big labour unions. You are beyond all that, because you act for the ordinary people. If you follow that principle, you become a true populist leader, and you don't have to fear the press." See Roger Keene and David Humphreys, Conversations With W.A.C. Bennett, p. 100.

44For further details see Martin Robin, Pillars of Profit, pp. 208-217.
for Wenner-Gren's proposal for Peace power, Worley indicated that, "Before the Premier's announcement, the U.S. had felt in a good bargaining position regarding the Columbia. The Americans were confident the province would have to develop the Columbia anyway, even if they refused to give back any power from downstream benefits, but now the shoe was on the other foot." The Premier was a major proponent of downstream compensation, as noted by Swainson. In fact, the Kaiser deal may have been staged by Bennett solely as a ploy to gain recognition of the compensation principle.

In the conflicts which ensued between the two levels of government over the Columbia River negotiations, Bennett was often portrayed in the press as a short-sighted incremental administrator, who was incapable of truly appreciating the intricate complexities of international diplomacy. Robin also describes Bennett's initiatives as if the Premier was not fully in control, and merely reacted in a dazed fashion to recoup fading political support. Within the context of a strictly economic determinist framework, it is very difficult to find an explanation for the Premier's actions. It is clear that the two river policy was not enthusiastically endorsed by business groups within the province. Led by the Vancouver Board of Trade, the British Columbia Chamber of Commerce, and the Canadian Chamber of Commerce, various business interests rallied together to

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46Premier Bennett indicated in an interview with Swainson that he never believed the Kaiser people would succeed in delivering the goods, and that "he knew they could not, but that the whole point to the exercise was to get established the recognition of the downstream benefit power principle." See Neil Swainson, Conflict Over the Columbia, p. 65.
oppose the expropriation of B.C. Electric. Most of the business community was unconvinced that the move would benefit the provincial economy. In addition, a survey conducted for the Province newspaper confirmed that the general public preferred Ottawa's scheme for power development.

It is clear that Bennett launched the two river policy to defend his government's interests and scheme for development. British Columbia continued to seek federal approval for exporting power on a long-term basis to markets south of the border. When Canada unwisely signed the Columbia River Treaty in January, 1961, before a federal-provincial agreement was completed, the province threatened to veto the agreement until its demand for downstream power sales were allowed. Primary emphasis was placed upon securing the necessary capital for financing the provincial government's scheme for northern development.

A number of factors were responsible for Ottawa's retreat. It is clear that Bennett's ability to remain in power reduced the prospect for negotiating a new pact. Yet a CCF government would not have been easily influenced either. Since the federal government signed the Treaty, the province had manoeuvred itself into a position which enabled it to control the issue. Driven by the provincialist ethos, Bennett had already taken charge of the issue by employing experts to undermine the federalist challenge. Against the backdrop of Ottawa-sponsored Montreal Engineering Ltd. attack on the two river policy, and B.C. Electric's, and Peace River Development's finding that Peace Power was less economical than Columbia power, the Premier faced a major challenge.

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48 See Vancouver Province, September 13, 1961; Vancouver Province, September 20, 1962; and Vancouver Sun, October 4, 1961.

49 Vancouver Province, October 2, 1961, p. 1.
With the support of Gordon Shrum, and the other members of the Energy Board, the Premier was prepared to enter the most bitter confrontation in the history of his administration. The Energy Board raised serious doubts about the accuracy of past comparisons on Peace vs Columbia power costs.\textsuperscript{50} Specifically, the Energy Board report suggested that the two river policy was both feasible and desirable. But, as noted by Swainson,

Those who like Mr. Strachan subsequently read the report of the engineering consultants to the Energy Board were more than outraged to discover that, as Mr. Sherman was to observe, the board had loaded its figures to a degree. Specifically, the critics were to object to the manner in which the Energy Board had ignored the not insignificant downstream benefit which accrued in Canada from the Duncan and Libby projects. They objected also to the board’s failure to indicate what import a series of favourable assumptions (concerning the attraction of additional industry, and treaty energy servicing of expanding Cominco power needs at Kimberley and Trail) might have in still further reducing the cost of Columbia River power. As the weeks advanced, critics suggested that the Energy’s report had been guilty of a further omission in that it had made no allowance for the beneficial consequence of federal participation in the financing of the Columbia projects.\textsuperscript{51}

Despite the inaccuracies, the report provided an effective tool to mold new public support for the two river alternative. Rather than appeasing the demands of intellectuals and concerned business interest, the premier exploited the talents of the experts to legitimate the policy in the eyes of the general public. The populist leader indicated at the time the B.C. Power Commission and B.C. Electric were merged, that the government committed itself to developing Peace power even before the Energy Board Report was ever


\textsuperscript{51}Neil Swainson, \textit{Conflict Over the Columbia}, p. 203.
received.\textsuperscript{52} It was clear that the report was a bonus, but the two river policy would have remained intact, regardless of the findings. The Premier defended the old Kaiser formula, indicating it would have served the best interests of British Columbia.\textsuperscript{53}

\textbf{Winners and Losers}

In consequence of Bennett's efforts to carve out a new role for the provincial leadership in international diplomacy, the Canadian and American governments finally accepted hydro development on the Premier's terms. Specifically, the federal government reversed its opposition to long-term power exports to U.S. markets. Moreover, the Americans acknowledged the right to compensation for downstream flood benefits, and agreed to accept the sale of Canadian entitlement to Columbia power. On July 8, 1963, the federal and provincial governments formally agreed on an integrated formula for Columbia development. This paved the way for a renegotiated international agreement which was signed on January 22, 1964.\textsuperscript{54}

As indicated by Strand in his overview of hydro development in the province,

\begin{quote}
Under the terms of the Columbia River Treaty, the Canadian entity, B.C. Hydro and Power Authority, was required to create 15.5 million acre-feet (19,119 million cubic meters) of live storage on the Canadian portion of the river by construction of
\end{quote}

\textsuperscript{52}\textit{Victoria Daily Colonist}, September 17, 1961, p. 1.

\textsuperscript{53}\textit{Ibid.}, p. 1.

\textsuperscript{54}For a review of the agreement see \textit{B.C. Government News}, April 1964, pp. 6-7.
three dams - Duncan, Arrow, and Mica. It was recognized that these dams would provide increased power generation and flood control in both Canada and the United States, and it was agreed that one-half of the additional power generated downstream in the United States would belong to Canada. The province and the federal government had previously agreed that this power would belong to the province, and British Columbia sold, for thirty years, its share of that power for 273.3 million dollars (Canadian) to the U.S. utilities operating downstream. It was also agreed that payments totalling 69.6 million dollars would be paid by the United States to British Columbia for downstream flood control benefits - 12 million dollars on completion of Duncan Dam in 1968, 56.3 million dollars on completion of Arrow Dam in 1969, and 1.3 million dollars on completion of Mica Dam in 1973. The expectation was that the total amounts received by British Columbia would pay the capital costs of the three dams and about half of the capital costs of the generators at the Mica powerhouse. The treaty also gave Canada the right, after September 1984, to divert a portion of the flow of the Kootenay River directly into the Columbia at Canal Flats and thus increase the flow of water through the Mica Powerhouse.55

Against the backdrop of societal and external governmental opposition, Bennett was successful in fulfilling the major objectives of his administration. The development scheme had been highly criticized by business, labour, academic, and political spokesmen alike, but the premier persisted, undaunted, in defending the two-river policy (see Map 4). The Premier successfully exploited the talents of experts to legitimize Peace River development, on the one hand, and to out-manoeuvre the efforts of American and federal government planners, on the other.56 It was a major victory. In addition, the premier exhibited an uncanny ability to stage events, forcing other actors to respond to his


56Simeon concluded that Bennett's inability to exploit the talents of others put him in a poor position for bargaining with other administrations. Perhaps it is time to reassess the issue in light of these findings. For further discussion see Richard Simeon, Federal-Provincial Diplomacy, (Toronto: University of Toronto Press, 1972).
MAP 4
ELECTRIC DISTRIBUTION SYSTEM

LEGEND

- Transmission Lines 60-360 KV (existing and under construction)
- --- Transmission Lines 500 KV
- - - - Transmission Lines (planned)

By introducing the issue of the discriminatory nature of Ottawa's tax laws, and refusal to allow power sales, Bennett effectively diverted attention away from the costs and benefits of the provincial scheme for development.

The Premier offered a no strike/no lock-out agreement to cover the building of 3 dams in the south, and a major project at the Portage Mountain site in the Peace to appease the demands of his critics. Many people benefitted from the projects. The Peace and Columbia projects offered employment to "4.9 percent of total construction employment in British Columbia," between the years 1962 and 1979, representing 5 percent of the total unionized workforce. The two river policy also provided new opportunities for the construction industry and skilled tradesmen. Yet, since construction firms were forced to use the courts to seek adequate compensation for services rendered, there were no give-aways.

As well, Bennett had created a massive public sector corporation which would eventually build "seven dams and six powerhouses" between 1962-1980.

Many of the critical decisions made by the W.A.C. Bennett government regarding hydro development in British Columbia focused upon defending the provincial government's scheme for regional development. A major problem

57 This information was provided in an interview with Ray Williston.

58 For further discussion see British Columbia Hydro and Power Authority, Peace Hydro-Electric Project, Contract No. 10, Portage Mountain Dam, Vol. I to IV, (1964); British Columbia Hydro and Power Authority, Columbia Construction Progress: Arrow Project (July 1969); and British Columbia Hydro and Power Authority, Columbia Construction Progress: Duncan Project (July 1969).

59 Kenneth Strand, "B.C. Hydro Project," pp. 27 and 40.

60 Ibid., p. 43.

61 Ibid., p. 25.
facing the decision-makers involved in the negotiations was that the issue was so complicated that no one could agree upon the costs and benefits associated with each option. There were too many unpredictable factors involved, and most estimates involved a significant margin of error. Cost-benefit analysis was replaced by political instinct. It was a battle fought between political competitors, and Bennett was the major victor.

Conclusion

This case study provides further evidence that many of the infrastructure policies adopted by the Bennett government cannot be truly appreciated by focusing exclusively upon economic factors. Economic efficiency was not the central issue in the debate. Instead, the battle for the two river policy reflected a defence of territorial ambitions fought between political competitors in a policy sphere fraught with many economic uncertainties.

While the economic merits of the two rivers policy was opposed by a number of powerful economic interests in the province, it served as a catalyst to enhance the determining influence of the government over the pattern of industrial growth in the province. As a direct result of the policy, Bennett's dream of gaining more control over northern development became a reality. As lamented by McGeer, since the time of the take-over of B.C. Electric, "decisions (were made) as much on the basis of political intuition as sound engineering advice."62 The policy represented a great victory for the provincial government. Bennett was successful in ensuring that his northern development scheme was implemented on schedule.

62Ibid., p. 66.
A number of questions arise in seeking to understand and assess the growth of the provincial ferry system in British Columbia. Why did Premier Bennett create the Dogwood fleet in the first place? Why did the change to public ownership happen when it did? Did the provincial leadership respond to conditions within the political environment, or was the issue manipulated to serve well-defined goals of the government? Who were the major benefactors? Was the policy in a large part determined by the needs of the economy, or were there other more important political considerations? This chapter will address itself to these important questions.

There appear to be a number of important factors which help explain the conception and growth of the Dogwood Fleet. These factors include:

1) a ferry system crippled by labour strife;
2) a federal government unwilling or unable to resolve the conflict within Bennett's time framework; and
3) a populist provincial leadership with the power, determination, and popularity to adopt a positive, interventionist role in the labour dispute.

Governments are often involved in disputes which arise outside their control. Such was the case with the labour strife which threatened to shut down ferry operations between the Lower Mainland and Vancouver Island in 1958. It was a major event in the province's maritime history. Rather than being a reflection of a larger province-building vision, the new experiment in maritime transport represented pragmatic decision-making at a time of crises. Yet it should be acknowledged that Bennett's perception of the problem was greatly influenced by his values, beliefs and experiences as premier. First and foremost, the Ferry strike offered an opportunity to defend the interests of the provincial government. The Bennett government was not willing to put up with service
interruptions. Ensuring that there was an efficient ferry service linking Vancouver Island with the mainland was a top priority of the provincial leadership.

There were a number of considerations in the provincial government's defense of the ferry system. The formation of a provincial ferry service provided the most decisive way of combatting the effects of federal inaction in a major labour dispute and preventing future shutdowns. While exerting provincial control over ferry transportation significantly increased the capacity of the government's control over key aspects of the B.C. economy, it is unclear whether the policy was specifically designed to sustain provincial independence. Rather, the Bennett government responded to this issue; firstly, by appealing to the federal government for a quick solution; and, secondly by taking direct action itself. Until late 1961 when the government purchased Black Ball Ferries Limited, no general provincialist policy was formulated. Instead, primary emphasis was placed upon maintaining an efficient and reliable ferry service between Vancouver Island and the Lower Mainland. The decision to exploit ferries policy specifically to increase provincial government authority over marine transportation within the province came much later, and after the private sector failed to carry forward Bennett's scheme for development.

Precipitating Event

The major factor responsible for the decision to sponsor a provincial ferry service was the labour unrest which characterized the late 1950s. Ferry services were operated solely by the private sector. Provision of such essential services was suddenly threatened by a strike involving Canadian Pacific Steamships, a company regulated by the federal government.

As indicated by Crilly, the provincial leadership had no legal or constitutional means to resolve the dispute involving Canadian Pacific
Steamships, a subsidiary of the C.P.R. The only power held by the Bennett government of any use was the power to regulate and expropriate private intraprovincial ferry operations. When the Seaman's International Union announced it planned to shut-down Black Ball Ferries in support of the already striking employees of Canadian Pacific Steamship, the scene was set for direct provincial government intervention.

After employees of Canadian Pacific Steamship (CPS) went on strike on May 17, 1958 a number of private and commercial parties relied exclusively upon the ferry services provided by Black Ball Ferries Ltd. Assured transportation was essential for the growth and maintenance of a number of communities who had come to rely upon the ferry system to keep people and resources moving. At first, Bennett was more than willing to let the other major players reach a workable solution, but his patience quickly evaporated as time passed. The pivotal assumption of Bennett's position was that continued ferry service was essential. As indicated by Mitchell,

Bennett appealed in vain for federal intercession to settle the problem. In an attempt to break the stalemate, he personally consulted with both the management of the ferry systems and the unions involved. When he realized that his efforts were for naught, he shocked most observers by proclaiming the Civil Defence Act and taking over the Black Ball Line. Few could remember a provincial government acting so quickly or so effectively; the Socreds would reap tremendous political benefit from the move. As it turned out, the government needed to operate the ferry line for only a few days before both sides in the conflict decided to lay down their arms and return to work, but much was learned during the course of those few days when the landlubberly Socreds operated the ferry boats. In particular, Bennett, quick to make inferences and to see possibilities, was determined to force events his way.


The Growth of the Provincial Vision

The implications of seizing the operations of the Black Ball Ferries Ltd. were two-fold. Firstly, imbued with a strong sense of provincialism, the premier was convinced that British Columbia had the jurisdictional right and authority to maintain essential ferry services between Vancouver Island and the Lower Mainland. Incensed at the lack of initiative shown by Ottawa to protect an essential service in British Columbia, Bennett made it clear that his government was determined the province would never again rely on Ottawa for essential ferry services. While the shutdown of Black Ball Ferries lasted only a few days, Bennett was unhappy with the calibre of services offered by the private sector. After reaching the decision to directly enter the ferry business in July 1958, and offer a service between Saanich Peninsula and the Lower Mainland, the premier proudly announced, that "the Government of British Columbia is determined that in the future, ferry connections between Vancouver Island and the Mainland should not be subject either to the whim of union policy nor the indifference of federal agencies." 3 It was clear that the Bennett government was determined that it would offer an efficient and stable ferry service, with or without the support of the private sector. 4 It was the first step in a new experiment in public enterprise which aimed to strengthen provincial government control over ferry operations.

Secondly, the crisis provided an opportunity to forge public support behind a new experiment in public sector entrepreneurism. While the sponsorship

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4 For further details see the premier's Budget Address Speech in Province of British Columbia, Department of Trade and Industry, B.C. Government News (Victoria: Queen's Printer, February 1959), pp. 3-4; and excerpts from the Throne Speech on B.C. Government News, January 1960, p. 2.
of the government ferry policy was viewed as a curb on the powers of labour and Ottawa, it is important to recognize how the policy was molded to serve the dreams and aspirations of Bennett and his colleagues. In the quest to offset the power of Ottawa, Bennett and his colleagues struck a responsive chord among various labour and business groups in the province. Such support was crucial. The struggle to increase provincial government control over intraprovincial ferry services was applauded by the B.C. Federation of Labour, the Victoria Labour Council, and the Victoria Chamber of Commerce. The policy of sponsoring provincial ownership of a new ferry system to halt and reverse the power of outside actors, who did not truly appreciate the vital integrative functions served by a reliable ferry system, was widely supported by the general public. By the time the federal government seized the operations of Canadian Pacific Steamships and appointed an administrator to run the service until an agreement could be reached between management and labour, the substance of debate had changed dramatically. The drive for a provincial ferry system had gained new momentum with strong public support shown for the provincialist policy. It was a new contest.

The early history of the provincial ferry system provides a telling illustration of how societal and institutional forces shape the substance of policy. When Ottawa failed to quickly resolve the CPS labour dispute, many people in the province questioned whether the federal government was adequately concerned about the special needs of British Columbia. It is certain that the failures of the federal government policy provided an added incentive for the

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6For further discussion of the federal initiative see Victoria Daily Colonist, July 23, 1958, p. 1.
premier to initiate a program of his own. While the provincial ferry system was the brainchild of the premier, it was a pragmatic response to conditions within the federation, and societal pressure. Yet, as time passed, the Bennett administration exploited the provincial ferry system to increase its own political clout. Provincial ferry policy became an instrument to promote spatial integration along the coast, while shoring up the Bennett government’s reputation as defender of provincial interests.

Political Strategy

The Bennett government went out of its way to create public support for a highly controversial policy. As indicated by Mitchell, "the Socreds fought an uphill battle: economists, planners and academics all said that Bennett’s plans to expand the ferry system could not succeed because of a lack of demand for the service."7 As a result, primary emphasis was placed upon creating the climate of confidence which was essential for success. To allay the fears of his sceptics, Bennett proceeded at first on a conservative system of finance. In a policy sphere fraught with major financial uncertainties and extraordinary political risks, the decision was made to begin with only two ships and two terminals, and proceed from there. In addition, to offset the costs of market entry the premier purchased the plans for a ship operated for years by Black Ball Transport.8 Rather than wasting public funds unnecessarily on designing a new ship, the government wisely chose to accept a proven design. It indicated to the public that the provincial leadership was committed to proceeding with caution.


8 For further discussion see Victoria Daily Colonist, August 23, 1958.
A second factor which increased popular support for the government sponsored ferry system was the creative financial system which was carefully designed to camouflage the real costs of operating the system. How could the political opposition attack what was hidden? Since the major policy options were formulated and defined by the provincial government itself, it was easy to control what facts were open for public consumption. At first, the ferry fleet fell under the auspices of the British Columbia Toll, Highways and Bridges Authority. Like other projects financed by the Crown corporation, the debts were recorded independently of government. With the major costs of ferry expansion conveniently absent from the government fiscal record, even the most conservative interests applauded the policy.

In 1964, Premier Bennett created a separate ferry authority to be responsible for the expanding coastal fleet, but the old system of fiscal non-accountability remained. The first step along a difficult and unpredictable extension of public enterprise was to provide only limited details on the real costs of the program. However, these costs were assumed by the province, despite the rhetoric. As indicated by Sherman, "In 1963 the toll bridge debts were paid off with government funds. In 1966 the ferry service debts were similarly paid, thus disposing of any suggestion that the debt was not a direct liability. The 1966 debt payment cost the government $37,000,000 of its surplus funds." While the premier successfully orchestrated public support for the scheme by manipulating the government's fiscal records, the debt had to be paid. Yet, by then, the program was already firmly in place.


10See Province of British Columbia, Journals of Legislative Assembly (Victoria: Queen's Printer, 1964), p. 36.

Another factor which contributed to the success of the policy was the decision to improve provincial planning capabilities. Premier Bennett imported two special advisors in an attempt to initiate effective planning for long-term development of the ferry service in the province. The decision to appoint Captain H.C. Terry of the Northland Navigation Company, and Captain Alex Peabody, of the Black Ball Ferry Company, provided a new source of expertise, while adding legitimacy to the project. As we shall see, Bennett exploited the talents of these experts to sell his policies. At the time these appointments were made, the Bennett government proudly announced, "It shows again this government is just the opposite of a dictator. We seek advice everywhere."  

A final factor which contributed to the popularity of the ferry program was the decision to utilize provincial labour and capital to build the fleet. Business and labour alike welcomed the new shot-in-the arm for the ship-building sector. Public support for the provincialist scheme reached new heights with the selection of the "Victoria Machinery Depot and the Burrard Drydock Company of Vancouver as the sites for construction of the first two vessels of the service."  

When new experiments in public sector expansion must be sold to the general population, frustration and failure often follow. This was not the case for Bennett's proposal for a new provincial ferry fleet. While a number of critics opposed the decision to enter the ferry business in competition with two private sector firms, few could deny that Bennett's campaign for the ferry fleet was a success. Besides, since the private sector was not willing to provide the type

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12Victoria Daily Colonist, November 14, 1959.

13For further details see Captain H.L. Cadieux and Garth Griffiths, Dogwood Fleet, p. 14.

14A number of interests criticized the policy. See Vancouver Province, July 26, 1958, p. 4; and Victoria Daily Times, Sept. 15, 1958, p. 29.
of service that the government wanted, the province had no choice but to do it alone. The results were extremely satisfying for Bennett and his colleagues. Transportation was always a major priority of the government's plan for increasing its control over provincial economic development and the pattern of territorial unity.

Record of Expansion

The political history of the rapid expansion of Bennett's Dogwood Fleet reflects the ambition of the Social Credit administration to advance its dream of building roads, rail lines, and ferries to open new frontiers, and to integrate the province. Before long, the people serviced by the ferry services came to consider the policy as indispensable as the premier did. In retrospect, it seems almost incredible that the Bennett government could put the service in place as quickly as it did.

Once the decision was made by Bennett to enter directly the ferry business, the problem of improving vehicular traffic transportation between Vancouver Island and Vancouver was attacked with fresh vigour. Results were produced very quickly. The decision to build two ferry ships was followed by the construction of the necessary wharves and connecting roadways. In particular, Bennett utilized the many talents of Highways Minister Gaglardi to get on with the task at hand.

The first phase of the government ferry system was built in twenty-three months. Gaglardi decided to construct a ferry terminus at Swartz Bay, with

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another at Tsawwassen. The decision was based on a number of considerations. While the Tsawwassen facility was a major undertaking, water travel time would be cut by over thirty minutes. Against strong opposition, Gaglardi pressed on regardless of the challenges posed for the engineers. On the island, Gaglardi designated Swartz Bay over Sidney Harbour, where federal dock facilities were located, but insisted these plans could be reworked should the federal government decide to upgrade facilities there.

Provincial efforts to initiate federal government participation in the project largely failed. While the Bennett government preferred that Ottawa play a major role in implementing the ferry policy, the federal response was not supportive. If the province wished to build a ferry service it would have to do it alone.

On the fiscal side, plans for the ferry system were facilitated by Bennett's control over the legislature. Given the practice of uninformed public debate, which featured short spring sessions and sheer domination by the political executive, the resulting pattern of aggressive action would not have been so easily attained in another political setting. In March 1959, the provincial government amended the Toll Highways and Bridges Authority to increase borrowing power of the crown corporation from $80 million to $100 million.

For further details see B.C. Government News, February 1959, p. 3; and February 1961, p. 2.

Robert Bonner went to Ottawa to negotiate for federal funding to upgrade ferry facilities, but these efforts were unsuccessful. Cries of outrage were later heard in the B.C. legislature over Ottawa's indifference to the province's needs. While the federal government had spent $35,538,700 on ferry services in the Maritimes, British Columbia only received $4,318,500. As a consequence, the provincial leadership committed themselves to safeguarding the transportation needs of local residents, with or without federal participation. For further information see Victoria Daily Colonist, January 27, 1960, p. 1.

Vancouver Sun, March 10, 1959, p. 9.
The amendment provided the fiscal capacity necessary for the ever-expanding ferry policy. A permanent two and one-half percent annual subsidy, financed though general revenues, was also created to subsidize the low price charged for ferry patrons. For Bennett, it was politically expedient to ensure the traffic was provided at an affordable cost. The goal of facilitating new linkages between Vancouver and the Lower Mainland received top priority.

The first phase of the provincial ferry service began operating on June 15, 1960. "Flying Phil Gaglardi" had delivered the goods on time, and close to the estimated budget. While the provincial government was at first reluctant to assume such a heavy cost alone, its hand had been forced by federal inaction. Bennett exploited the issue to improve communication and transportation connections along the coast, while improving the government's reputation as defender of provincial interests against Ottawa's indifference.

There were a number of new initiatives introduced in the early 1960's. At first, Bennett announced plans for building a new ferry facility on the northern tip of Vancouver Island. Yet by 1963, the premier had even bigger ambitions for a vast 850-mile land-sea highway which would serve to integrate the northern sections of Vancouver Island and the Prince Rupert area, while providing a stimulant for the tourist trade. In another controversial move, the province purchased the Black Ball ferry service to Vancouver Island for an

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20 The total cost to the province for the first phase of the development scheme was $12 million. The costs included two ships costing $7 million, Swartz Bay terminal and access road totalling $1 million, and $4 million for facilities at Tsawwassen. For further details see Victoria Daily Colonist, July 14, 1960, p. 37.

estimated $7 million.  Since the labour shutdown in 1958, during which the province temporarily controlled Black Ball service, the private firm continued to provide ferry services to Nanaimo and Jervis Inlet. The Premier acquired Black Ball's ferry service between Horseshoe Bay, near Vancouver, and Departure Bay, at Nanaimo. The provincial ferry service now serviced both Nanaimo and Victoria.

In the real world of politics there are a number of constraints which impinge upon the ability to take assertive action, especially in a new area of government enterprise. Bennett's refusal to provide well-informed public debate overcame a major stumbling block. The ideals of democracy were sacrificed and it is uncertain whether the policy served the best interests of the provincial economy. Paddy Sherman, in particular, was highly critical of the decision to purchase the Black Ball ferry operations without debate in the legislature. He suggested the real costs associated with the sale were masked because they did

22Premier Bennett was confident that once his ferry policy was in place, the criticism would subside. According to the premier, "These Crown agencies have been acquired, created, extended, or revitalized within a basic policy to provide self-supporting, efficient, and economic services and to generate employment. This administration has been and remains a free-enterprise Government, but not one of lassez-faire. Crown acquisition of the B.C. Electric Company and the Black Ball Ferries Limited parallel similar practices of free enterprise governments through North America. This policy was necessary to achieve low cost hydro power and satisfactory highway communication." See B.C. Government News, February 1962, p. 8.

23For further discussion see Vancouver Province, November 17, 1961, p. 1; B.C. Government News, February 1962, p. 4 and June 1962, p. 2.

24The Bennett government kept secret information pertaining to projected demand for the ferry service, and number of passengers served on each route. In terms of assessing the transportation needs of the province it must have been very difficult for the opposition to play a prominent role in ensuring the policy benefitted British Columbia. For further discussion see James Struthers, Appropriate pricing and Investment Policy for the British Columbia Ferry Authority (BA, University of British Columbia, 1967), pp. i-ii.

25Vancouver Province, December 6, 1961, p. 5.
not include the carrying of Black Ball ferry operations vast debt load. Since the purchase was made through Order-in-Council, there was little opportunity to question the government on the details of the purchase. It would appear the government suspended the power of the legislature to serve its own preference for action.

While many critics questioned the use of brute executive force to adopt a new policy for transporting vehicular traffic, others focused on the economic merits of further expansion. A major critic of Bennett's vision of expansion was Captain H.J.C. Terry, President of Northland Navigational Company Ltd., and former advisor to Cabinet. According to Terry, the premier's grand design for an integrated land-sea-highway would not raise enough revenue to pay the fuel bills. These sentiments were shared by O.H. New, President of Coast Ferries Ltd. Since the northern region was already served by CPS, CN, Northland Navigation and Alaska Cruise Lines, it was argued there was little need for provincial intervention.

While the question of adequacy of ferry services was complex, the premier continued to expand the provincial ferry fleet, confident the general public would support him. In the most optimistic terms, Bennett spoke of extending the ferry service in order to develop the many resources of British Columbia. In part, the success of the campaign depended upon manipulating the public's perception of the provincial ferry service's financial record.

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27 Ibid., p. 13.

28 In particular, Bennett's creative accounting system overestimated the financial performance of the service by ignoring depreciation expenses. As noted by Crilly, "in the early years revenues were insufficient to recover capital costs. Had depreciation (at 5%, straight line basis) been charged, it would have accumulated to $10.9 M by 1966." Martin Laurence Crilly, *Analysis of British Columbia Ferries and Its Commercial Vehicle Policy*, p. 114.
There were a number of other initiatives sponsored by Bennett during the 1960's. First, the government purchased the docking facilities of Black Ball Ferries Ltd. at Langdale, Earl's Cove, and Saltery Bay, and expanded the provincial ferry system to the Sunshine Coast. Second, in 1961, four new vessels were purchased to service Pender Island. Finally, the premier's dream of a provincial vehicular carrier along the route of the Haidas was established in 1966. Despite warnings that the northern sea-land highway could never be run economically, Bennett ignored the critics and provided a new ferry service between Kelsey Bay and Prince Rupert.

Shuffling the Ferries

The events surrounding the British Columbia ferry labour dispute of 1968 brought a quick end to the Ferry Authority. Ironically, the provincial initiative, designed specifically to avoid a ferry shutdown, became itself a victim of labour strife. On February 16, 1968, the B.C. ferry fleet was crippled by a strike. The Premier immediately invoked a cabinet Order-in-Council to combat the shutdown, but these efforts failed to avoid service disruption. With ferries being such a top priority of the government, a ferry strike was unthinkable. As a result, the Premier quickly invoked emergency legislation bringing the provincial ferry service directly under the auspices of the highways department. Ferries remained under the control of the provincial leadership.

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29See H.L. Cadieux and Garth Griffiths, Dogwood Fleet, pp. 22-23.

30For further discussion see Ibid., p. 36; and B.C. Government News, January-February 1967, pp. 2-3.

31Vancouver Sun, February 16, 1968, p. 1.

Impact of Ferry Policy

There were a number of winners and losers in the campaign to erect a provincial ferry service in an attempt to unify the disparate communities along the British Columbia coast. The conception of the ferry service had a great deal to do with the goals, ambitions, and dreams of the premier. The public policy initiatives, introduced by the Bennett government, were not in response to the demands of well-defined societal pressures, but instead, reflected the goals and aspirations of the provincial leadership. Bennett himself was the major keynoter responsible for the growth of public support for a provincial ferries scheme.

While Bennett exploited the ferry fleet to implement his government's plan to promote spatial integration along the coast, it is uncertain whether the policy maximized the best interests of the provincial economy. In fact, there is evidence to suggest that the decline of a private ferry system promoted economic inefficiency. Roueche in particular pursued this line of argument in some detail. He maintains the increased jobs and tax revenues resulting from the provincial ferry policy did not offset the costs of congested highways, overused recreational facilities, and increased maintenance costs. Moreover, he argues that the subsidized ferry service has deflected the natural flow of the tourist trade away from other parts of the province.

Yet even if one were to assume the ferry fleet was a key booster for the economy, who were the major benefactors? Bennett offered a subsidized ferry service on a regular basis to various coastal communities but the policy was not

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34Ibid., p. 11.
particularly favourable to commercial transport. In fact, the government charged higher rates for commercial carriers, and restricted their access during the tourist season. Rather than being a key booster for prominent economic interests, the policy provided greater access for retired people, cottage industries, tourists, and various small businesses involved in the tourist trade.

What role did the federal government play in the series of events leading to the conception and growth of the provincially owned ferry service? The federal government was a major antagonist responsible for the initial take-off of the provincial ferry scheme, but federal policy was also critical in later stages of the program. As indicated by Crilly, "plans were announced for a rapid expansion of the fleet by construction, a total of 17 ships being planned by 1963. At this time the federal government was operating a shipbuilding subsidy programme (intended to eliminate the differential between domestic and foreign prices). The level of subsidy was up to 40% of cost, depending on Canadian content. When Premier Bennett was asked how long the government fleet would continue to expand, he replied that "it would expand as long as Ottawa provided shipbuilding subsidies." As predicted, the Bennett administration stopped building ships once the federal policy was eliminated. Rather than merely responding to the input of societal interests, Bennett reacted to the initiatives of the federal government in timing the fleet expansion.

35 There is evidence to suggest that the provincial ferry policy favoured passenger vehicles over commercial vehicles. For instance, after tourist demand increased in the summer of 1966, the premier announced that drop trailers would have only limited access to government ferries during periods of high demand. As well, the price charged for passenger automobiles was 20 percent less than for commercial vehicles. It was clear the premier favoured non-commercial interests. For further discussion see Martin Laurence, Analysis of British Columbia Ferries, pp. 66, 123.

36 Ibid., p. 62.
While the intention behind the federal policy was to increase shipbuilding in the country, the policy also provided a resource which the Bennett government exploited to implement the provincialist policy. Ironically, the national incentive program, designed to create a stronger national economy, served as a means to province-building. The premier used the federal initiative to increase his influence over the pattern of provincial development.

In view of what has been said in the early parts of this chapter it is necessary to enter a caveat here. Because the premier focused primarily upon Ottawa's lack of initiative, few people recognized Ottawa's contribution. While the premier was extremely vocal about the failures of the federal leadership, he did not drive home the important fact that Ottawa provided the fiscal support which enabled the growth of the new ferry fleet.

To understand these strange series of events, it is important to evaluate Bennett's political strategy. The grand objective of the ferry policy was to promote territorial unity along the coast, while enhancing the government's reputation as defender of the provincial interests. There was no incentive to praise the federal policies, and share the glory. It was competitive federalism as usual.

37 It is worth noting that in a case study of adult occupational training, Dupre, et al. concluded that federal initiatives often spur phenomenal increases in provincial expenditures, even in policy areas where there was no prior demand for such rapid changes. See J. Stefan Dupre, David M. Cameron, Graeme H. McKechnie and Theodore Rotenberg, Federalism and Policy Development (Toronto: University of Toronto Press, 1973), pp. 68-82.
Conclusion

There are a number of important insights to be gained from the history of the Dogwood Fleet. The drive for a provincial ferry service was not the result of any grassroots political movement, but rather, it was a pragmatic response to a political crisis. The government itself played a major role in designing and implementing the policy to serve its own goals.

The purposes served by the ferry development scheme were twofold. The premier introduced the idea of establishing the Ferry system to integrate the coast, but there were other more important purposes served. The Dogwood fleet provides an objective lesson in the process by which government agencies establish and cultivate their own clientele or constituency. The premier stifled open public debate and provided incomplete information on the finances of the ferry service in order to increase public support for the scheme. Since this hampered a close examination of the economic benefits and costs of the project, it is unclear whether it served the best interests of the provincial economy. However, in a technical sense it was an effective strategy in a difficult political environment.

It is important to distinguish between political decisions which are based on building political support and those which reflect a larger empire-building vision. The observations to be drawn from this case-study provide mixed results. While Bennett attempted to utilize the ferry policy to integrate support behind his government, there was never any threat of losing control over the territory to external forces. The primary goal of the policy was to solidify public support for the local leadership by ensuring essential ferry services were provided. For Bennett, it did not matter at first whether the private sector, Ottawa, or anyone else provided the service, just as long as it was maintained.
By the early 1960's the goals of the ferry policy were better defined. This is not surprising, because given the nature of politics, it is not always wise for politicians to commit themselves until an issue is fully understood. Policy decisions change a great deal over time because the needs of political leaders evolve. Once it was clear that other actors were not particularly interested in pursuing Bennett's dream of upgrading ferry services with the purpose of promoting spatial integration along the coast, the Premier proceeded alone. Worried about possible political pitfalls, he controlled the public debate, and made Ottawa a scapegoat. The ongoing competition between the two levels of government made it a brilliant political strategy, and one that would be predicted in such a political setting. Because the two levels of government were competing entities, Bennett exploited the issue to undermine the federalist opponent, and increase support for the provincial government.
CHAPTER 7
THE ROBERTS BANK CONTROVERSY

Territorial cleavages and jurisdictional conflicts have led to major divisions between the federal and provincial levels of government in Canada. Since many of these conflicts are defined by competing governments, the resolution process often involves a fundamental struggle over the spatial and political concerns of each competing government. The insulation and separation of federal and provincial political systems and the growth of provincial responsibilities and power had to have exacerbated territorial cleavages and reinforced fundamental political struggles between the two levels of government over territory. Disputes involving territorial concerns are often more a reflection of the needs and the interests of the competing governments than a response to the demands of local residents. Moreover, many of these intense competitions fought between political competitors are not zero-sum conflicts.

Provincial governments often go out of their way to exploit federal-provincial feuds to reinforce territorial cleavages. They often respond to these conflicts by emphasizing the need to increase provincial government control over the geographical pattern of development within the provincial boundary. It is natural for executive leadership to focus upon the provincial issues and solutions which are most important to the government.

The series of events leading to the construction of a major coal port facility at Roberts Bank clearly illustrates that federal-provincial disputes over territory do not always promote zero-sum conflicts. As noted elsewhere by Urquhart, country-building and province-building are often "complementary
community-building activities."¹ In the early stages of deliberation, the federal and B.C. governments squared off to debate whether there was a need to construct a new facility. However, due to the initiatives of the Bennett government, an intergovernmental compact was finally struck which served the interests of both governments. It is clear that both governments capitalized on the popularity of the project to increase public support for themselves. While the Bennett government spearheaded the drive for building a new superport against Ottawa's wishes, it is ironic that both protagonists managed to gain credit for the project. Indeed, politics do make strange bedfellows!

A number of salient themes surfaced in the convergence of community-building activities which demonstrate how governments exploit the public agenda to stake out a larger, and more permanent place for themselves in determining the country's pattern of spatial integration. There is little doubt that the Bennett government exploited its jurisdictional control over the shore line of Roberts Bank to defend its priorities for development. The critical issue in the case study is the extent to which the conflict and resolution over Roberts Bank was the product of societal pressure or state autonomy.

The contrast between Roberts Bank and the other case studies produced in this thesis provides an excellent opportunity to assess the importance of socio-economic factors in formulating and implementing public policy positions. A pivotal argument of this chapter is that the political elites acted relatively autonomously in designing their political strategies to serve what was perceived to be the needs of the constituency as a whole, whether provincial, in the case of Bennett, or nationally, in the case of the federal government. The Roberts Bank

¹Ian Urquhart, Country-building and Province-building (MA Thesis, Queens University, 1980).
conflict was unique because it initially featured federal-provincial conflict, followed by federal-provincial cooperation, a high level of corporate sector input, and, finally an ambiguous jurisdictional framework.

The corporate sector raised critical issues in the debate over the construction of a new deep-sea terminal at Roberts Bank. For Kaiser Resources, and Crowsnest Industries Ltd., primary emphasis was placed upon ensuring that a major port facility was developed in time to meet a deadline imposed by a Japanese consortium. With respect to the concerns of these corporate interests, it was imperative that a new coal facility be quickly provided, enabling the sale of $650 million of Fernie coal to Mitsubishi Sekji and seven other Japanese firms. In contrast, the bid for a new facility at Roberts Bank was vehemently opposed by major shipping firms who had already invested heavily in the Port of Vancouver. While the Roberts Bank proposal was a threat to these investments, it offered the chance to significantly increase exports to Japan. It was a controversial issue.\(^2\)

In the late 1960s the provincial economy continued to expand. Mitchell has commented that:

The economic surge showed no signs of ending, for there were several new megaprojects afoot: a $50-million railway extension into the north; a $150-million pipeline expansion by Westcoast Transmission Company; a multimillion-dollar expansion program by Alberta Natural Gas; new investment in the forest industry estimated at $200 million; and the huge Roberts Bank deep-sea

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superport under construction just outside Vancouver to handle hundreds of million of dollars of Kootenay coal being sold to Japan. One of the most important features of this period was British Columbia's developing Pacific presence; Canada was only beginning to realize that it was a Pacific as well as an Atlantic nation. Bennett promoted his province throughout the Pacific Rim and made special overtures to the resource-hungry Japanese who often showed a keener understanding of B.C.'s development potential than did Central Canadians. Always the publicist, Bennett declared: 'There are great mountains separating British Columbia from Ottawa, but between us and Japan there is only the peaceful sea.'

Being both a provincialist and a free enterpriser, the Premier welcomed new economic ties with the expanding Japanese economy. There is no disputing the fact that Bennett was motivated by the desire to increase economic opportunities in the province by expanding trade with Japan. What is at issue is whether there were other motivating factors.

Background

The precipitating event which spurred the Bennett team into action was the decision taken in May, 1966 by Crowsnest Industries of Fernie Ltd. to export coal, destined for Japan, from Fernie down through Montana to a U.S. port, via the Great Northern Railway. The coal company sought to guide the long-term development of the northwest economy through the creation of a new superport at Bellingham, Washington. In spite of the legitimacy accorded the private sector, the Bennett government resisted the unnecessary movement of provincial resources across provincial boundaries, whether into the neighboring province of Alberta or south into the U.S. The public authorities were not prepared to expose the provincial economy to the international marketplace until the control of the political leadership over the development scheme was more secure.

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On September 3, 1966 J. Southworth, Secretary of the B.C. Energy Board, made public a special report which recommended that the province construct an alternative facility at Roberts Bank in order to protect all B.C.'s general commodity exports.\(^4\) By November, after closely studying the proposal, the Bennett government adopted the policy as one of its own.\(^5\) The action was taken with the hope that it would enhance the government's control over the development scheme, while providing an opportunity to focus attention upon an issue which concerned the government. The government responded by carving out a new responsibility for the provincial leadership in its defense of what it defined as the provincial interest.

Convinced a new terminal would provide new economic opportunities in British Columbia, while strengthening provincial government control of the economy the premier significantly expanded the public sector. Indeed, the government had great plans for constructing a major industrial complex near the port site. Attorney General Robert Bonner, minister responsible for the deep-sea superport, unveiled the cabinet's ambitions for an innovative scheme calling for oil tank farms, containerized cargo and lumber assembly wharves at the


\(^5\)It is also worth noting that the "Federal Government in November 1966 extended the boundaries of Vancouver Harbour south to the 49th Parallel at the Canadian-U.S. border, increasing the total water area of the harbour to over 200 square miles." The premier may have reacted quickly to defend his government's control over the territory. See Swan-Wooster Engineering Co. Ltd., "Coal at Roberts Bank - Now a Reality" (Quebec City: Presented to the Twentieth Dominion-Provincial Conference on Coal, September 12-13, 1968), p. 7.
However, the proposed initiative sparked a major controversy in the province.

The opposition presented a major dilemma for Bennett and his government. A major uncertainty was obviously the potential effect on the Port of Vancouver. Led by the federal government, many of the most powerful economic interests in the province strongly opposed the scheme for port development. There were no economic grounds for the government to introduce a new pioneering experiment in province-building as far as these vested economic interests were concerned. Since nearly $100 million had been recently spent to upgrade the Port of Vancouver by the Saskatchewan Wheat Pool, Transmountain Oil Pipeline Company, Canadian National Railway, Pacific Coast Bulk Terminals Ltd., Vancouver Wharves Ltd., Neptune Terminals Ltd., and the National Harbours Board, the announcement of a new port to compete with existing facilities was not enthusiastically endorsed.7

But the Bennett government persisted on the assumption that it could rally the general public behind it. For the Premier, it was imperative that the superport be built to gain further access to the lucrative Japanese market, without sacrificing the autonomy of the provincial leadership over the pattern of industrial development in the province.

In part, the premier's commitment to the project was partially a response to the deep concern that the Port of Vancouver was unable to


7 Vancouver Province, November 9, 1966, p. 16.
accommodate 100,000 ton tankers. A major theme running through the history of Roberts Bank was the need to provide an alternative facility to one in Washington State. The Social Credit government vehemently opposed any proposal which did not include the use of a B.C. port. Clearly, Bennett was not merely a puppet for the coal barons who preferred an American route. Yet there were no easy solutions.

To fully appreciate what occurred during this important chapter of the province's economic history, it is necessary to examine how the government conceived its role. The provincial government saw itself as being responsible for promoting industrial expansion while preserving its control of the provincial economy. The government intervened to guarantee the Roberts Bank development strategy served what it saw as the best interests of the province. In its determination to ensure the economic development scheme promoted the growth of an integrated and autonomous provincial economy, the provincial government insisted on being the main driving force behind the initiative, and ensuring that outside forces, especially Ottawa, would not jeopardize the project.8

Rather than subsidizing transportation and port facilities for major coal producers in the province, the government responded to ensure the development scheme served its definition of the provincial interest. The most urgent action was aimed at scrapping the reliance upon American ports. The provincial policy insisted that the development strategy would only serve the best interests of British Columbia if planned, organized, and financed by the provincial government. Nothing else was acceptable. In a policy sphere which featured a major split in the business community, an ambiguous jurisdictional setting, and

8This paragraph draws heavily upon information provided in interview with Robert Bonner, former Attorney General in the Bennett cabinet.
an aggressive federal competitor, the Bennett administration seized the opportunity to promote its scheme for development.

The plan to build a facility at Roberts Bank, directly under the auspices of the B.C. Harbors Board was an ingenious method for provoking confrontation with Ottawa. Moreover, by being the first to respond, the Bennett government helped define the context in which corporate interests and the federal government had to respond. Employing such a strategy, the Premier relied upon his political skills to re-awaken longstanding suspicions that Ottawa was unresponsive to the needs of British Columbia. It was a calculated risk but the advantages of provincial ascendancy appeared to outweigh the potential hazards of provoking a stalemate with Ottawa. If necessary, the province had the political and financial resources to go it alone.

In addition, "fed-bashing" became an effective tool to divert attention away from the problems facing the corporate sector. Inevitably by focusing upon the need to preserve provincial autonomy, the problems of the business community and the National Harbors Board took a back seat. The impact of federal-provincial conflict on the growth of the government initiative was significant. Moreover, it is certain the effect of intergovernment competition for jurisdictional ascendancy helped in "bidding up" expenditure levels.

Responding to the federalist objections, Transport Minister Bonner recommended that Cabinet approve the establishment of a B.C. Harbours Board to oversee port construction and maintenance at Roberts Bank.9 It set the background for a major dispute with major shipping interests, and the National Harbours Board. The consensus of opinion among members of the shipping

community, and National Harbours Board was that the proposed Roberts Bank port alternative was neither desirable nor economically feasible.

Ottawa responded quickly to Bennett's initiatives by announcing it would defend its jurisdiction over the waterfront area. It would appear that the federal government was not against port development per se. The major criticism was that the Bennett government scheme threatened the existing facilities in the Port of Vancouver. In a bid to move the provincial government's policy in a direction more favourable to the needs of the Port of Vancouver, the federal government was hoping an arrangement could be reached which served the interests of all parties concerned. Despite their apprehension about Bennett's initiatives, there was room for compromise. As stated at the time by Federal Transport Minister Pickersgill, "there is no reason why such a facility could not be provided by the provincial government or by private interests as long as they fit into the overall scheme."

The move by Ottawa to gain the upper hand in the control over Roberts Bank triggered a major confrontation between the two levels of government. Concerned about Ottawa's view of the needs of British Columbia, the Premier reacted to reestablish provincial dominion over the project. What gradually emerged was a clear strategy of "defensive expansionism." Since the province had jurisdiction over the water lots, which is the area "between low tide and the shore," Bennett continued to fight for a deep-sea superport.

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12See Vancouver Province, March 14, 1967.
By March 1967, the Social Credit Government plunged forward with its plan to build a superport at Roberts Bank - "with or without federal government participation." Since the port was to be constructed and operated by the province, Transport Minister Bonner introduced a bill in the legislature to create a Provincial Harbours Board with authority to borrow up to $25 million. According to the legislation, the Crown corporation was to have a staff of between three and seven members, but the Premier was to be appointed fiscal agent. In addition, the proposed legislation allowed the provincial Harbours Board to enter cooperative agreements with Ottawa. The Bennett government had offered the olive branch to Ottawa, but on the province's terms. While Bennett wanted federal aid for the project, he was not willing to sacrifice his government's scheme for port development at Roberts Bank.

Preparations for a major assault on shipping interests in the Port of Vancouver as well as on the federal government were well under way with the introduction of the Provincial Harbours Board. As indicated by the press, the creation of the B.C. Harbours Board significantly altered the focus of debate. Economic considerations became secondary. While Ottawa vehemently opposed any port development which threatened existing facilities in the Port of Vancouver, the federal government did not want to lose jurisdictional and political control over Roberts Bank. The B.C. legislation placed Ottawa in a precarious position.


14The Act provided that, "the Board is established for the purposes of developing or encouraging the development of harbour facilities, and to assist and promote the industrial development of the Province in conjunction with harbour development." See Province of British Columbia, "An Act to Establish the B.C. Harbours Board," Statutes of British Columbia (1967), p. 9.

At this point in the conflict, the federal government seemed to go into a state of confusion. At first, Prime Minister Pearson joined Jack Davis, MP for Coast-Capilano in denouncing the scheme calling for a superport at Roberts Bank, but the criticism quickly subsided. The federal government was clearly reassessing its options in light of the jurisdictional challenges put forward by Bennett.

There was no time for reflection in the provincialist camp. Bennett focused on stage two of the development scheme: rail transportation. The Premier raised serious questions about the ability of the two national railways to service the proposed port facility. In response, it was proposed that a connection be established with the Great Northern Railway to the south, just in case the national rail links failed to deliver. As well, the Premier insisted that a provincial rail link be constructed connecting the superport with the Canadian and American railways. This would ensure British Columbia's full control over rail operations. Once again, every effort was made to guarantee the development strategy was controlled by the provincial leadership.

Meanwhile, an important event in the history of the Roberts Bank development scheme was the sudden sale of the Fernie coal fields, owned by Crowsnest Industries to the U.S.-based Kaiser Steel Corporation. It was hailed by Bonner as a tremendous advancement for industrial development in the

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16 Robert Bonner, former Attorney General in the Province, indicated in an interview with the author that the federal government supported the Roberts Bank scheme primarily because of the proposals for development put forward by the Bennett government. Bonner felt that Ottawa's major concern was preserving its jurisdictional integrity over port development rather than in servicing the needs of the province.


province.19 Ironically, while the Bennett government opposed federal government "interference" in the affairs of the province, it warmly welcomed foreign investment. Without Kaiser's participation, it was uncertain whether the massive amounts of coking coal needed to reach an agreement with the Japanese steel interests could be delivered on time. It was a popular position for the Bennett government to take. Besides, Kaiser's participation did not threaten the province-building scheme.

The Bennett government faced major opposition in its drive for new rail and port facilities in the province. Pacific Coast Bulk Terminals Ltd., a subsidiary of Cominco, joined the Canadian Pacific Railway in criticizing the decision to build a superport at Roberts Bank. The President of Pacific Coast Bulk Terminals, the largest bulk facility in B.C., shared the opinion that Roberts Bank was "at least eight years premature."20 If Bennett had been solely concerned with servicing the needs of the local business community, he would have avoided locking horns with Cominco and the CPR. These were by far the most powerful economic interests in the Pacific province. Yet the Premier continued to press on.

The Bennett government pursued a policy which reflected the goals and aspirations of the provincial leadership. The Premier himself was the major catalyst responsible for the growth of public support for the new experiment in province-building. By October 1967, Ottawa was in retreat. The scene was set for compromise. In response to the provincial initiatives, the federal government shifted its position concerning Roberts Bank. To support the

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20 Victoria Daily Times, August 10, 1967, p. II.
concept of an integrated port facility, Federal Transport Minister Paul Hellyer indicated the National Harbours Board was considering contributing $50 million for the superport. In an attempt to allay the fears of vested interests already operating in the Burrard Inlet, the Federal Transport Minister reassured them that a coal facility at Roberts Bank would complement rather than compete with the existing infrastructure.

While the provincial government welcomed the federal funding, provincial Attorney General Robert Bonner stated publically that the provincial leadership would continue to operate on the premise it was a provincial project. Bonner indicated further that Hellyer's plan for upgrading harbour facilities over a 30-year construction period was unrealistic. In effect, the provincial leadership rejected the federal offer as a delaying tactic. B.C. continued plans for building the superport by itself.

Bennett thrived on the conflicts and challenges generated over the Roberts Bank controversy. Many interests in the province were concerned that Bennett's continued determination to call the shots posed an obstacle for reaching a workable agreement. What disconcerted many observers was the stubbornness shown by the provincial leadership for increasing its influence over the development scheme. The controversy over railroad policy was a case in point. Transport Minister Bonner led the provincial government into a major

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21 Vancouver Sun, October 20, 1967, p. 1.


23 Former Attorney General Bonner indicated in an interview with the author that he and his colleagues were never convinced that Ottawa truly appreciated how important Roberts Bank was to the province. The facts show that the cabinet zealously and self-consciously fought for political and jurisdictional control over the project, even to the point where the project was seriously threatened.
conflict which ultimately threatened the project. Unless an agreement could be worked out for providing rail access to and from the port facility, the entire project would be cancelled. While the British Columbia government blamed Ottawa for promoting confrontation, a spokesman in charge of public relations for Kaiser Steel Corporation expressed the view that the Bennett government, and not Ottawa, was "dangerously close to pushing the derail button." According to this official, discussions with CPR for a competitive rate structure and split hauling between CPR and CNR were going very well. In the opinion of the Kaiser Corporation, further confrontation would jeopardize an agreement, and served the interests of no one.

When the sale agreement between Kaiser Coal Ltd. and the Japanese consortium of steel interests providing for the sale of $650 million of coking coal was finalized, the battlelines were clearly drawn. At first, Bennett appeared more conciliatory in his approach to the issue. He supported an all Canadian rail link, provided the CPR offered proper guarantees for a continuous and cost-effective operation. While willing to compromise on the issue of rail transportation, the Premier refused a federal offer to construct a major port facility at Roberts Bank without provincial participation. Bennett was determined the provincial government would continue to play a major role in developing the port, and stated the rights of the province were not for sale.

For Bennett, the need to preserve the autonomy of his government took precedence over other considerations. Despite assurances Ottawa was only preserving its constitutional authority, and was willing to work in concert with


provincial officials in developing the land surrounding the port facility, the Premier refused to cooperate.

Many observers of the political struggle for control were struck by the extraordinary dedication to preserving provincial autonomy exhibited by the Premier, especially at a time when the project itself was in jeopardy. While various commercial interests were concerned that the confrontational approach might threaten the project, Alberta and Saskatchewan expressed a fear that Bennett planned invoking a tariff on out-of-province cargo. As one journalist warned, "Mr. Bennett is mistaken if he thinks the people of this province are willing to pay such a price for his empire-building and self glorification." It was a time of stiff competition between the two levels of government. While Ottawa was willing to share the responsibilities of developing the land surrounding the site, jurisdiction over the harbour, which was a federal preserve, was not open to negotiation. Yet Bennett insisted that his government would play an equal role in all aspects of port development, or the superport would be built entirely by the province.

In an effort to shore up the competitive advantage of the provincial government in the fight for jurisdictional authority over the superport, the chairman of the newly created B.C. Harbours Board, Robert Bonner, spearheaded a new drive. Premier Bennett set the scene by declaring his government was more capable of ensuring the superport was built on time, and according to the

27Robert Bonner indicated in an interview with the author that he and his colleagues felt that only they had the initiative and resources to make Roberts Bank a success.

28See Vancouver Province, March 2, 1968, p. 1; Vancouver Sun, March 5, 1968, p. 1; and Vancouver Province, March 14, 1968, p. 38.

29Vancouver Sun, March 5, 1968, p. 4.
needs of the local citizenry. Bennett dismissed the constitutional argument as being merely a federal ploy to defer further action. The premier showed little respect for Ottawa's constitutional position, and used an order-in-council to expropriate the land surrounding the designated site. It was clear the province was about to go it alone, despite Ottawa's initiatives.

The response in Ottawa was swift. The federal government challenged the legality of the provincial initiative, threatening to expropriate the provincial land, and building the facility by itself. The feud over political control reached new heights. While the prospect of a long drawn-out court battle threatened the $650 million compact, each government continued to defend its own interests. There was more at stake than just economics.

In the final analysis, Premier Bennett backed off on the issue of provincial participation in all areas of port development, but through it all, he managed to carve out a way to influence port construction in British Columbia. While the constitutional authority for port development rested firmly with Ottawa, the provincial government managed to have a major say on the timing and planning of the megaproject. Moreover, in an effort to control the major decisions concerning rail transportation to the superport, Bennett ensured that B.C. Hydro and B.C. rail provided the only rail linkage to the port facility.

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31 Ibid.


33 For further details on the role played by the province in developing Roberts Bank see B.C. Government News, July-August 1969, p. 16.

34 For further information see Vancouver Sun, June 7, 1968, p. 1.
a consequence, the provincial government made sure that it would continue to play a major role in determining how all incoming railways would approach the site. All in all, it was a well designed political strategy which enabled the province to have a greater voice in determining where and when the port would be built.

In June 1970, Premier Bennett and Prime Minister Trudeau stood together to celebrate the construction of the new superport, and the triumph in cooperative federalism.\textsuperscript{35} It was a paradoxical scene. After fighting tooth and nail for control over the project, suddenly the two levels of government were sharing the glory, and congratulating each other on a job well done. The Premier praised Ottawa for its part in getting on with the job and building the new port facility in time to meet the terms of the Japanese contract. To the spectators at the opening ceremonies it confirmed that cooperative federalism was working for the benefit of all Canada.

Yet things were not as they appeared. At a time when the two levels of government were being applauded for their cooperative actions, the struggle for political control over port development continued. While the federal government built and operated the port facility, the province played a major role in the project by expending $36 million on land development around the site.\textsuperscript{36} In addition, the 23 mile provincial rail link connected the port with the CPR and CNR.


\textsuperscript{36}In 1970 the federal government spent approximately $5 million to develop Roberts Bank Island and the causeway, and Westshore Terminals, which leases the land from Ottawa, spent an additional $15 million on bulk-loading and berthing facilities. This information came from documentation given to the author by Westshore Terminals Ltd.
It is interesting to note that the provincial Harbours Board continued to operate with a mandate to preserve provincial autonomy. Responsible for managing the rail link and the industrial projects located near the port facility, the Board served other functions as well. Essentially the crown agency served to defend the interests of the province in an extended competition for control with Ottawa, while continuing to provide a mechanism to spur new port and harbour facilities in other regions of British Columbia. In its role as watchdog, the Provincial Harbours Board tried to ensure the priorities of the private sector and the federal government coincided with those of the Bennett government. It was a policy which featured ongoing tension.

Conclusion

It is clear from our discussion that the history of events leading to the building of a superport at Roberts Bank cannot be truly appreciated by focusing exclusively upon economic factors. While the Bennett government defended the vested interests of Kaiser Resources, it was willing to lock horns with the most powerful economic interests in the province who opposed the development scheme. In fact, on several occasions the project was jeopardized because of the tenacity with which Bennett defended the right of his government to oversee the project. Yet there was a method to his madness.


38 This information was provided in an interview with Brian Carpenter, former member of the B.C. Harbours Board.
Bennett's political strategy served several purposes. By provoking confrontation with the federal government, Bennett helped define the major issues of the day. Few observers were concerned about whether building a superport in the United States was more cost effective. Being the major keynoter, the populist Premier utilized every resource at his disposal to ensure that British Columbia had a major say on where and when the facility would be built. It was a clear and successful case of defensive expansionism.
CHAPTER 8
HIGHWAYS: ROAD TO ELECTORAL SUCCESS

British Columbia is one of Canada's richest provinces in terms of her abundance of natural resources. These resources are distributed unevenly throughout a vast and rugged territory. The ability to extract and develop B.C.'s resource potential depended upon the construction of an efficient surface transportation network. With the emergence of W.A.C. Bennett's government in British Columbia in 1952, the business of improving the province's highways system was vigorously pursued.¹

The process of spatial integration often requires an initial catalyst to change the direction of communication and transportation patterns within a region. The provincial road network became more fully integrated with the building of the Hope-Princeton, and John Hart highways. Built by the coalition government and completed in 1951, the Hope-Princeton highway heightened intra-provincial linkages within British Columbia. The John Hart highway provided the first land based link between the residents of the Peace River country and the provincial road network. When Bennett accepted the reins of power in 1952, much work had been accomplished, but there was more to be done if the province was to improve intra-provincial surface transportation.

The Bennett government sponsored an ambitious program of infrastructure development with the clear intention of improving intra-provincial linkages. But there were other considerations as well. The Social Credit

¹The federal government played a prominent role in setting macro-expenditure objectives for the building of the Trans-Canada highway in the 1950's, but for most purposes, the province set its own agenda. For further discussion on the Trans-Canada Highway see Industrial Canada, Issue 51, June, 1950, pp. 106, 108; and Financial Post, December 19, 1959, p. 23.
government's determination to abuse highway spending to serve electoral goals, and insistence upon protecting the P.G.E. from outside competition, reduced the opportunity to fully exploit highways for the purpose of integrating territory. Yet the goal of integrating space remained a top government priority, and was served through highways policy.

Politics and Highway Planning

Between 1952 and 1972 the government received a considerable amount of criticism for its highways program. The desire to secure electoral support received top priority by Bennett and his government over any consideration of the cost-effective merits of an improved highways system. The Bennett government's strong commitment to upgrading highway facilities throughout the province helped to solidify Social Credit support in the province. The provincial highways policy played a major role in transforming the volatile nature of British Columbia's party system.

When compared to the past record of highway construction in B.C., the Social Credit government commitment to road building was outstanding. Between 1953 and 1964, the most rapid period of highway upgrading and construction ever experienced in British Columbia, spending had exceeded $900 million, a 500% increase in one decade. In the early phases of this frantic highway construction, the Interior was the major benefactor, followed in the

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2It is worth noting that Wilson discovered the extension of the highways network, in part, contributed to the increased electoral swing uniformity witnessed between elections since 1952. The author concludes the modernization of the province's transportation infrastructure contributed in a significant way to the pattern of political stability witnessed in the province during Bennett's premiership. For further discussion see Jeremy Wilson, Modernization and B.C. Electoral Patterns (Ph.D. Thesis, University of British Columbia, 1978).

early and mid-1960's by the Coastal regions. Throughout Bennett’s reign in office the B.C. Government built four major sections of highway in the central interior and the north. Gamble has summarized the accomplishments as follows:

the Stewart-Watson Lake Highway was expected to be completed by the end of 1972. The Yellowhead Highway, between Prince Rupert and Prince George, via Smithers has been substantially improved. An eastern addition was constructed along the Fraser from Prince George to Jasper, Alberta. The Hudson Hope Highway, connecting Chetwynd and Fort St. John, was constructed by 1965, at the time of construction of the W.A.C. Bennett Dam. The John Hart-Peace River Highway between Prince George and Dawson Creek, was completed in 1954. The Cariboo Highway, between Cache Creek and Prince George via Williams Lake and Quesnel was a paving project underway before 1952.4

A number of other projects were undertaken or upgraded in other parts of British Columbia.5 Vancouver received an elaborate network of expressways, bridges, and tunnels, providing an efficient highways network from Squamish and Garibaldi Park down through to the U.S. border.6 Access to new ferry facilities was also provided at Horseshoe Bay and Tsawwassen. On Vancouver Island the Trans-Canada highway was improved and extended northwards and the Patricia Bay highway was constructed to connect Victoria with the ferry service at Swartz Bay. Finally, the southern interior received improved transportation facilities with the upgrading of the southern-provincial highway between the Lower Mainland and Crowsnest. All and all, it was an impressive record of expansion (see Map 5).


5For a thorough review of the highway projects undertaken or upgraded during the Bennett years of power see Province of British Columbia, Department of Finance, A Review of Resources, Production and Governmental Finances, 19th ed. (August 1959), pp. 32-35; Province of British Columbia, Department of Finance, Financial and Economic Review, 32nd ed. (July 1972), pp. 59-60; and B.C. Government News, July-August 1972, p. 15.

6For further discussion see Financial Post, March 17, 1956, p. 40.
The Bennett government significantly improved communication and transportation linkages within British Columbia. Between 1953 and 1970, the government spent $1,501,054,000 on highway construction and upgrading. While there were a mix of goals served by implementing the development scheme, economic rationality was not a primary determinant of highways policy. Rather, primary emphasis was placed upon shoring up electoral support for the Social Credit government, and improving transportation linkages within British Columbia.

There exists ample evidence to suggest that the preferences granted by the Bennett government for highway construction were not based exclusively upon economic rationality. The policy guidelines laid down by the cabinet for highway construction and improvement over the years had as much to do with the needs of the ruling elite as it did with the needs of powerful economic actors.

Evidence that economic considerations were often secondary in Bennett's highway building initiatives can be observed most sharply in the works of Aylsworth, Gamble and Townsend. All the authors explore in some detail the role of transport supply in the advancing of regional economic growth in British Columbia. Gamble has noted that the Bennett administration played only a minor role in fostering industrial growth through the delivery of its highways policy. In particular, Gamble concluded that, "the Provincial Department (did)
not (utilize) its full potential to help develop the northern and central interior of the province." These sentiments were shared by Townsend who reported that:

Reading the Annual Reports and discussions with employees of the Department of Highways, confirm that strict economic surveys of the cost-benefit or before-and-after type have been rarely used. Decisions seem to have been based mainly on some general scheme of economic development, on undifferentiated traffic counts, and on informed guesses about the composition of traffic. Townsend concluded, "An investment policy guided only by undifferentiated traffic counts over a long period, would respond to user demand, and would not make full use of the influence available to the transport component in achieving social and economic objectives." In evaluating the major effect of elections on the pattern of highway expenditures, the author lamented, "the province might have gained more or better facilities per dollar if the construction contracts had been let out evenly over the period." Townsend concludes that many of the decisions concerning highway development in the province were based more upon short-term political objectives, than economic considerations.

The Politics of Highway Construction

The positive art of increasing electoral support through highway expenditures is a major concern for most provincial governments. The value of pushing back frontiers and opening new territory has been a tradition deeply embedded in provincial politics. Governments have long recognized the utility

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10 Don, Townsend, Highway Investment in British Columbia 1946-71, p. 36.

11 Ibid., p. 36

12 Ibid., p. 52.
gained through increasing transportation infrastructure. However, development and growth are not always ends in themselves. Governments that control highway expenditures often pay less attention to the needs of the economy, than they do to their own needs. In favour of diverting resources to serve political rather than economic objectives, the Bennett government increasingly exploited publicly owned resources to serve its own goals.

There is evidence to suggest that the Bennett administration, in its capacity as highway builder, exploited expenditures to enhance public support at election time. Despite the rhetoric, Bennett never adopted a non-partisan approach to highway funding. The major decisions concerning the timing and location of highway projects were based almost exclusively upon short-term political calculations. Far removed from the purview of an independent commission, each decision was rendered to promote the interests of the Bennett government.

The call to depoliticize highway decision-making was a salient theme throughout the Bennett years. Following the 1953 election, a number of critics attacked the infusion of public funds that corresponded with the election call. The Vancouver Sun, the Burnaby Industrial Development Board, the Mission City and District Board of Trade, all joined to condemn the political initiative. The province witnessed a major campaign calling for the establishment of a non-political Highways Commission to administer highways policy.

Highways minister Phillip Gaglardi strongly voiced his disapproval of the proposed Commission, stating the government would never consider abusing

13 For further discussion see Vancouver Sun, August 28, 1953, p. 1; Vancouver Sun, August 31, 1953, p. 2; Vancouver Province, September 10, 1953, p. 21; and Vancouver Sun, September 18, 1953, p. 1.
public funds for short-term political gains. Yet the opposition pushed on in its call for a commission. Liberal Leader Arthur Laing had declared that the frantic construction activity in central and northern interior confirmed that highway construction had been manipulated to serve short-term political objectives. According to Laing, "inconsistent patchwork paving is evident everywhere in the province... there is more vote-catching politics in public works today than for the past twenty years." Laing argued that the interests of the Province were not best served by the general government policy on highway construction, and joined in the call for a Commission.

Premier Bennett ignored the campaign calling for reducing the power of the provincial government over highway development. The government was up to its old tricks in the next election. In July 1956, Bennett put into motion a new $64 million road plan; just a month before the election call. Despite the criticism, it was clear the course of executive control over highways expenditures was not open to compromise. There was too much at stake. The strategy had been effective in helping the government win election after election.

Under control of the political elite, the government retained the unquestioned right to manipulate expenditures to serve its own objectives. The pattern of pork-barrel road building became a permanent feature of Social

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14_ Vancouver Sun_, October 7, 1953, p. 9.
16_ Vancouver Province_, July 8, 1953, p. 3.
Credit rule. Tight finances, strict regulations, and a stubborn highways minister would seem to have combined to prevent the rise of a more efficient transportation system.

The influence of elections upon the pattern of highways expenditures in British Columbia is a topic which has been closely monitored by other scholars. In short, the general conclusion is that Bennett deliberately exploited road-building to serve short-term political goals. Townsend observed in an analysis of overall expenditure patterns, that "the peaks in total spending correspond with provincial election years." It was concluded that while the annual operating budget of the highways department interfered with long-range planning, it added considerable leverage for short-term political manipulation.

The prominent theme of Munro's exhaustive overview of highway expenditure patterns is that elections had a significant impact on spending trends. The author gives a detailed account of the major determinants of highway spending in the province, and concludes a primary factor motivating the Bennett government was the desire to get re-elected. Subject to such conditions, a main objective of highways policy was to maximize electoral support. The author was intrigued with the system of reporting highway expenditures by electoral districts, but was sceptical it was a mere coincidence.

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Politics of Expenditures and Revenues

The story of highways infrastructure-building would be incomplete without a brief review of expenditures and revenues. The issue of deciding how to collect and redistribute resources is at the very heart of public policy. The expenditure cycle provides a key for understanding power, and who possesses it.

As was the case with railway policy, the expenditure cycle was put into play without much public debate. While parliament served to channel political grievances, the legislative assembly also acted as a means to foster and generate public support for the government's policies. Because of the emphasis placed upon preserving the power of the executive to make decisions which served its own interests, it appears the Socred administration sacrificed well informed public debate in return for increasing stability in government support.

Interestingly, perhaps disturbingly, we find the expenditure debates were short, and not well informed. Major policy decisions were shaped almost exclusively by the interests of the ruling political elite. There were two major obstacles to well informed public discussion. First of all, the magnificent system of roads which revolutionized motor travel in the province were put into place without an elaborate system of debate. The short spring sessions of the legislature did not provide a proper time period to allow effective political debate. Secondly, even if the time schedule was increased, it is unclear whether the opposition had the resources to mount an effective attack. As noted

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21 Patrick McGeer indicated in an interview with the author that the Bennett government did not keep the political opposition well informed about the affairs of the province. At times, McGeer indicated, the political opposition resorted to obtaining the information provided to financers in New York for upcoming projects. It is clear the opposition was not kept well informed.
elsewhere, the description and interpretation of expenditure patterns in British Columbia is not a simple task.\textsuperscript{22} The Annual Reports of the Minister of Public Works (1952-55) and Highways (1955-72) provided a complex web of expenditure data. Organized by electoral district, each annual report provided the individual contracts awarded in each district, rather than a thorough review of government priorities.

As indicated by Townsend, "it might have been possible to extract summaries of major road developments from the annual Financial and Economic Review - but this is at fault, practically, for ignoring about half of the total budget; and at fault, conceptually, for ignoring the fact of interdependence of all items of spending, particularly interdependence between normal spending and expansionary or improvement spending."\textsuperscript{23} It would have been very difficult for any member of the opposition to interpret these spending trends.

Expenditure patterns in British Columbia reveal that while highway expenditures increased every year in terms of dollars spent, the priority placed on highways peaked in the late 1950's and early 1960's, and dropped off thereafter. Highway expenditures increased over 500\% between 1953 to 1964, with Bennett spending more than $900 million upgrading and building roadways in these years.\textsuperscript{24} "Actual spending on highways has maintained an impressive increase from $91 million in the three years 1949 to 1952 (including $3 million in Federal payments), to $251 million in 1952 to 1962 (including $42 million in

\textsuperscript{22}See Don Townsend, \textit{Highway Investment in British Columbia 1946-71}, pp. 31-34.

\textsuperscript{23}\textit{Ibid.}, p. 31.

\textsuperscript{24}\textit{Financial Post}, March 28, 1964, p. 49.
Federal), and to $430 million in 1969 to 1972."25 Yet the pattern of spending, as determined by percentage of total provincial expenditure, moved from 16 percent in 1947-48, to a high of 25 percent in 1960-61, down to 11 percent in 1972.26

In part, the drop in expenditure can be attributed to the completion of the Trans-Canada highway, but it must also be recognized that the government's commitment to the highways program, as determined by aggregate budget allocation, was declining. Policy-makers are always faced with a number of problems when it comes to acquiring resources, and deciding how best to distribute them. Bennett was forced to make a choice. It appears the commitments to Peace River power and the P.G.E. had virtually exhausted the province's financial resources. Highways policy suffered as a direct consequence.

While road transportation provided the most reliable and popular mode of surface transportation available, the government refused to subsidize the service to any great extent. A concerted effort was made to use highway-user-fees to pay a lion's share of public roadway costs.

Chandler, et al. concluded, "compared to other modes of transportation, the users of roads come closest to bearing the full cost of travel."27 In the case of British Columbia, "total spending on roadways declined as a percentage of revenue collected from road users - from about 200 percent in 1957, to around


26Ibid., p. 4.

100 percent in recent years."28 These findings were generally supported by
Byran's exhaustive review of highway expenditures and revenues.29

Constitutionally, as well as financially, the responsibility for highway
construction rests firmly with the provinces. Benefit financing for highways was
first incorporated in the United States, but the Americans adopted a fully-funded
approach.30 Since the 1920s, "provincial governments treat highways as a
general responsibility to be provided for by general revenues. Nevertheless there
remains what one provincial tax study described as an apparent general public
awareness of some direct relationship between gasoline tax collections and the
volume of expenditures on roads and highways."31

The Bennett government received significant revenues from motor
licenses, gasoline taxes, and other road-user taxes to help finance highway
expenditures.32 Since the development scheme was partially funded by user
charges, there was less need to compete with other projects for funds. By
reducing the initial costs in this way, a great deal of conflict was avoided.
Provincial funds for road construction and maintenance came from various
sources. Motor Vehicle Registrations, Fuel Taxes, public service vehicles fees,
vehicle operators licences, and Toll charges for bridges all combined to increase


29Nancy Bryan, More Taxes and More Traffic (Canadian Tax Foundation,
1972).

30Here it is worth noting that benefit taxation is generally recognized as
a regressive form of tax. Ibid., p. 1.

31Ibid., p. 4.

32It should be noted that other provinces have been generally unwilling
to subsidize highway construction. There are a number of taxes imposed upon
users of public roadways in Canada. For further discussion see Ibid., pp. 18-130.
the revenue-raising capacities of the province. While fuel taxes were the most lucrative component of the larger tax scheme, the Toll authority constituted an innovative device for generating public support during the first decade of Socred rule.

The Bennett team was elected in 1952 as a protest government. Where taxation seemed unfair, the government disarmed its critics by erecting the Toll Highways and Bridges Authority. The appeal to the market ethos struck a responsive chord among the voters, and it did not seem to matter that user-fees discriminated directly against the trucking industry.

In the second session of 1953, the Bennett government presented plans for the creation of a Crown corporation, the British Columbia Toll Highways and Bridges Authority. The authority assumed the responsibility for capital expansion, which had in the past been the direct responsibility of the Department of Highways. The Authority could borrow money without increasing the public debt, or so it seemed. The debts accumulated by the Authority were guaranteed by the province, but for political purposes, these were considered only contingent liabilities.

It is unclear what purposes were served by the policy, aside from reducing political criticism in the province. The premier deliberately exploited the debt-free status of the province to undermine the rise of strong opposition, while putting the government in a better position to increase expenditures with lower interest rates on borrowed monies. Since everyone assumed the program

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33See Province of British Columbia, B.C. Toll Highways and Authority Act (Victoria: Queen's Printer, 1953)

served the best interests of the economy, there was no reason to question the priorities of the government. In 1963 and 1964 the government paid out $66 million to retire the debt of the Crown corporation and shut down its operations.\textsuperscript{35} As it turned out, the province assumed the full liabilities of the Toll Authority.

The adoption of a toll facility construction program between the years 1953 to 1964 certainly contributed to the government's reputation as a pay-as-you-go administration. Policy-makers are often faced with a number of problems when it comes to raising revenue. When deciding who should bear the major costs for funding a new highway construction program, the government felt a road-user charge would appeal most to the voters.\textsuperscript{36} The strategy succeeded. The premier effectively gained the voters endorsement for a no-nonsense approach to politics. While subsidizing railroad construction in the province, it became clear the government intended that a major share of the costs of highway construction and maintenance would be assumed directly by road users themselves. It was a world of contradictions.

**Regulation and Discrimination**

Students of public administration have written extensively about the implications of the increasing complexity and growth of government regulation. Regulation is an effective means to influence many aspects of the lives of

\textsuperscript{35}For further discussion see Nancy Bryan, \textit{More Taxes and More Traffic}, p. 43.

\textsuperscript{36}Bennett took great pride in the fact his government built a new empire while producing surpluses. It was his opinion that his dynamic policies, which emphasized a pay-as-you-go system of finance, was strongly endorsed by the voters. For further discussion see Roger Keene and David Humphreys, \textit{Conversations With W.A.C. Bennett} (Toronto: Methuen Press, 1980), pp. 97-99.
citizens, especially those aspects which relate to travel and economic activity. In any serious discussion of economic development of British Columbia it is important to consider the role of government in regulating highway travel. Whether the regulatory system established by the Bennett government sought to promote extensive growth in the trucking industry, or whether it was a deliberate political attempt to saddle commercial carriers with a bigger share of highways costs is of major concern in this study.

The Bennett style of commercial transport regulation was marked by three main characteristics: 1) a high degree of centralization and control, 2) a complex system of commercial taxation and, 3) a high degree of discrimination. Some quite intriguing contradictions emerge from this evolution of regulatory power. At the time, the government's response was to subsidize an integrated rail system. The elaborate regulatory mechanism that was to emerge, effectively reinforced the central decision-making powers of the political elite. It would appear that the Bennett administration intended to use the highway regulatory system to provide greater leverage for planning and coordinating travel services in British Columbia directly under the control of the provincial leadership. It is ironic that the Social Credit leadership fought diligently for an integrated rail transportation system, while discriminating against the most efficient and popular mode of surface transportation - highways.37

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37Trimac Consulting Services, in an exhaustive comparison of trucking costs and railway costs between Fort St. John and Fort Nelson, concluded that even counting the sunk costs of B.C. Rail, "the estimated net 'total economic cost' are approximately $4.7 million per year higher if the rail service is maintained, versus utilization of motor carrier service and abandonment of the rail line." Yet the study also found that the comparative costs to the shipper would increase with the abandonment of the rail line, because the service was highly subsidized, while trucking services were not. See University of British Columbia, Main Library, Special Collections Division, Trimac Consulting Services Submission to the B.C. Railway Commission, Exhibit 256.
Since 1954 the primary responsibility for regulating commercial highway transportation has rested firmly with the provinces. Each province administers its own standards for insurance coverage, safety, and carrier licence fees, as outlined in its legislation. Throughout the Bennett years, the responsibility for regulating the inter-city movement of passengers and freight by motor vehicles, rested jointly on the shoulders of the Public Utilities Commission and the Department of Commercial Transport.

The Public Utilities Commission has carried out the responsibilities of the Motor Carrier Act since 1940. Its mandate includes issuing commercial vehicle licenses, setting standards for safety, regulating time schedules, enforcing insurance requirements, and reviewing the rates charged to the public. The regulatory body was given a number of substantive powers which ensured that the policies of the government were observed. While certain vehicles were explicitly exempt from regulation (e.g. school buses), any movement of passengers or freight over highways throughout the province was subject to licensing.

The Department of Commercial Transport was created in 1960. The Department's terms of reference included enforcing government standards for

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39 W.T. Stanbury, The B.C. Public Utility Commissioners and Their Work (Canadian Consumer Council, 1973) p. 4. For further details see Province of British Columbia, Motor Carrier Act (Victoria, Queen's Printer, 1939).

40 The Department of Commercial Transport was created to enforce safety, and revenue laws, while investigating the problems of equitable taxation. The original concept of a separate department to review commercial transportation in the province, came from the first Royal Commission on Road-User Taxation. For further details see Victoria Colonist, January 23, 1959, p. 18. See also Province of British Columbia, Department of Commercial Transportation Act (Victoria: Queen's Printer, 1959).
railways, pipelines, and "certain aspects of the enforcement of the Motor Carrier Act under the Public Utilities Commission." The department operated vehicle inspection facilities around the province, while assisting the P.U.C. in the licencing and regulation of commercial vehicles. Moreover, a major role assumed by the department, was that of negotiator for the province in efforts to secure "uniform vehicle registration prorationary and reciprocity agreements with other governments." While the Department of Highways constructed and maintained roadways within British Columbia, the Department of Commercial Transport worked closely with the P.U.C. to collect user-fees, and enforce the regulatory policies of the Bennett government.

Transport supply is a crucially important factor contributing to economic growth and rising living standards in any jurisdiction. In the 1950s, the province of British Columbia found itself with a major transportation problem. Bold action was necessary. Since the economy had been held back by a lack of transportation infrastructure, the Bennett government responded by upgrading highway facilities. But while the government was committed to upgrading facilities, a concerted effort was made not to over-subsidize the operational costs of the trucking industry. It was planned that the crash program would be financed almost completely by the revenues generated by the users of the system.

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42Ibid., p. EE 13.
43It is interesting to note that in British Columbia truck license fees were determined almost exclusively by weight alone, with only minor attention paid to the commercial function of the vehicle. There was only a minor distinction made between public freight vehicles, and limited freight vehicles in the setting of fee schedules. For further discussion see Nancy Bryan, More Taxes and More Traffic, p. 39.
The Social Credit government was never candid about the methods it intended to use to raise funds. Even after spending on roadways declined as a percentage of revenue collected from various road-user charges, the government persisted in the quest to make the commercial transportation industry pay more and more of the costs. The P.U.C. and Department of Transport played a crucial role in enforcing these policies.

There is ample evidence to suggest that the regulations implemented by the Bennett government served the best interests of the provincial railway, while discriminating against the trucking industry. First of all, a number of shipping restrictions were slapped on construction firms involved in developing Peace River Power. It became a common practice to insist that the construction firms who were active in building the hydro megaproject use the facilities of the P.G.E. whenever possible. The government sponsored barrier reduced the opportunity for the development of a more efficient transportation system in the region. While the shipping restrictions severely reduced opportunities for investment in trucking services, the policy did generate new traffic for the public railway.\textsuperscript{44} It was clear the policy was not fueled strictly by economic calculations.

Secondly, the Bennett government attempted to enforce a pay-as-you-go scheme upon commercial carriers. It takes more than people, natural resources, technology and economic capacity to increase a government's control over its territory. While these factors are important, politics and political control are unquestionably influenced by the capacity to generate revenues. Bennett's consciously organized struggle for political survival was specifically designed to

\textsuperscript{44}\textit{For further discussion see Victoria Daily Times, February 14, 1962, p. 17.}
elicit a fair share of road costs directly from commercial carriers. The Bennett government strongly supported the creation and evolution of a user-pay system for commercial transport. An underlying factor was the desire to increase government revenues at the expense of a captive audience. Since highway travel had become the most popular form of commercial surface transportation, the Social Credit administration attempted to tap a lucrative revenue source.

There was never any question about the priorities of the government. In April 1958, a Royal Commission was appointed to examine commercial licensing practices, and determine whether public vehicles were paying a fair share of road costs. The appointment registered Bennett's commitment to ensuring truck operations were not being generously subsidized by the Department of Highways. The prime objective of the inquiry was to clarify the most practical benefit-financing policy available to government. While the Commission was originally created under the Public Inquiries Act, the members included the Chairman of the Public Utilities Commission, the Superintendent of Motor Vehicles, the Assistant Deputy Minister of Finance, and a representative of the Department of Highways. It would appear the investigative body was stacked in favour of the government.

The Commission of Inquiry collected data on the most appropriate division of costs between road users and other tax payers. Since the "official terms of reference specifically prohibited it from reviewing the share of road

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45 For further discussion see Victoria Daily Times, April 11, 1958, p. 1; and Province of British Columbia, Commission of Inquiry into Road-User Charges (Victoria, Queen's Printer, January, 1959).


costs borne by passenger cars."\textsuperscript{48} the study focused exclusively upon raising greater revenues from public carriers. The Commission's findings recommended that the tax burden of the motor-travel industry be substantially increased. The premier responded by raising tax on diesel fuel, increasing fees for overload vehicles from 20 to 60 percent depending on vehicle weight, and increasing annual licence fees up to 60 percent for vehicles 74,000 pounds or more.\textsuperscript{49} The government was clearly dedicated to increasing taxes.

The trucking industry was outraged that it had been singled out to pay a bigger share of the costs for highway maintenance. The necessity of adequate transportation facilities was apparent from the earliest days of the emergence of the provincial policy, but the government focused attention almost exclusively upon the need to impose more regulations upon the commercial transportation industry. Long before any definite conclusions can be drawn, two important facts need to be noted.

With the rise of the tax policies, and a new department to review commercial activities, the government became dedicated to stabilizing control over the industry. The decision to impose new obligations on commercial carriers was partly a response to the emerging reputation of the government as a "pay-as-you-go administration" partly a reaction to fiscal pressures. The second reality was that the new legislation enhanced the competitive position of the P.G.E. In time, it became clear that the government was blatantly discriminating against commercial carriers in favour of railway users. This policy had been politically instituted and implemented with little debate.

\textsuperscript{48}Nancy Bryan, \textit{More Taxes and More Traffic}, p. 69.

\textsuperscript{49}For further information see \textit{Ibid.}, p. 70; \textit{Vancouver Province}, March 17, 1959, p. 23; and \textit{Victoria Daily Times}, June 29, 1959, p. 32.
The trucking industry bitterly lashed out at Bennett's decision to impose higher highway taxes and user fees under a new regulatory structure. The rationale for positive government action was to combat the evils of over-subsidizing commercial transportation, but representatives of the industry argued the policy would ultimately result in many companies shutting down their operations. Some firms had even resorted to building their own roads to escape the massive increase in road taxes, while others moved their operations to Blaine, Washington to escape the high license fees. In a last ditch effort to enhance the competitive position of the industry in the province, the B.C. Loggers Association, B.C. Truck Loggers Association, Heavy Construction Association, and a number of backbenchers rallied together to restructure the government's priorities. The campaign represented a well orchestrated assault on the new regulations, putting the Bennett government under very strong outside pressure to shift its priorities.

With mills shutting down as a result of increased transportation costs, and more and more foreign commercial vehicles refusing to enter the province as a direct consequence of high licensing charges, the economic future of the province was at stake. As indicated by Irvine Corbet (SC-Yale) "If we increase taxes on licenses for trucks we are going to drive them off the road and onto the railway. It would increase costs to consumers in the northern interior." In a brief presented to the cabinet a delegation of 35 logging industry spokesman presented a detailed account of the problems associated with the new

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50 For further information see Vancouver Sun, February 10, 1960, p. 27; and Vancouver Province, February 17, 1961, p. 5.

tax on overweight trucks.\textsuperscript{52} The presentation included a series of figures "showing that a truck hauling an average of 6,200 board feet over 15 miles of second class road would have been assessed fees of $9,675 per year under the original overweight assessment, and will still be charged $5,317 per year. This compares with the total fee of $1,678 a year for an identical truck in Oregon. Cost per thousand feet hauled by the B.C. truck has come down from $3.12 to $1.72 as the result of the adjustment but the cost per thousand feet hauled by the Oregon truck is only 54 cents."\textsuperscript{53}

Even the strong-willed Bennett government could not ignore the protests. The premier responded by announcing the re-appointment of the Royal Commission to investigate the new Road-User regulations.\textsuperscript{54} It was clear the government forces were in retreat.

The government's retreat was further reinforced by the proceedings of the second series of public hearings. The very existence of effective central authority tended to concentrate the energy of the opposition on efforts to contain the new revenue-raising authority of the government. The trucking and logging industries were growing ever more furious and indignant with Bennett, while a few Social Credit backbenchers became more hostile. The conflict was getting out of hand. Bennett responded to the criticisms by first appointing the second commission and then by completely restructuring the load restrictions. The second commission enabled the government to escape gracefully from an impossible situation.

\textsuperscript{52}_{\textit{Vancouver Sun}}, November 24, 1959, p. 40.

\textsuperscript{53}\textit{Ibid}.

\textsuperscript{54}See \textit{Vancouver Province}, February 9, 1960, p. 7; and \textit{Commission of Inquiry into Road-User Charges} (Victoria: Queen's Printer, February 1960).
While the membership of the second Commission was the same, the majority finding on the question of equitable Road-User charges for commercial vehicles was quite different. The fact that the case presented by the trucking industry appealed to the economic sensibilities of a vast majority of the provincial population, the government had been unable to combat this argument effectively. In the final analysis, the reconstituted Commission recommended that a quarterly licence fee system be established, mileage fees for big trucks be cancelled, oversize fees eliminated, and overweight fees reduced by 75 percent. The recommendations were quickly implemented by the government. 55

It was a major victory for the trucking industry. The interplay of power and interests had a significant impact on the decision to reduce the tax burden on commercial carriers. Moreover, the series of reciprocity agreements arranged by the Department of Commercial Transport greatly enhanced the ability of trucking firms to travel extensively between different jurisdictions at a lower cost. The interests of the special-interest group were well served by the major changes in policy.

In devising the original regulatory scheme, the Bennett government had been defending the P.G.E. as part of the province-building vision rather than developing the most efficient transportation network in British Columbia. The government's commitment to a pay-as-you-go was based upon a desire to protect the competitive position of the P.G.E. Little attention was paid to the needs of the private sector.

55See Vancouver Sun, January 27, 1961, p. 20; and the second Commission of Inquiry into Road User Charges, 1960.
The history of highway regulation raises some interesting problems. Because of the insular nature of political decision-making in British Columbia, most policies are put into effect with only minimal public debate. There have been only a few instances in which outside pressure groups have successfully influenced public policy priorities to any great extent. There is sufficient historical evidence to show that policy initiatives were designed specifically to serve the political objectives of the Social Credit leadership, and it was not at all clear whether the needs of the economy were best served by these political initiatives. More substantially, the power to re-channel economic priorities depended almost exclusively upon the opportunity to gain direct access to, and involvement in, the policy decision-making process. Such an opportunity was rarely presented, especially under the no-nonsense Bennett regime.

Competing Priorities and Highways Policy

There is little doubt that the Bennett government's highway policy was effective in promoting integration within British Columbia. Bennett's highways in the north, central interior, Vancouver Island, and other regions of the province, served a major integrative purpose. Prior to the 1950s, there was no highway connecting the Peace River country with the rest of the province. Even the Southern Provincial highway had a detour into the United States. The Bennett government inherited an archaic and spatially segregated highway transportation system. The need to improve and expand communication linkages within the province was a top priority of the government. In essence, the entire surface transportation network was upgraded and new linkages provided to ensure the province was more functionally integrated.
The goal of promoting integration within British Columbia was a top priority of the Social Credit government, but it was not the only goal served by highways policy. The government's history of manipulating highway expenditures to serve its own short-term electoral interests illustrates that highways policy was considered a highly visible political issue which meant a great deal to the electoral. As a consequence, great care was taken to ensure the transportation needs of the already developed areas received first priority. Unlike the P.G.E., primary emphasis was not placed upon using public highways to open frontier areas.

There were a number of conflicts involving the P.G.E. and highways. Yet while the policies were often in conflict, they were pursued with an integrative goal in mind. Infrastructural development was implemented with the goal of improving transportation and communication linkages throughout British Columbia.

A major reason the Bennett government did not fully utilize public highways to open new territory was that it already committed itself to using development roads to serve such purposes. Many of these mining and forestry roads provided important transportation and communication linkages into less accessible areas, and much of the work was financed directly by the private sector. While the cost of road building and maintenance resulted in reduced assessments and stumpage charges owing to the crown, the province was provided with a new series of main roads which helped to determine future patterns of spatial interaction. Development roads became a permanent part of the province's transportation infrastructure.

The policy of using development roads to improve communication and transportation facilities in remote areas of the province was first announced in the early 1950's. In September 1953, the government amended the Forestry Act
to ensure public access to private logging roads. The province witnessed a new transition in forest management practices when it was later announced that, "all forest management licences issued in B.C. in future will bind logging firms to constructing 'arterial forest roads' open to the public." The policy clearly stipulated that the "government will direct the location of the roads." This was done to ensure the spatial goals of the government were well served.

As well, the introduction of a new mineral leasing system in the spring of 1957 enhanced the provincial government's control over the production of minerals in British Columbia. "Under this new leasing system, the government could by refusing to grant a retention lease, force a company to either apply for a lease to develop its holdings or else forfeit them to the crown." The primary purpose of the mineral leasing policy was to force private interests to develop their holdings. As described by Payne, the Bennett government viewed "mining (as being) capable of opening up remote areas of the province to human settlement." Since the government was committed to using the resources of the private sector to improve transportation linkages in the province, "much of the necessary infrastructure in the form of roads and townsites was provided by the industry itself."

56 Vancouver Province, September 30, 1953, p. 23.
57 For further discussion see Vancouver Province, September 30, 1953, p. 23; and B.C. Government News, September 1957, p. 3.
58 See Vancouver Province, September 11, 1954, p. 4; and Vancouver Province, June 8, 1954, p. 21.
60 Ibid., p. 101.
61 Ibid., p. 103.
Built to open up territory, many of the development roads were narrow, and windy, despite the government's assurance that "the roads would be of standard width and good gravel surface construction, and would be safe enough to be open to public-vehicles at all times, regardless of logging operations." Yet to many of the isolated communities throughout the province, these roads provided valuable connections with the outside world.

Bennett's development roads program provided a number of important inter-regional connections between isolated communities, while opening up prime industrial areas to the private sector. There are a number of examples of the government's commitment to using logging and mining roads to improve transportation facilities in British Columbia. In 1954, the government announced the construction of four public access roads along the west coast of Vancouver Island. The government received great reviews for improving transportation facilities for Port Renfrew, Tofino, Port Alberni, Campbell River, Tahsis, Port Hardy, Victoria and other centres on Vancouver Island. Similar improvements were made in other regions of the province.

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63 Ray Williston indicated in an interview with the author that the provincial government was committed to using the development roads program to open up territory to the private sector, while improving communication and transportation linkages throughout British Columbia.


66 Much of the information in this paragraph was provided in an interview with Ray Williston.

67 For further discussion see B.C. Government News, January 1958, p. 2; January 1960, p. 3; April 1960, pp. 1-3; and February 1965, p. 8.
One of the biggest accomplishments of the Bennett government was the building of the Stewart-Cassiar development road. In a joint venture involving the Department of Mines of British Columbia and the Federal Department of Northern Affairs and Natural Resources, the first direct road link between the Yukon Territory and tidewater was completed in 1965. The 310 mile roadway between Cassiar and Stewart dramatically improved transportation facilities in north-western British Columbia, and reflected the commitment of the Bennett government for opening up provincial territory. As well, the Stewart-Cassiar road helped to defend provincial territory by redirecting the transportation of Asbestos away from Alaska, and down through British Columbia.

Conclusion

Highways policy can best be explained by understanding how the members of Bennett's cabinet approached issues involving highway upgrading and construction. While expenditure patterns corresponded with election cycles, the government's commitment to providing the most cost-effective mode of transportation available was marginal, at best. Moreover, the system of reporting spending patterns on a constituency by constituency basis had very little to do with economic rationality. Electoral districts do not provide the most convenient method of surveying the economic needs of a province. But they are the basis of politics.

The needs of the political elite are central to explaining the evolution of highways policy. Without a thorough understanding of the needs and goals of the people who occupied the inner circle of cabinet, it is not possible to truly appreciate the dynamics of highway infrastructure-building.

68For further details see B.C. Government News, April 1960, p. 3 and January-February 1966, p. 11.
Infrastructural development was pursued with the goal of integrating territory. For Bennett, integrating and defending provincial territory was a top priority. Between the years 1952 and 1972, primary emphasis was placed upon using infrastructure to build a better integrated and united province. It was a successful strategy.
CHAPTER 9
CONCLUSION

The major purpose of this study has been to investigate the spatial component of province-building through a series of case studies of infrastructure development in British Columbia under the premiership of W.A.C. Bennett. It has been shown that within this major policy area, Premier Bennett attempted to make infrastructure policy, as a whole, more effective and more responsive to the territorial and political needs of his government.

When the Social Credit government came to power in 1952, it was committed to building infrastructure for the purpose of increasing communication and transportation linkages throughout the province. One particular focus of attention in the government's plans for development was the need to increase the control of the provincial government over the pattern of spatial integration within the provincial boundary. Indeed, the Bennett government was often more concerned with exploiting infrastructure for the purpose of building a more integrated and united territory, than it was with serving the short-term goals of powerful economic groups. While it is uncertain whether or not these infrastructure-building initiatives, in point of fact, served the best interests of the provincial economy, it is clear that it preserved the autonomy and power of the Bennett government to direct its development ideas with only limited outside political interference.

In 1952, the Social Credit government committed itself to building the infrastructure required for opening up territory and strengthening intra-provincial lines of transportation and communication within the provincial boundary. The emphasis placed upon quickly erecting and completing Bennett's grandiose scheme for provincial development resulted in a number of restraints
being placed upon open public debate. The use of an unorthodox system of financial management, short legislative sessions, and almost total domination of the policy process by the executive leadership kept the opposition at bay, while providing the opportunity to quickly build the infrastructure necessary to substantially increase the power of the provincial government over the pattern of territorial integration within the Pacific province.

The main infrastructure policy changes in this important period of British Columbia's history included: the completion and extension of the Pacific Great Eastern railway, linking the Lower Mainland with the Interior and North; the two rivers policy, designed to stimulate northern development; oil and gas pipeline construction; the building of a ferry fleet to service the communities along the coast; construction of a superport at Roberts Bank; and the upgrading and expansion of the provincial highways network. The growth of Bennett's infrastructure-building initiatives was most commonly associated with the goal of defending the territorial interests and priorities of the provincial government.

Infrastructural development was a keystone of Bennett's grandiose scheme which aimed to build a province which was more politically and economically united and territorially integrated. The Bennett administration was more than a simple adjudicator of conflicting societal interests. When we consider the extent to which the provincial government went to defend its own interests, it is certain that the political leaders themselves had their own set of objectives which were not merely the product of interest group pressure. As such, infrastructure policy was an area of government activity in which the Bennett administration went out of its way to define and defend its conception of the "provincial interest".
The primary function of any political leadership is to identify and define the major problems facing its electorate. The combination of a protest party system, strong-statist traditions in the area of infrastructure development, the absence of interest groups with any long-term goals on infrastructural development, restricted public debate, and a "politics of deception" provided the Bennett government with a great deal of autonomy in shaping the geographical pattern of development in the province. In the area of infrastructure policy, in particular, the Bennett administration was able to identify and define the major issues of the day according to its own needs and wishes.

The Bennett government exploited infrastructural development to pattern the movement of goods and persons to conform to its scheme for provincial development. Primary emphasis was placed upon changing the landscape through the pre-emptive placement of infrastructure. It is clear the Bennett government had a clear idea of what needed to be done to promote integration in B.C. For instance, in 1955 the Bennett government stated in a submission to the Royal Commission on Canada's Economic Prospects that

While the topographical characteristics of the Province appear to preclude the development of major urban communities rivalling those of the two major cities within the next generation, the occurrence of new communities such as Kitimat is anticipated. Improved road and rail communities throughout the Interior of the Province are expected to accelerate settlement and development of the Interior to a greater extent than has been seen during the past decade.¹

The brief went on to state that,

In the Peace River region, where the topography does not restrict settlement to mountain trenches and river valleys, improved road and rail development and the industrial expansion anticipated in the imminent development of the natural-gas fields of that region are expected to produce a marked increase of that region's population.²

²Ibid.
The Bennett government went out of its way to build alliances for its scheme for provincial development. The Social Credit leadership became embroiled in a number of conflicts with the federal government, other provincial governments, business interests, and various labour organizations in defending its priorities for development. The key to winning support was the ability to quickly put into place the government's development scheme. Once each piece of infrastructure was built, the criticism rapidly subsided, and more and more communities came to depend upon the new services offered by the government. Under these circumstances, even the federal government was ultimately forced to accept Bennett's development scheme.3

Reassessing Province-Building Under W.A.C. Bennett

Many scholars have viewed the Bennett government as being inefficient and incapable of employing a rational approach to politics. Richard Simeon, in his pioneering work on federal-provincial relations, concluded that the level of expertise of a province was an important determinant of that province's success in federal-provincial negotiations.4 It was concluded that provinces had much to

3Premier Bennett took great pride in changing the priorities of the federal government to conform to his own. For example, in 1964 the premier proudly stated that, "Our national unity is stronger. Canadians generally are experiencing prosperous times, but there is much to be done to strengthen our international balance of payments. We have witnessed gradual Federal acceptance of many of our views relating to national energy, revaluation of the Canadian dollar, easier national credit, and the sale of down-stream energy benefits generated in the United States. The national gains from revaluation and improved credit are clearly visible, and advantages will soon flow from a realistic Federal energy programme and the sale of surplus electricity outside Canada. With these worthwhile contributions, British Columbia has played a strong part in shaping desirable national policies and should reasonably expect that its further proposals will be carefully examined on their merits." See B.C. Government News, March 1964, p. 7.

lose if they failed to become more systematic in their decision-making. In particular, the Bennett government's personalized approach to politics was singled out as contributing to the province's poor record in defending provincial interests during intergovernmental negotiations. Similarly, Tennant discussed in his article the problems Premier Barrett had in dealing with a political system moulded in the personalized style of his predecessor, W.A.C. Bennett. Finally, Young and Morley in their description of the evolution of government planning in British Columbia depict the W.A.C. Bennett government as being an "amateur government."

In addition, a number of scholars argue there is a close connection between the growth of more elaborate systems of decision-making at the provincial level, and province-building. For instance, Careless argues that the new emphasis placed upon efficiency and long-term planning in the provinces during the 1960s led to a new era in the defense and expansion of provincial government interests and priorities. The rise of provincial initiative is seen to

5Ibid., p. 217.

6Yet, unlike other scholars, Tennant does not depict Bennett as being inefficient or incapable. Rather, he describes how the planning process was dominated by a powerful leader, and the problems this created for the NDP government. For a description of what Tennant considers as an outdated dictatorial system, see Paul Tennant, "The NDP Government of British Columbia: Unaided Politicians in the an Unaided Cabinet." Vol. III, Canadian Public Policy (1976), 489-503.


8See Anthony Careless, Initiative and Response (Montreal, McGill-Queen's University Press, 1977), Chapters 9, 11, 12.
have gone hand-in-hand with improving provincial planning capacity. Smiley concurs that the improvement of planning capacity has heightened the appeal of province-building strategies and has led to increased levels of federal-provincial conflicts. Doern and Aucoin suggest that the advance of rationalization in provincial governments and the national government alike has resulted in a new era of federal-provincial competition over competing federal and provincial priorities and interests. Finally, Chandler and Chandler concluded that, "The development of a professional, highly skilled bureaucracy has been an essential component in province-building, for an efficient administration is a precondition for the expansion of the policy-making capacity of any political regime."

The history of infrastructure development during Bennett's premiership raises some serious reservations about such observations. In many respects, the personalized approach of the Bennett government was most successful not only in identifying and defining provincial government interests, but also in defending these interests against outside political competitors. Our case-studies suggest that improving planning capacity and province-building do not necessarily go hand-in-hand. While the Bennett government never handed over any significant powers over policy-making to so-called "experts," it is questionable whether this decreased the opportunity to identify and defend provincial government interests, not only against outside political competitors, but vis-a-vis society.

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The Bennett administration clearly won more battles than it lost in exploiting infrastructure development to defend its territorial interests. To be fair, Simeon's account of federal-provincial negotiations focused exclusively upon three case studies which were not a top priority as far as the British Columbia government was concerned. It is certain that when the Bennett government became embroiled in conflicts which it considered a top provincial government priority, such as the two river policy, pipeline development, and Roberts Bank, the interests of the provincial government were well defended against outside political interests.

While the style of government planning changed a great deal in Canada during the 1950s and 1960s, the British Columbia government did not attempt to render policy decision-making more systematic and comprehensive. Yet, there is little evidence to suggest that the Bennett government was inferior to other provincial governments in defending and promoting its own interests. The activities and responsibilities of the provincial level of government increased substantially during Bennett's premiership, and the political leadership effectively shaped, nurtured, and mobilized provincial interests behind it with only limited input from outside advisors. Thus, it is uncertain whether, in point of fact, improved planning systems are a pre-requisite for province-building, particularly in the area of infrastructure development.

Moreover, it is important to note how effectively Premier Bennett exploited the talents of experts in the case of the two river policy to legitimize the actions of his government. The so-called unprepared Bennett government outworked and outplanned the federal government as well as the American

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12 For information on the growth of long-term planning in Canada see Anthony Careless, Initiative and Response, Chapters 1, 2, 3, 9.
government to put into place the only policy it supported. This was a tremendous triumph for the provincial government. It is perhaps time to reconsider the effectiveness of government planning under Bennett's premiership, especially as it relates to province-building.

Several conclusions can be drawn from this micro-analysis of the spatial component of province-building in British Columbia. First of all, the evidence suggests that the Bennett government was both willing and prepared to sacrifice short-term economic growth for the sake of defending its province-building objectives. Economic determinism does not provide many clues for explaining infrastructural development during Bennett's leadership. While Bennett's two rivers, railway, ferry, pipeline, and Robert's Bank policies can not be fully understood by analyzing economic factors alone, they did help to promote the growth of a more integrated political and economic entity within the provincial boundary.

To conclude, our historical micro-analysis of infrastructure development under the W.A.C. Bennett government suggests that political leaders do play a major role in shaping the territorial pattern of economic and social interaction within provincial boundaries through infrastructural development. The propensity to pursue provincial initiatives, with the intention of building and shaping economic and political interests along provincial lines, was a strong

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13 A number of studies have suggested that the increased reliance of government planning upon expert advice has restricted rather than increased the autonomy of the political elite to act and defend its own interests. For further details, see Peter Self, Econocrats and the Policy Process (Toronto: MacMillan Press, 1975); Colin Campbell and George Szabloski, The Super-Bureaucrats (Toronto: Boyd and Fraser Publishing, 1977); Guy Beneveniste, The Politics of Expertise (San Francisco: Boyd and Fraser Publishing Company, 1977) and Wildawsky, Aaron. Speaking Truth to Power. (Little, Brown and Company, 1979).
determining force under W.A.C. Bennett's premiership. The evidence overwhelmingly supports the conclusion that the Bennett government played a primary role in exploiting infrastructural development to protect its control over the provincial territory.

The history of infrastructural development during the years of Bennett's premiership reveals that the Social Credit government was not primarily concerned with the aggregation of political interests for the sole purpose of maximizing votes, as indicated by Smiley. Nor was the Bennett government motivated to put in place the most cost-effective system of transportation available for private investors. Instead, the analysis of Bennett's development scheme clearly illustrates that the government itself was actively involved in articulating its own territorial and political interests, and worked to muster provincial support behind it. The government went out of its way to exacerbate territorial cleavages, and then went about stressing provincial solutions. This was evident in Bennett's federal-provincial campaign strategy, in his party politics, and in his personalized and deceptive approach to politics. It was a period of government-sponsored province-building.

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14For more information see Donald Smiley, "Canada's Poujadists: A New Look at Social Credit," The Canadian Forum. 42 (September 1962).
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