

## The State and Employers' Associations in British Columbia: 1900-1932

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Article abstract

Through a case study of British Columbia employers' associations this article examines the complexity of capital/state/labour relations during the early 20th century. To evaluate the sources of employers' strength and to determine the restrictions placed on their dominance, this study uses current theories of the state as a framework. They provide opportunities to examine British Columbia's governments as being either a "captive state," in a position of "relative autonomy," or "autonomous." No single theory explains the events of this period. In some sectors of the economy, employers were able to control state policy, but the contradictions created by the state's two primary objectives of capital accumulation and legitimation ensured that it would take steps to retain its autonomy in order to maintain capitalist class institutions.

# The State and Employers' Associations in British Columbia: 1900-1932

Andrew Yarmie

## *Introduction*

IN 1903 THE FRASER RIVER Cannery Association claimed that: "Politicians, admitting and over-estimating the strength of the so-called labor vote, have largely pandered to labor organizations which has resulted in legislation prejudicial to moneyed interests."<sup>1</sup> Nine years later, T. Turnbull, a representative of the Amalgamated Society of Carpenters and Joiners, complained that the government "seems to conserve the interests of labour exploiters by giving them advantages which are denied to the workers." Governments ignored labour while they treated capital with "the tenderest solicitude."<sup>2</sup> These opposing opinions disclose an issue that still divides theorists — the role of the state in a capitalist society. To date, the debate between the two major opposing theories, the society-centred and the state-centred concepts, remains unresolved.<sup>3</sup> *Radically opposed theories depicting the state as*

<sup>1</sup>University of British Columbia, Special Collections (hereafter UBC), International Pacific Fisheries Commission (IPFC), Fraser River Cannery Association (FRCA), Executive Committee minute book, 9 June 1903.

<sup>2</sup>British Columbia Information and Management Services (hereafter BCIMS), Provincial Labour Commission, 1912, GR 684, Box 1, File 2, vol. 1, 156-7.

<sup>3</sup>Society-centred theorists have emphasized the importance of class relations, class struggle, and the balance of power as determinants of the form and the functions of the state. The state-centred approach, in contrast, has accredited the state with its "own institutional logic" and the capacity to develop policy independent of societal forces. The major theories are analyzed in B. Jessop, *State Theory: Putting the Capitalist State in its Place* (University Park, Pennsylvania 1990), 1-46, 278-306. According to Finkel's analysis of state theories, pluralism, which views the state as a neutral arbiter, has been the least effective in explaining the role of the government in both structuring society and being shaped by societal forces. Its inadequacy in explaining the class system and the inequalities that have been established

either "captive," "relatively autonomous," or "autonomous" have not been able to come to any agreement on the state's position. When any single theory is applied to the historical specificity of British Columbia during the first decades of the 20th century, it cannot accommodate the complex and shifting reality of the state's motives, actions, and position. While the state's two primary objectives of capital accumulation and legitimation remained constant, its strategies for dealing with capital and labour changed to meet new challenges. As a consequence no single theory explains how at certain times the state was "captive," or controlled by employers in one sector of the economy, but, at the same time, retained a position of "relative autonomy" in the area of welfare legislation. Nonetheless, these models can illuminate some of the complexities of employer/state/labour relations within British Columbia. They provide insights into the role of business in the province's political culture and explain some of the contradictions which occurred as the state evolved from a minimalist to an interventionist institution. More specifically, these theories reveal the extent to which the province's employers' associations were able to determine state policy.

Major changes in both the socio-economic and political spheres during the first quarter of the 20th century were altering the relations between the business community and the state. The close connections established in the 19th century were being challenged by the growth of trade unions, labour politics, and new political concepts which emphasized state intervention as a means of maintaining the existing social order. Attempts to alter labour conditions or legislate welfare provisions were not easily accepted by employers who regarded them as detrimental to the economy and their autonomous control over industrial relations. When their "right to manage" was questioned, employers countered by establishing employers' associations for the dual purpose of destroying trade unions and preventing legislation. Although these two objectives are interconnected, the main focus of this study will be on the political initiatives taken by employers to block legislation. Here, they were to benefit from the state's need for revenue from economic development and the structure of a capitalist economy. The interdependence between government and business that developed in this period was an inherent outcome of a political culture that emphasized the exploitation of natural resources and the pursuit of prosperity. On these issues, both major political parties, the Conservatives and Liberals, shared similar theories and policies. Both would also respond to labour's demands for a greater share in society by state intervention, but political discussion and debate always came back to the central issue of expanding the province's economic potential.<sup>4</sup> The pervasiveness of capitalist cultural values were another important factor in the promotion of employer hegemon-

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and continued in society have weakened its argument. See A. Finkel, *Business and Social Reform in the Thirties* (Toronto 1979), 23-4.

<sup>4</sup>See E. Dobie, "Party History in British Columbia, 1903-1933," in J. Friesen and H.K. Ralston, eds., *Historical Essays on British Columbia* (Toronto 1976), 70-1.

ony within the province's political culture. During the period 1903-1915 the confluence of interests between Richard McBride's government, the societal goal of prosperity, and the business community's ambitions were most evident. From this position of power, the business community successfully portrayed itself as the bearer of public well-being, while at the same time it applied reactionary strategies against the labour movement and state interference in their affairs. Within the post-World War I environment which called for greater state intervention for the welfare of its citizens, the tactics of government and employers necessarily changed. The need to defuse labour unrest without changing the social order made government industrial and social policy more complex than in previous decades. While the balance of power remained decidedly in favour of employers as evident by their control over the forestry administration, they found it increasingly necessary to alter their labour and lobbying strategies. To defend their managerial prerogatives and economic interests against public demands for social reform and a Liberal government leaning toward intervention, employers' associations perfected their tactics and placed even more pressure on the state. Behind these outward signs of employer dominance, the question still remains; how much control did employers have over the state?

The more nuanced concept of "relative autonomy" provides a stronger theoretical base for examining historical events within the province than a "captive state" model. In Ralph Miliband's earlier work, *The State in Capitalist Society*, he maintained that the state's independence even in a democratic society was undermined by capitalist political forces infiltrating the top positions of government and bureaucracy. Although the members of the dominant class do not normally make up the government, the state personnel who direct institutions became so closely tied economically and politically to the capitalist class, they inevitably served what has been called its instrumental needs.<sup>5</sup> This tendency of Miliband's early work to treat the capitalist class as a monolith and to give it complete hegemony only has a limited application to events in British Columbia. Sectionalism divided capitalists and restricted their control of the state to specific areas. Capitalists' power, therefore, had to come from a different source. Gramsci and Poulantzas provide some key elements to understanding this process in British Columbia. For them, it is the state which overcomes the competitive divisions between capitalists by unifying them and organizing their political and ideological domination. Hegemony is achieved through the state. Poulantzas argues that the state acts for the long-term interests of capitalists in the class struggle because of deep structural relations in economics, politics, and ideology. Instead of being directly dominated by the business class, the state's inherent role in the maintenance of production and its need for revenue structurally places it into a position of "relative autonomy."

<sup>5</sup>R. Miliband, *The State in Capitalist Society* (New York 1969), 49-67. In his recent work, Miliband has given the state more autonomy especially in its role of providing social reform. See *Divided Societies: Class Struggles in Contemporary Capitalism* (Oxford 1991), 30-1.

Whether it was the Conservatives or the Liberals in power, they had to provide opportunities for business to profit, but also maintain mass support for the system. Open alliances between the state and employers were not feasible and governments retained positions of "relative autonomy" in order to avoid labour unrest and strikes. Caught between these two forces the state became a site of class struggle and political compromise. It would ultimately look after capital's long term interest but might oppose the short term goals of individual employers or specific groups for the sake of industrial and social stability, or it might promote welfare legislation for the more pragmatic reason of obtaining an electoral victory. The elections of 1916 and 1920 demonstrate this process whereby both parties had to maintain mass support for the system by catering to the growing demands for social reform.<sup>6</sup>

State concessions to the working class were not just electoral manipulation, they were a part of the hegemonic process. For Gramsci, the state was "the entire complex of practical and theoretical activities with which the ruling class not only maintains its dominance but manages to win the consent of those over whom it rules."<sup>7</sup> Certain interests and aspirations of the subordinate class have to be brought into the dominant ideology in order to incorporate the workers. Due to the reactionary nature of the employing class, it is the interventionist state which integrates the workers into the system by providing welfare and other social policies while retaining the existing power structure. In Gramscian terms, the dominant class assumes a "war of position" and imposes its interests on the popular masses by advancing particular popular interests through a "mechanical game of compromise."<sup>8</sup>

The further refinement of these theories by Clause Offe helps to explain why the government at times opposed the short term goals of employers in British Columbia and its reasons for promoting welfare legislation. The state, according to Offe, is caught up in the contradictions of capitalism. Since the state relies on tax revenue to support its own activities, it defends capitalist accumulation, but in order to legitimize its power it creates the belief that it is an impartial umpire between class interests. To maintain its power it must be increasingly interventionist in the economy and in social policy. The state will assist either capitalists or organized labour when their support encourages the maintenance of the existing order.<sup>9</sup> Agreeing with Offe, David Held confirms the state's central feature is capitalist

<sup>6</sup>N. Poulantzas, *Political Power and Social Classes* (London 1973), 128-37. Reviews of this concept can be found in G. Albo and J. Jenson, "A Contested Concept: The Relative Autonomy of the State," in W. Clement and G. Williams, eds., *The New Canadian Political Economy* (Montréal 1989), 182, and A. Przeworski, *The State and the Economy under Capitalism* (New York 1990), 79-83.

<sup>7</sup>Quoted in R. Simon, *Gramsci's Political Thought: An Introduction* (London 1991), 72. See also Jessop, *State Theory*, 42-3.

<sup>8</sup>Jessop, *State Theory*, 213.

<sup>9</sup>For a discussion of Offe's theory, see D. Held, *Political Theory and the Modern State: Essays on State, Power, and Democracy* (Sanford, California 1989), 70-3.

reproduction but claims that it does not act for the dominant interests. Held argues that "the multiplicity of economic and electoral constraints on state action — and regime survival — means that the state is not an unambiguous agent of capitalist reproduction."<sup>10</sup> Instead, it acts to defend democratic capitalist class institutions. This concept appears particularly relevant to the province's social crisis that occurred between 1915-1925. The social, industrial, and political struggles initiated by labour and middle-class reformers were to be "inscribed" into state institutions and lead it to implement a wide range of policies. To defend private property and democratic norms, state policies attempted to manage the crises in society and preserve the social order. The state puts forward policy alternatives to the conflicting interests for the purpose of obtaining a compromise. If necessary it would act against employers or against workers in order to achieve its objectives.

From a different perspective, the state-centric theorists, like Theda Skocpol, Peter B. Evans, and Charles Tilly see the state as autonomous: a force that creates, organizes, and regulates society. In *Bringing the State Back In*, Skocpol accredited the state with complete independence and the ability to "formulate and pursue goals that are not simply reflective of the demands or interests of social groups, classes, or society."<sup>11</sup> Autonomous state action is used to explain the process of change in society with the state sometimes acting for interest groups and at other times acting for itself. The state's autonomy fluctuates and can be affected by pressure groups, but it can also act against them. In the end, the state through political parties and its bureaucracy is credited with shaping political cultures and forms of collective action. This unequivocal position has been modified by Skocpol's more recent works on welfare policy where she acknowledges that autonomy fluctuates from case to case and is dependent on specific historical patterns.<sup>12</sup> In its original form, the state-centric theory tends to de-value societal pressures and, therefore, it is not the best model for examining events in British Columbia.

Whether the state acts directly or indirectly for capitalists, or to defend its own interests remains unresolved. Attempts to apply state theory to national politics have also ended in a raft of conflicting opinions. Alvin Finkel's *Business and Social Reform in the Thirties*, maintains that the capitalist class controlled the state and moulded the welfare legislation of the 1930s to its needs. Leo Panitch, in an often quoted statement, has remarked that "the Canadian state was never a laissez-faire state."<sup>13</sup> Even when the state acted against a particular group of employers, it still

<sup>10</sup>Held, *Political Theory*, 76, 73-5.

<sup>11</sup>T. Skocpol, "Bringing the State Back In: Strategies of Analysis in Current Research," in P. Evans, D. Rueschemeyer and T. Skocpol, eds., *Bringing the State Back In* (Cambridge 1985), 9. The "state-centric" approach is discussed in Przeworski, *The State*, 47-50.

<sup>12</sup>Skocpol, "Bringing," 11-25. For a further discussion of Skocpol's theories, see C.W. Barrow, *Critical Theories of the State* (Wisconsin 1993), 126-30.

<sup>13</sup>L. Panitch, "The Role and nature of the Canadian state," in L. Panitch, ed., *The Canadian State: political economy and political power* (Toronto 1977), 14; Finkel, *Business*, 1-26.

had the long range interests of capital in mind. Wallace Clement has added to the debate by supporting a "confraternity of power" theme based on the ties between the corporate élite and the state, but recent research by Carl Cuneo and R. Mahon has found this "captive state" theory to be too fixed in its designation of monolithic power to employers. This paper supports their conclusions by recognizing the major weakness in the British Columbia business community to be its sectionalist nature.<sup>14</sup>

On a provincial level a collection of articles edited by R. Warburton and D. Coburn, *Workers, Capital and the State in British Columbia*, has introduced some of the complexities of state formation and of the relations between the business class and the state, but many elements of state theory still merit further discussion. John Malcolmson's "Politics and the State in the Nineteenth Century," sets the stage for this paper by his examination of the provincial government's direct role in creating large-scale capitalist production in the resource industries and the restrictions placed on it by the emerging class system. According to Malcolmson, the state was "both a product of and a participant in the process of social class struggle." The "impact of this process of capital concentration and proletarianization upon the political climate and culture of the province," he observed, "was nothing short of profound."<sup>15</sup> Class conflict flared as workers and employers established their respective organizations in the late 19th century, thus forcing the state to respond. To stabilize socio-economic conditions, the state developed a new legal and political framework that supported capitalist power and contained labour radicalism. The adoption of a formal party system at the beginning of the 20th century is viewed as a response to the "interconnected processes of economic crisis and economic restructuring, class development, and class struggle."<sup>16</sup> This political and

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Observing the make-up of post-confederation cabinets, Panitch notes the ties between the financial bourgeoisie, railway entrepreneurs, and government. Using H.V. Nelles' account of the Ontario manufacturers' takeover of the province's hydro industry as one of his many examples, he has attempted to demonstrate the "very lack of relative autonomy" on the part of the Canadian state. See also H.V. Nelles, *The Politics of Development, Forests, Mines and Hydro-Electric in Ontario, 1849-1941* (Toronto 1974), ch. 11.

<sup>14</sup>W. Clement, "The Corporate Elite, the Capitalist Class, and the Canadian State," in Panitch, ed., *Canadian State*, 225-48. For Cuneo and Mahon, see B. Russell, *Back to Work? Labour, State, and Industrial Relations in Canada* (Scarborough 1990), 25-6.

<sup>15</sup>J. Malcolmson, "Politics and the State in the Nineteenth Century," in R. Warburton and D. Coburn, eds., *Workers, Capital, and the State in British Columbia* (Vancouver 1988), 12, 18. He uses Wright, Hirsch, Holloway and Picoiotto to extend his analysis. For Warburton's conclusions, see 280-3.

<sup>16</sup>Malcolmson, "Politics and the State," 20. Other provincial studies have also supported this theme of state involvement in class relations. Recent research on strikes and the state in Ontario by Eric Tucker and Judy Fudge argues that "Class power is not independent of institutions, but neither are institutions independent of class power. Workers and employers struggle to shape the institutional and legal environment in which their relations will be

institutional change brought the stability necessary for economic development and encouraged capital accumulation. Malcolmson's study ends here and the more complex relations that developed in the first quarter of the 20th century still require investigation.

While no single theory has explained capital/state/labour relations in British Columbia, collectively they illuminate a number of key issues and raise a number of questions. First, how was dominance obtained by the business class and what accounts for the failures of the labour movement? Second, to what extent were employers and the state able to construct an ideology based on private enterprise and to co-opt workers into supporting the existing social order? Does this explain the difficulty the workers experienced in organizing an independent political party? Third, if an alliance existed between the state and employers, why did its legislation oppose business interests, particularly after World War I? Did the state introduce labour and welfare legislation for the specific purpose of stabilizing and legitimizing the social order? And who was it protecting — employers, capitalist class institutions, or itself?

### *Employers and Political Influence*

One of the difficulties to any wholesale application of a business dominance theory to the so-called Company Province is that businessmen tended to avoid direct involvement in politics.<sup>17</sup> With the expansion of their firms and the shift from local to provincial enterprise in the 1890s, employers could no longer afford the time to continue their direct involvement in either municipal or provincial affairs and handed over control to "middle level occupational groups." Duncan Bell-Irving, a salmon canner and an active municipal political lobbyist, "deplored the fact so many men of affairs kept aloof from civic affairs."<sup>18</sup> His complaint has been confirmed by Robert McDonald's research on the business community in Vancouver where he found no significant correlation between the business and political élite during the period 1886-1914. Instead, only 114 of the 322 business leaders (35.4 per cent) provided passive support for the Liberal and Conservative parties, while only 55 (16.5 per cent) were active in party management. Furthermore, the premiers, attorney-generals and other high ranking ministers generally came from

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conducted." E. Tucker and J. Fudge, "Forging Responsible Unions: Metal Workers and the Rise of the Labour Injunction in Canada," *Labour/Le Travail*, 37 (Spring 1996), 84. For comparisons to the American state and legal culture see C. L. Tomlins, *The State and the Unions: Labor Relations, and the Organized Labor Movement in America, 1880-1960* (Cambridge 1985), ch. 3.

<sup>17</sup>M. Robin, *The Rush for Spoils: The Company Province, 1871-1933* (Toronto 1972).

<sup>18</sup>Quoted in R.A.J. McDonald, "The Business Elite and Municipal Politics in Vancouver," *Urban History Review*, 11, 3 (February 1983), 4-5.



the legal or professional groups rather than from the economic élite.<sup>19</sup> Within the period 1903-1932, the premiers, R. McBride and W.J. Bowser, came from legal backgrounds, H.C. Brewster was a cannery owner, J. Oliver, a rancher, J.D. MacLean, a physician, and S. Fraser Tolmie came from an agricultural background. Furthermore, a review of the members within the British Columbia legislature in 1903 reveals that McBride chose A.E. McPhillips as his attorney-general and C. Wilson as his president of council, both of whom were barristers, while his minister of mines and provincial secretary was a merchant. Numerous changes to the ministry between 1903-1912 again saw the appointment of other professionals. F.J. Fulton, a barrister, became provincial secretary in 1904 and then attorney-general in 1906. The president of council in 1904 was F.L. Carter Cotton, an editor, while H.E. Young, a physician, assumed the position of provincial secretary in 1907. A cursory examination of the occupations of the 42 MLAs in 1912, the peak of McBride's power and collusion between government and business, found only 2 MLAs, L.A. Campbell, president of a number of interior power companies, and W. Hunter, a mine owner, were employers. The rest were from the professions, W.J. Bowser, D. McEwen Eberts, N.F. Mackay, R.H. Pooley, and W.R. Ross were barristers, while M. Callanan, F.J. Mackenzie, and G.A. McGuire, were, respectively, a doctor, druggist and a dentist. Other common occupations included merchants, brokers, and real estate agents.<sup>20</sup>

This change in the class balance of the legislature from employers to financial, commercial, and professional interests did not necessarily mean a change in the direction of legislation. Their interests were naturally linked to those members of society who owned or managed the means of production. They collectively shared economic interests and their ideological acceptance of private enterprise created an alliance which furthered the employers' influence over the state by identifying governmental and public goals with the business ideal of progress. Doctors, engineers, lawyers and other professionals believed in private enterprise to the same extent as employers. Many professionals crossed into the business class by either becoming directors of companies or starting their own firms. The increasing complexity of business law and the growth of large corporations also cemented the existing alliance between employers and lawyers.<sup>21</sup> This confluence of managerial

<sup>19</sup>For the Vancouver business community, see R.A.J. McDonald, "Business Leaders in Early Vancouver, 1886-1914," PhD thesis, University of British Columbia, 1977, 314-5, and his "Vancouver's 'Four Hundred': The Quest for Wealth and Status in Canada's Urban West, 1886-1914," *Journal of Canadian Studies*, 25, 3 (Fall 1990), 55-73. J.D. Belshaw, "Provincial Politics, 1871-1916," in H.J.M. Johnston, ed., *The Pacific Province: A History of British Columbia* (Vancouver 1996), 147-8.

<sup>20</sup>The above information was derived from *The Canadian Parliamentary Guide* (Ottawa 1903-13).

<sup>21</sup>For professionals and employers, see McDonald, *Making Vancouver*, 115, 233, 262, n.52.

philosophy with individualist economic and political ideology provided a strong power base for arguments for legislation to promote economic development.

Powerful interests' continuing ability to influence the government to pass legislation to encourage economic growth and maintain the existing social order can also be explained by applying Poulantzas's theory. From his point of view, employers did not have to control political parties or the government bureaucracy because of the structural relations of the state to the economy.<sup>22</sup> The economic structure of the capitalist system placed government and business into a symbiotic relationship and contributed to the acquisition of business power. Although the government's direct revenues from primary resources were not substantial in the pre-World War I period, it benefitted from the overall increase in economic growth. The annual surplus from 1905 to 1911 of \$10,000,000, for example, was to a great extent generated from resource exploitation. Between 1871-1913 government revenues totalled \$93,560,441 with \$7,642,678 or 8 per cent derived from mining and 19 per cent from timber royalties.<sup>23</sup> With one quarter of the mining industry's revenue prior to 1914 derived from the coal sector, it was both a constant and powerful influence on legislation. But it was the forest industry as the largest single producer of public revenues in the pre-World War I period and the driving force in the post-war economy which had the most influence over the government. The increase in the number of Special Timber Licences from a few hundred in 1905 to the issue of 17,700 in 1907 provided the capital for McBride's venture into economic development and, in particular, railway building.<sup>24</sup> As R. Cail has noted, "by 1913 the government had become a sleeping partner in forest exploitation and a sharer in the profits of the trade."<sup>25</sup> Provincial revenue from royalties and stumpage dues in forestry had grown from \$136,000 in 1901 to \$2,250,000 in 1913.

Another factor to influence state/capital relations was the changing structure of the economy. Big companies were taking over the three primary resource industries and would be able to use their wealth as a powerful lever with the government. Small independent businesses were disappearing in the fisheries by 1891 and three large firms, Anglo British Columbia Packing Co. Ltd., Ewen & Co., and Victoria Cannery Co. Ltd. came to control 70 per cent of the sockeye salmon market. Then in 1902 the British Columbia Packer's Association took over 22 firms to gain 50 per cent control of the pack. In forestry, John Hendry's BC Mills, Timber

<sup>22</sup>Poulantzas, *Political Power*, 137-41.

<sup>23</sup>J. Barman, *The West Beyond The West: A History of British Columbia* (Toronto 1991), 178; A. Seager, "The Resource Economy, 1871-1921," in Johnston, *Pacific Province*, 222; R.E. Cail, *Land, Man, and the Law: The Disposal of Crown Lands in British Columbia, 1871-1913* (Vancouver 1974), 90.

<sup>24</sup>Barman, *The West*, 215-6; R.P. Gillis and T.R. Roach, "A Touch of Pinchotism: Forestry in British Columbia, 1912-1939," in P.E. Roy, ed., *A History of British Columbia* (Toronto 1989), 82-3.

<sup>25</sup>Cail, *Land*, 91.

and Trading Co. invested over \$1,000,000 in 4 mills and had a labour force of 2,000 workers. Canadian Western Lumber's new plywood mill at Millardville on the outskirts of Vancouver had an annual payroll of \$2,000,000 for its approximately 1,500 workers, while the new syndicate formed in 1910 which bought out Canadian Pacific Lumber invested \$5,000,000 in capital expenditures. In 1901 the total capital of the 32 existing mills had been \$2,000,000, but by 1914 there were 250 mills with \$150,000,000 invested. A similar trend had also developed in other industries. In the mining industry little regulation was placed on the 1,316 companies that established themselves between 1886-1900. With many government officials themselves involved in speculation there were few constraints except for the weak Companies Act of 1897. By the turn of the century gold and silver had been replaced by copper, lead, and zinc as the main sources of wealth. With this change in the economy a new capital structure developed as only the large companies like Britannia Mining and Smelting formed in 1905 and Consolidated Mining and Smelting established in 1906 could profitably work these minerals.<sup>26</sup> These large companies were to be the main lobbyists of the period.

The evolution from frontier resource extraction to an emerging metropolitan-hinterland economy also led to an important shift in politics. Vancouver's manufacturers, financiers, and investors increasingly became the important influence on the legislature.<sup>27</sup> While manufacturing still remained tied to primary resources, it generated secondary industries and capital investments of \$240,000,000 in the provincial economy by 1918. The business interests representing lumber manufacturing, smelting, fish and food processing, metal and engineering works, shipbuilding and construction, therefore, would have to be taken into consideration by government decision makers. The hydro industry's centrality to the growth of manufacturing, for example, ensured the provincial government's "enthusiastic acquiescence" to development projects. An obsession with development or what has been termed the "management of expansion" meant that industrial and social policy would be determined more by economic objectives than social factors.<sup>28</sup>

<sup>26</sup>D.J. Reid, "Company Mergers in the Fraser River Salmon Canning Industry," in W.P. Ward and R.A.J. McDonald, eds., *British Columbia: Historical Readings* (Vancouver 1981), 306; R.A.J. McDonald, *Making Vancouver: Class, Status and Social Boundaries, 1863-1913* (Vancouver 1996), 95-8; G.W. Taylor, *Timber: History of the Forest in B.C.* (Vancouver 1975), 91-8, and W.A. Carrothers, "Forest Industries of British Columbia," in A.R.M. Lower, ed., *The North American Assault on the Canadian Forest* (New York 1938), 272; Seager, "Resource Economy," 212-17.

<sup>27</sup>Belshaw, "Provincial Politics," 159. In the late 19th and early 20th century political lobbying focused on railways and the provincial government responded by sponsoring the prerequisite railway development to exploit resources. It issued 116 railway charters between 1883-1903, and 52 between 1903-1915.

<sup>28</sup>Seager, "Resource Economy," 212-42; Belshaw, "Provincial Politics," 149. For a comparison to Ontario, see Nelles, *Politics of Development*, ch. 11. Both provincial and federal governments were concerned with economic growth and based their industrial relations

State policy was formulated to win support by providing growth, stability and financial success. Once the government set economic expansion as its goal, the structural relations between the state and capital accumulation further ensured it would protect employer interests.

The business community's social and cultural values also had a strong influence over the political culture of the province. Mobilization into a class capable of achieving hegemony was potentially possible for employers. To a great extent they were from a British background and shared economic, social, and political beliefs. Private property, a free market economy, and individualism were the mainstays of their ideology. Mixing easily with other professional status groups, they established interconnections among themselves by creating social clubs in major cities such as the Vancouver Club, the Vancouver Lawn and Tennis Club, and Victoria's Union Club. Other important bonding organizations included boards of trade, citizen's associations, chambers of commerce, and employers' associations.<sup>29</sup> From this position of power, they could achieve hegemony by two different modes. First, they could influence the government to act like the "night-watchman state" and to use the army, police, and law courts for their benefit. Two infamous repressive acts against the Fraser River fishermen in 1900 and against the miners at Extension Coal mine on Vancouver Island in 1912 are often cited as evidence of capitalist control over the state, but many more could be added. The second mode of gaining hegemony by means of what Gramsci termed the ethical state, a much more subtle and complex system relying on persuasion to gain consent, was also very evident.<sup>30</sup>

Social clubs, boards of trade, and employers' associations were the instruments in this process which enabled businessmen to generalize their ideology into the

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policies on what has been termed the "management of expansion." New legislation, the Industrial Disputes Investigation Act (1907), was therefore designed to cover the full range of developmental industries — mining, transportation, and public utilities. Although the government's objective was not to promote the interests of individual employers but the expansion of the entire economy, it did define success in terms of the growth of privately-owned capital. This supports Miliband's concept of the state assisting the accumulation of capital, but the government was not under capitalist control and would not always side with the employer in disputes. See J. Webber, "Compelling Compromise: Canada chooses Conciliation over Arbitration, 1900-1907," *Labour/Le Travail*, 28 (Fall 1991), 27-8.

<sup>29</sup> McDonald, *Making Vancouver*, ch. 6.

<sup>30</sup> For state repression, see K. Ralston, "The 1900 Strike of Fraser River Sockeye Salmon Fishermen," MA thesis, University of British Columbia, 1965, 72-4, 81-95; P. Phillips, *No Power Greater: A Century of Labour in B.C.*, (Vancouver 1967), 34, 59; and J.R. Conley, "Class Conflict and Collective Action in the Working Class of Vancouver, British Columbia, 1900-1919," PhD thesis, Carleton University, 1986, 186-7. For consent by persuasion, see Simon, *Gramsci's*, 23; and D. Lloyd and P. Thomas, *Culture and the State* (New York 1998), 21; Gramsci notes how this was achieved through the institutions of political parties, schools, churches, trade unions, and cultural institutions, whereas this study is restricted to employers' associations.

public culture. The main tenets of political economy and the bourgeois ideals of individualism, the work ethic, private enterprise, and success were used to promote an ideological consensus. Turning the acquisition of money into a gospel of success camouflaged their profit motives, but in reality success still meant, "We want to see THE MONEY COMING IN."<sup>31</sup> Attached to the gospel of success were its concomitant principles of self-help, hard work, and individualism which collectively defined the middle-class ethos. To demonstrate these virtues, the British Columbia Manufacturers' Association (BCMA), in a style reminiscent of England's Samuel Smiles, published biographies of the province's leading businessmen within its journal, *Industrial Progress and Commercial Record*. Although the majority of these businessmen came from privileged backgrounds, men like H. Bell-Irving held that self-help and hard work were essential to success. By following these principles, workers could also move up the ladder. According to N.G. Neill, manager of the Employers' Association of British Columbia, "Every single man can become an employer if he has the personal initiative."<sup>32</sup> Those who failed only had themselves to blame. To further justify their wealth and positions, employers often claimed that they were working for the public good. Profits were legitimized by the products and services provided for citizens, cities, and the province.

To convince subordinate classes that their ideology was for the common good, employers had to go beyond self-justification. In Gramscian terms, the first step was to portray themselves as the bearers of future universal interests. Within the expanding resource economy of the province, boards of trade, the Vancouver Tourist Association, the Progress Club, the BCMA, the Employers' Association of Vancouver, and other associations all worked to make their private interests appear those of the entire society. The *Industrial Progress and Commercial Record*, spawned numerous articles confirming the "wisdom and foresight," and the "progressive spirit" that always characterized local manufacturers and made them the natural leaders of society. Local newspapers like the *Vancouver Daily Province*, the *Daily-Advertiser*, and *The World*, all of whom were members of the Employers' Association of Vancouver, could also be counted on as agents for promoting business ideology as the public culture.<sup>33</sup>

<sup>31</sup>The quotation is from a poem by the house poet of a Vancouver lumber company. Quoted in M. Bliss, *A Living Profit: Studies in the Social History of Canadian Business, 1883-1911* (Toronto 1974), 16.

<sup>32</sup>Examples of the biographies can be found in *Industrial Progress and Commercial Record*, 1 (1914), (hereafter *IPCR*). For Bell Irving see, McDonald, *Making Vancouver*, 141, and for Neill, see National Archives of Canada, RG 33/95, Royal Commission on Industrial Relations, 1919, minutes of evidence, 286, (hereafter NAC RC 1919).

<sup>33</sup>*IPCR*, 1 (July 1913); UBC, Vancouver Trades and Labour Council, (hereafter VTLC), minutes, 19 May 1904, membership list, Employers' Association of Vancouver. For Gramsci's concept of universalism, see A. Przeworski, *Capitalism and Social Democracy: Studies in Marxism and Social Theory* (Cambridge 1989), 21.

Whether this ideology was sufficient to win the workers' consent remains questionable. Recent research by John Belshaw and Robert McDonald has noted that despite the existing class conflict, the liberal myth of self-improvement was supported by actual progress among some workers. The economic boom which started at the turn of the century and the speculative fever between 1909 and 1913 provided opportunities for improvement in status. In his reconsideration of the British colliers on Vancouver Island, Belshaw observed how the immigrant miners expected to rise above the occupational level and standard of living they had in Britain. Many miners sought improvement by moving into farming, shopkeeping, "penny capitalism," and management. Beliefs in self-improvement and progress were also common among the white Anglo-Saxon migrants to Vancouver in the late 19th and early 20th centuries to the point where some workers speculated in the real estate to achieve these objectives. By 1912, the *British Columbia Federationist* felt workers were so committed to the belief in capitalist prosperity they failed to support socialist candidates.<sup>34</sup> These observations appear to confirm the hegemonic power of bourgeois ideology, but in reality they only represent some of the many contradictions within working-class ideology and actions.

On the one hand, there was an acceptance of the economic order by workers but, on the other, there was resistance and confrontation with employers and the state. Aspects of bourgeois culture may have been accepted by workers but they were changed by their own class experience. Workers were well aware of their place in the hierarchy and resisted middle-class cultural intrusion both at work and in politics.<sup>35</sup> The one group of workers who were closest to the middle class, the skilled craftsmen or labour aristocracy, and most susceptible to ideas of social mobility and material progress, resisted middle-class cultural intrusion and clung to their own distinct ideology of Labourism. Although Craig Heron, Robert McDonald and Mark Leier have provided conflicting accounts on the sources of Labourism, they agree on its independence from middle-class culture. The leaders of the Vancouver Trades and Labor Council (VTLC) may have moved up the social ladder and had similar incomes to the lower middle class but they remained class-conscious and retained a belief in a limited class struggle. Their practical pursuit of good working conditions and better wages led them into a program of reform in both the industrial and parliamentary spheres. Instead of destroying the Canadian

<sup>34</sup>J.D. Belshaw, "The British Collier in British Columbia: Another Archetype Reconsidered," *Labour/Le Travail*, 34 (Fall 1994), 22, and McDonald, *Making Vancouver*, 57, 138-41, 196-7.

<sup>35</sup>See B. Palmer, "What the Hell: or Some Comments on Class Formation and Cultural Reproduction," in R.B. Gruneau, ed., *Popular Cultures and Political Practices* (Toronto 1988), 33-8. In his study of British workers, Peter Bailey noted that the "trappings of respectability were on occasions readily assumed in working-class life, but they did not mean the displacement of older conformities." P. Bailey, "Will The Real Bill Banks Please Stand Up? Towards a Role Analysis of Mid-Victorian Working-Class Respectability," *Journal of Social History*, 12 (1979), 342.

economic and political system, they attempted to win workers their proper share of wealth and political influence through reform. At the same time, their culture emphasized union solidarity, labour ethics, and militancy. This created a dichotomy of labour conservatism and militancy, but the increase in radicalism at the turn of the century provides abundant evidence that workers did not consent to the hegemony of the capitalist class.<sup>36</sup> Class divisions were heightened and increased by the growing influence of Socialists who promoted "industrial unionism" and the overthrow of capitalism. This conflict with labour would be the catalyst that pulled employers together.

### *Employers' Associations*

Despite their cultural advantages and powerful economic position within society, the class development and dominance of employers were hindered by internal differences. The most obvious were the economic divisions among individual employers. Conflicts of interest between small and large companies, competition among large firms, and among different industries kept them apart. To overcome these weaknesses and to increase their economic, social, ideological, and political dominance employers began to form associations at both the provincial and national level in the latter half of the 19th century. While these new organizations contributed to the making of a class, sectionalism remained a continuing problem. The National Association of Master Plumbers, the National Metal Trades Association, the National Founders' Association, and, most importantly, the Canadian Manufacturers' Association (CMA), tended to represent larger employers and to defend federal interests. Only a half dozen British Columbia employers or managers whose enterprises were worth over \$1,000,000 joined national associations. John Hendry and R.H. Alexander (BC Mills, Timber and Trading Company), B.T. Rogers (BC Sugar Company), A.D. McRae (Canadian Western Lumber Company), W.H. Barker (BC Packers) and J.E. Tucker (Vancouver Lumber Company) were among the business élite which felt that its interests extended beyond the province and joined the CMA.<sup>37</sup> This situation not only reflected sectional divisions between large and small employers, but also between provincial and federal interests. Within these national organizations regional economic and political interests were often neglected or viewed to be in opposition to federal objectives. To overcome this problem the CMA established local branches in each province. The British Columbia branch founded in 1901 attracted 35 companies, mostly from Victoria and Vancouver. Again, it was the large companies, Victoria's Albion Iron Works, Colonist

<sup>36</sup>See M. Leier, *Red Flags and Red Tape: The Making of a Labour Bureaucracy* (Toronto 1995), 81, 92-108; C. Heron, "Labourism and the Canadian Working Class," *Labour/Le Travail*, 13 (Spring 1984), 45-76; R.A.J. McDonald, "Working-Class Vancouver, 1886-1914: Urbanism and Class in British Columbia," *BC Studies*, 69/70 (Spring/Summer 1986), 59-62.

<sup>37</sup>McDonald, "Elite," 323.

Printing and Publishing and Sayward Lumber Mills, and Vancouver's BC Mill, Timber and Trading, E.H. Heaps & Co. and Vancouver Engineering Works which joined the association. Hendry was the vice-president of the branch and E.H. Heaps, another lumber millowner, was chairman of the Executive Council. The lumbermen's continuing concern over tariff issues bound them to the national association. The tariff issue and the need for labour support also kept the CMA away from intervention in trade disputes and led to its 1902 policy decision not to become involved in direct anti-union activity. This may also explain its failure to attract some British Columbia employers.<sup>38</sup>

Generally, provincial employers were looking for mutual support to deal with local labour disputes and legislation arising from Victoria. Independent trade and employers' associations like the BC Shingle Manufacturers' Association (1894), BC Salmon Packers' Association (1898), Fraser River Cannery Association (1900), Loggers' Association (1901), Vancouver Builders' Association (1902), Victoria Master Painters' Association (1902), Employers' Association of Vancouver (1903), Provincial Mining Association of British Columbia (1903), Western Coal Operators' Association (1906), British Columbia Shingle and Lumber Manufacturers' Association (1907), and the British Columbia Loggers' Association (1907) fit their needs. Twenty-six employers' associations were formed by 1905.<sup>39</sup> Like national organizations, they were often led by large scale employers, but their membership included the entire spectrum of manufacturing interests. For example, the Fraser River Cannery Association's executive included H. Bell-Irving, owner of Anglo British Packing Co., the largest producer of canned salmon in the world, and R.J. Ker, chairman, BC Packers' Association Ltd., while its membership was made up of 40 firms of all sizes. Similarly, R.H. Alexander, manager of the large Hastings Sawmill, was on the executive of the British Columbia Lumber and Shingle Manufacturers' Association (BCLSM) for 22 years, but the association represented mostly small or medium sized coastal mills.<sup>40</sup>

These organizations, like their counterparts in England "constituted an employer's movement, in the sense that such institutions implicitly or explicitly pursued an ideological crusade for free enterprise capitalism, at the core of which was the campaign to preserve managerial prerogatives and control of the work-

<sup>38</sup>UBC, Council of Forest Industries Papers, (hereafter CFI), Box 37, File 8, Canadian Manufacturers' Association, British Columbia Branch, (hereafter CMA, BC), List of Members, 16 October 1901, 6 August 1902; National Archives of Canada, MG28 I 230, vol. 6, Canadian Manufacturers' Association, minutes of Executive Council, 18 September 1902.

<sup>39</sup>For a directory of employers' associations, see *Labour Gazette* (hereafter LG), VI (September 1905), 279-88, and Province of British Columbia, "Annual Report of the Department of Labour for the year ending 31 December, 1922," (Victoria 1923), 36-7. Other sources include UBC, IPFC, FRCA, Box 6, File 2; minutes, 25 January 1900; *Daily News Advertiser*, 21 November 1902; 21 February 1903; UBC, CFI, Box 84, File 23.

<sup>40</sup>See UBC, IPFC, FRCA minutes, 14 March 1904; Ralston; "The 1900 Strike," 26-7; and Gillis and Roach, "Pinchotism," 82.



place."<sup>41</sup> Constitutionally, differences existed between trade and employers' associations but in practice their objectives and actions were often indistinguishable. Trade associations were formed to fix prices and control production and the market by internal agreements or pressure on the government. Employers' associations as defined by A.J. McIvor in his recent study of British organizations were employers' trade unions which worked to represent employers' interests in the spheres of politics, ideology, social values, economics, and industrial relations. Even those set up to deal specifically with labour matters became involved in politics. A similar situation prevailed in British Columbia and most organizations took up all these functions. The BCLSM was originally formed as a trade association to set lumber rates and prices, and to engage in political lobbying in Victoria and Ottawa, but it soon became involved in labour negotiations. The second principal association in forestry, the British Columbia Loggers' Association (BCLA), again combined commercial, legislative, and industrial relations interests. By its stated objective of improving mining legislation, the Mining Association of British Columbia constitutionally fit the description of a trade association, but it moved into the realm of being an employers' association by becoming involved in the resolution of labour disputes. It also claimed that it was "strictly non-political in character" but it jumped into politics soon after its founding in 1903 and sent a sub-committee to meet McBride to express the mining industry's opposition to eight-hour day legislation.<sup>42</sup> Other strong lobbyists included the provincial branch of the CMA which was active in organizing manufacturers and mine owners, and the BCLA which used its first annual meeting as a platform to discuss how to "protect logging interests before the legislative assembly."<sup>43</sup> Whether constituted for trade, legislation, industrial relations or for all three purposes, they looked to the government for assistance in the development and protection of their industries. Their ability to control legislation was dependent on a number of factors. Among these were the effectiveness of their collective activity, the state's relation to the structure of capitalism, and its position in the maintenance of the existing order.

<sup>41</sup> A.J. McIvor, *Organised Capital: Employers' associations and industrial relations in northern England, 1880-1939* (Cambridge 1996), 16.

<sup>42</sup> BCIMS, Premier's Papers, GR441, Box 20, File 3, Mortimer Lamb, secretary to Provincial Mining Association of BC to E.G. Prior, 4 February 1903; Premier's Papers, GR441, Box 23, File 1, J.B. Hobson, vice-president, Provincial Mining Association of British Columbia to R. McBride, 1904. These definitions are from M. Bliss, *A Living Profit: Studies in the Social History of Canadian Business, 1883-1911* (Toronto 1974), 33-6, and McIvor, *Organised Capital*, 15. For association objectives, see UBC, CFI, BC Lumber and Shingle Manufacturers' Association, (hereafter BCLSM), Box 84, File 23, Memorandum of Association, 1907; UBC, CFI, BC Loggers' Association, (hereafter BCLA), Box 2, File 1, general meeting, 5 August 1907; *Daily News Advertiser*, 21 February 1903, 3 March 1903.

<sup>43</sup> UBC, CFI, Box 37, File 8, CMA, BC, minutes, 3 May 1906; UBC, CFI, BCLA, Box 1, File 1, minutes, first annual general meeting, 13 January 1908.

In their early stages of growth, employers' associations had some definite advantages through their associational relations, but there were also some inherent weak areas. Their political influence was strengthened by the support given to them by *local Chambers of Commerce, Boards of Trade, and individual companies*. The Vancouver Board of Trade with 131 of the city's 266 leading businessmen as members was not only a good place for employers to develop interconnections, but provided support in both industrial and political affairs. In 1903 it offered its assistance in the founding of the provincial Mining Association and the development of a Vancouver branch, and in the following year it held a special meeting with the Building Trades' Association to discuss the carpenters' strike.<sup>44</sup> Similarly, the Rossland Board of Trade placed pressure on Premier McBride in 1905 by stating its alarm at the proposal to introduce an eight-hour law for smeltermen. On the same issue, independent companies, like the Montreal and Boston Consolidated Mining and Smelter Company, British Pacific Gold Property Company, Britannia Copper Syndicate and J.H. Scholfield of the Trail smelter, added to the power of associations by using the economic threat of withdrawing their capital if legislation proceeded.<sup>45</sup> These bonds provided the potential for hegemony, but two elements restricted its scope.

Most associations relied on the volunteer work of their members and, therefore, lacked sufficient organizational and administrative structure to be effective. One exception was the British Columbia Timber and Forestry Chamber of Commerce which hired a professional forester, J.F. Clerk, as its secretary in 1907. Elsewhere, the executives of organizations were expected to collect, analyze, and distribute all information on trade and legislative issues. This tended to be a haphazard approach as it was reliant on individual initiative. Furthermore, industrialists were often busy with their own concerns and found it difficult to find the time to organize the campaigns and lobbies necessary to protect the general membership. Even where associations retained a paid secretary, there was evidence of problems as in the case of the BC branch of the CMA when in 1903 the secretary, W.T. Stein, resigned due to the poor monthly salary. Other organizational problems were caused by the branch structure of certain associations. Reflecting on his term as president of the BCLSM, J.O. Cameron complained that the branches did all the important business which left the president powerless and unable to shape policy. One of the first steps

<sup>44</sup> McDonald, "Business Leaders," 315-6; Vancouver City Archives, Board of Trade Papers, vol. 44, full general minutes, 3 February 1903, 17; and Board of Trade, Council minutes, 14 April 1904, 333.

<sup>45</sup> BCIMS, Premier's Letterbook, GR 441, vol. 388, R. McBride to J.S.C. Fraser, president, Rossland Board of Trade, 22 February 1905; R. McBride to Montreal and Boston Consolidated Mining and Smelter Company, 16 February 1905; Premier's Papers, GR441, Box 25, File 3, British Pacific Gold Property Company to R.F. Green, minister of mines, 15 February 1905; E. Dewdney, president, Britannia Copper Syndicate to R. McBride, minister of mines, 20 February 1905; J.H. Scholfield to R. McBride, minister of mines, 15 February 1905.

taken to overcome organizational difficulties and to develop a more professional approach was the setting up of parliamentary committees by the BCLSM and BCLA to keep track of legislation. Although still composed of volunteers, the committees provided a greater sense of purpose and direction by establishing specific tasks to be accomplished.<sup>46</sup>

Sectionalism created by the heterogeneous composition of their members, divisions between large and small employers, separate economic interests, and antipathy towards association was an even greater obstacle to creating effective organizations. These competing interests undermine any attempt to describe employers as a monolithic group. Instead, they were often divided along federal and provincial lines. The BC branch of the CMA found it difficult to get members in 1904 as most provincial industries had their own organizations and were not interested in a national association.<sup>47</sup> Divisions also existed between inter- and intra-industry economic interests and weakened their ability to control government policy. Conflicts between forestry and power companies over the flooding of valuable timber land, and between lumber mills and fisheries over the polluting of rivers also kept employers divided. In forestry, the BCLSM was in conflict with the BCLA over the price of logs in 1901, while the British Columbia Timber and Forestry Chamber of Commerce clashed with the loggers in the 1907-1908 legislative session over licence regulations and each attacked the other in the press. Regional rivalries between Vancouver Island and the mainland, and between the coast and the interior for government support for roads, railways, and other economic projects added to their differences. Competition between economic sectors was common and only in exceptional conditions would they join forces. Sectionalism, in fact, was their major weakness and more than anything explains why the provincial government did not become a "captive state."<sup>48</sup> At the turn of the century, the Fraser River Cannery Association was one of the more successful associations and won its struggle over fishery regulations, and was able to gain government assistance during the 1900 Fraser River salmon fisheries strike. According to the VTLC's newspaper, the *Independent*, it had placed enough "capitalistic pressure" on the government to get the support of the militia to break the strike.<sup>49</sup> A degree of success

<sup>46</sup>Gillis and Roach, "Pinchotism," 83; UBC, CFI, BCLSM, Box 84, File 23, Memorandum of Association, 1907; Box 81, File 7, minutes of Board of Directors, 19 December 1907; UBC, CFI, CMA, BC, Box 37, File 8, minutes, 29 November 1903; UBC, CFI, BCLSM, Box 89, File 12, J.O. Cameron to A. Flavelle, 28 February 1928; UBC, CFI, BCLA, Box 1, File 1, general meeting, 13 January 1908.

<sup>47</sup>UBC, CFI, CMA, BC, Box 37, File 8, minutes, 18 July 1904.

<sup>48</sup>Gillis and Roach, "Pinchotism," 79-84; R.E. Groves, "Business Government: Party Politics and the British Columbia Business Community, 1928-1933," MA thesis, University of British Columbia, 1976, 20-2. Bob Jessop notes that "few studies ascribe such associations a central role in the exercise of state power in capitalist societies." Jessop, *State Theory*, 150.

<sup>49</sup>For the Fraser River Cannery, see Ralston, "1900 Strike," 84-94, and *Independent*, 28 July 1900. Canadian employers were not adverse to government intervention when it suited

in some trade and industrial issues was achieved but these gains were being nullified by the increasing amount of government intervention and union militancy.

The establishment of the Employers' Association of Vancouver in 1903 was a major step in meeting this dual challenge. More specifically, its purpose according to the founding committee was to combat a labour movement which was more effectively organized and had "locally dealt entirely with individual employers or with sectional associations of employers."<sup>50</sup> The VTLC, formed in 1889, was becoming more professional and gaining in expertise and influence. By keeping statistics on wages and other related work issues it was able to successfully lobby the government for factory and city inspectors and the 1901 Boilers Inspection Act.<sup>51</sup> The growth of the union movement from 100 local unions in 1900 to 216 in 1903 was also perceived by many employers as a challenge to both their economic and political power. In particular, the numerous strikes at the turn of century and the United Brotherhood of Railway Employees' struggle with the CPR intensified their determination to resist trade unionism.

The new association was designed to be "thoroughly representative of the capital invested in this neighbourhood," and to extend the business community's political influence.<sup>52</sup> Its comprehensive structure with over one hundred members from diverse sectors of the economy — ironworks, lumber, transport, food processing, utilities, shipyards, merchandising, and contracting — gave it a number of advantages over the existing specialized trade groups. The membership collectively employed approximately 4,000 workers. Its executive consisted of J.G. Woods, C.F. Jackson, T.H. Kirk, T. Howard and A.E. Goodman.<sup>53</sup> Some of Vancouver's largest employers who had connections with other associations and politics at various levels joined the association. The presence of W.H. Malkin (president, Vancouver Board of Trade), R.H. Alexander (secretary, BCLSM), W. Hepburn (president, Builders' Exchange), and John Hendry (president, CMA, 1909-1910) provided important ties to major pressure groups. Political links at the municipal level were provided by H. Bell-Irving (canner) and F. Buscombe (crockery manu-

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them as in the case of certain strikes, the tariff, and public ownership of electricity in Ontario, but were resistant to social welfare legislation because they feared increased costs. British, German and American employers, in comparison, promoted legislation as a means of social control and to increase efficiency. Compare Bliss, *Living Profit*, ch. 5, and Nelles, *Politics of Development*, ch. 7, to R. Hay, "Employers and Social Policy in Britain: the Evolution of Welfare Legislation, 1905-14," *Social History*, 2,4 (January 1977), 435-55.

<sup>50</sup>LG, IV, July 1903, 8. For growth of the unions and strikes, see Phillips, *No Power Greater*, 37, and McDonald, "Working-Class Vancouver," 48-57. A more detailed examination of employers joining associations can be found in A.H. Yarmie, "The Right to Manage: Vancouver Employers' Associations, 1900-1923," *BC Studies*, 90 (Summer 1991), 40-74. For comparisons to England, see McIvor, *Organised Capital*, 24-6.

<sup>51</sup>Leier, *Red Flags*, 74-7.

<sup>52</sup>Quoted in LG, IV (July 1903), 8.

<sup>53</sup>*Vancouver Daily Province*, 6 April 1904; *Daily News Advertiser*, 20 July 1904.

facturer), while John Hendry, a leading lumberman and industrialist, provided significant political influence at the federal level. Within the province, R.H. Alexander, manager of Hastings Sawmill and secretary to the BCLSM and a well known Vancouver Conservative, provided the strong link to the government.<sup>54</sup>

Like other associations, the Employers' Association of Vancouver relied on these political connections to protect trade and industrial interests. Up to 1902 the Fraser River Cannery could rely on the direct support of J.H. Turner, one of the province's largest cannery owners and the former premier (1895-1898) and finance minister in the Dunsmuir government (1900-1902) for political support. Similarly, the executive of the BC branch of the CMA felt that "they had many good friends in the house who would act for them should occasion arise, and it was agreed that all should be watchful to prevent any adverse legislation being rushed through the house."<sup>55</sup> Although employers' associations did not have many "direct connections," in the form of MLAs within their organizations, they could count on "interested" MLAs to protect the basic principles of free enterprise. For instance, in 1905 three MLAs, Robert Grant, Conservative, and Liberals Richard Low Drury and Wilmer Cleveland Wells, were connected to the lumber industry.<sup>56</sup> In general, employers were working under the assumption that the government existed to protect capitalism. When it failed to do this as in the case of a second strike in the fisheries in 1902, the cannery owners later complained that they "had suffered at the hands of organized labor, the representatives of whom defied the law and resorted to intimidation, coercion, boycotting and all sorts of lawlessness; have influenced the public press, politicians and even juries, to such an extent that salmon packers have

<sup>54</sup>UBC, VTLC, minutes, membership list, Employers' Association of Vancouver, 19 May 1904. For the provincial and federal political connections of Vancouver's business elite, see McDonald, "Business Leaders," 308-14. The only list of members for the Employers' Association of Vancouver to be found was in the VTLC minutes. Hendry was known for courting politicians from both federal parties. His solicitor and ally among the Conservatives was Sir Charles Tupper, a cabinet minister, while the Liberal MP, Aulay Morrison, was a close contact. A close examination of Hendry's political connections is provided in P. Veazey, "John Hendry and the Vancouver, Westminster and Yukon Railway: It Would Put us on Easy Street," *BC Studies*, 59 (Autumn 1983), 44-63.

<sup>55</sup>UBC, CFI, CMA, BC, Box 37, File 8, minutes, 17 February 1904. For the history of previous government support to the cannery owners, see Ralston, "The 1900 Strike," 72-4, 81-95.

<sup>56</sup>See *The Canadian Parliamentary Guide* (Ottawa 1905), 431-9. Individual companies also organized their own lobbying interests. The British Columbia Electric and Railway's so-called Local Advisory Board established in 1905 consisted of F.S. Banard, a former Conservative MP for Victoria, R.G. Talbot, a Conservative MLA and finance minister and the New Westminster mayor, W.H. Keary. For their "personal influence" and advice on provincial and municipal affairs they received \$2000 annually. P. Roy, "The Fine Arts of Lobbying and Persuading: The Case of the B.C. Electric Railway, 1897-1917," in D.S. Macmillan, ed., *Canadian Business History: Selected Studies, 1497-1971* (Toronto 1972), 244.

been unable to carry on their business in the manner in which it should be carried on."<sup>57</sup>

The shift in the political climate was attributed to demographic changes that had given labour a new electoral power. In the 1903 election three labour MLAs were elected, James Hawthornthwaite, Parker Williams, and William Davidson, and the labour-left vote reached a new high of 15.79 per cent. The perception of labour as a growing radical political force existed and frightened the establishment but it had no foundation in real political terms. The electorate had increased from 3,000 in the mid-1870s to 60,120 in 1903 but the working class did not benefit greatly. The inclusion of workers into electoral politics gave them a say in the improvement of their working and living conditions, but it undermined the development of an independent party. Instead of remaining true to their principles, the Socialists would be drawn into the process of attracting the electorate by seeking short term gains. Other cultural factors also helped to bolster the social order. Racism, in particular, weakened the possibility of class solidarity in British Columbia and when reinforced by sexism and patriarchal attitudes, the workers were disempowered as a collective force.<sup>58</sup> Even when it was able to organize and press for its rights, whether in the Kootenays or Vancouver, the labour movement retained moderate industrial and political policies. The one opportunity for independent labour politics, the Provincial Progressive Party formed in 1902, soon became so restrained it was labelled a Liberal-Labour coalition by left-wing critics.

In contrast to contemporary perceptions and fears, labour tried to achieve reform by lobbying both the provincial and federal governments. Successful legislative gains in the form of a Trade Union Act, a workmen's compensation law, a Coal Mines Regulation Act, a Metalliferous Mines Inspection Act, alterations to the Alien Labour Act, and for the Kootenay region an eight-hour day, kept labour to a reformist strategy. As a political force it remained divided between the Marxist Socialist Party of British Columbia, moderate Liberal-Labour supporters, and the Industrial Workers of the World which rejected formal politics. Furthermore, local unions affiliated with the American Federation of Labor followed Samuel Gompers's tactic of placing pressure on the centre/right politicians rather than supporting labour parties. These political and industrial tactics, however, failed to achieve significant gains when employers and the government became more reactionary

<sup>57</sup>UBC, IPFC, FRCA, Executive Committee minute book, 9 June 1903. Similar justification was given for the formation of the BC Salmon Cannery Association in 1908. It was held to be "quite evident" that it was "impossible to do anything with either the Provincial or Dominion Governments except by united action." UBC, IPFC, Meeting of BC Cannery Association, 8 December 1908, letter from J.H. Todd & Sons.

<sup>58</sup>Belshaw, "Provincial Politics," 157-8; W. Carroll, "Restructuring Capital, Reorganizing Consent: Gramsci, Political Economy, and Canada," *Canadian Review of Sociology and Anthropology*, 27 (3) (1990), 394; Palmer, "What the Hell," 37-8; M. Leier, *Where the Fraser River Flows* (Vancouver 1990), 91.

over the next decade. It was this failure on the part of the moderates which led to their replacement by radicals. A new militancy within the Western Federation of Miners and the United Brotherhood of Railway Employees was the outward sign of this change. At the same time political support for the Socialist Party increased from 3,959 to 11,477 votes between 1903 and 1909 and made it appear to be the harbinger of political change, but the main beneficiaries of the new electorate's votes during the McBride years (1903-1915) were the Conservatives and Liberals. In the four elections the left-wing never received more than one-sixth of the votes. Despite the lack of real political power among workers, this new radicalism was perceived as a major threat to employers' autonomy and could only be extinguished by effective organization.<sup>59</sup>

### *The McBride Era*

In reality, the structural relations of the state to capitalism were by far more important determinants of power than the employers' associational strengths during McBride era. Personally committed to free enterprise, McBride viewed employers as the "flowers of civilization," and described the Canadian Manufacturers' Association as "a very select body of some of the best that the Dominion offers in Manhood."<sup>60</sup> The strong ties between his government and the business community bear a striking similarity to the politics of development in Ontario described by Viv Nelles. The potential for the provincial government to become a "captive state" appeared to be a possibility at this point, but a number of factors ensured the retention of a position of "relative autonomy." McBride's need to attract the support of commercial and industrial interests to his new and weak party led him to unleash a reckless policy of land sales, timber alienation, and construction. He expanded roads and encouraged the building of railway branch lines by providing over a hundred cash subsidies. This development of the physical infrastructure was also accompanied by the promotion of investment from eastern Canada and foreign investors.<sup>61</sup> By 1907 McBride's government had overcome the instability of the previous non-partisan era and resultant fears for investors. That period had been described by the *London Financial News* as one where British Columbia "might have been mistaken for one of the South American republics, so frequent were the changes of government."<sup>62</sup> Now employers and investors only asked for more

<sup>59</sup>For labour politics, see A.R. McCormack, *Reformers, Rebels, and Revolutionaries: The Western Canadian Radical Movement: 1899-1919* (Toronto 1977), 44-8; J. Mouat, "The Genesis of Western Exceptionalism: British Columbia's Hard-Rock Miners, 1895-1903," *Canadian Historical Review*, 71 (1990), 317-45; A. Seager, "Socialists and Workers: The Western Canadian Coal Miners, 1900-1921," *Labour/Le Travail*, 16 (Fall 1985), 40; McDonald, "Urbanism and Class," 57-64, and Barman, *The West*, 176, 199-201.

<sup>60</sup>Quoted in Robin, *Rush for Spoils*, 130.

<sup>61</sup>Nelles, *Politics of Development*, 427. For provincial government investment see Barman, *The West*, 178-82, and Robin, *Rush for Spoils*, 90-3.

<sup>62</sup>Quoted in *Victoria Daily Colonist*, 18 January 1907.

continuity in administration and stability. The government was eager to comply with this wish. With the provincial government committed to economic development through private enterprise, employers were in a favourable position but state policy was more a function of the province's geography and dependency on raw resources than on capitalist lobbying. The large distances between resources and markets meant that the state had to assist production by providing the commercial and transportation infrastructure. Although the increased prosperity that followed generally cemented the relations between employers and the state, the government's actions were determined by its structural relations to capitalism rather than by employers infiltrating or influencing the government.

That the state was neither "captive" nor autonomous was revealed by its complex relations with the business class. When government initiatives were to the advantage of business interests they were enthusiastically accepted, but where they interfered in their particular interests employers rejected government regulations. The volatile history of the forest industry immediately reveals the multiple levels of state/capital relations. McBride's determination to promote the prosperity that employers wanted was at times hampered by the competitive divisions in the business community and by their resistance. As each economic sector in forestry sought to protect its interests, McBride retained an independent position in order to resolve the conflicts in favour of a solution which would bring in the most revenue. This was the case when he entered into the disputes between the BCLA and the BCLSM over prices for logs sold to millowners. In 1901 the government stepped in to regulate the manufacturing condition of logs but it created a confrontational situation as its amendment to the Land Act also included protective legislation that blocked the exportation of logs to the United States. While the government viewed this regulation as a benefit to the timber manufacturing industry and the entire provincial economy, the closing of the American market had a negative impact on the logging companies which lost an alternative market for logs and were now subject to the prices set by the BCLSM. To obtain better prices, logging companies defied the law and continued to export logs to American mills. The consequent confrontation between the loggers and McBride's government after 1903 revealed that the state and business interests were not always harmonious. The BCLA and, in particular, its president, J.S. Emerson, openly flaunted the authority of the state by finding legal loopholes to by-pass the embargo. In retaliation, the Conservatives acted against the loggers in 1906 by amending the law but Emerson defied it and continued exporting logs. The government finally gained control and then appeased the alienated Loggers' Association by enacting legislation which gave the timber inspector rather than the mills the responsibility for timber scaling. This in turn angered the millowners and it took several months of negotiation to resolve the issues. Trapped in this complex world of "timber politics" the state acted as an arbitrator between sectors of the trade in the hope of gaining the maximum revenue



from the forest industry. This ability of the state to retain a position of "relative autonomy" in the forestry industry would not last.<sup>63</sup>

The political situation in 1903 was another reason for McBride initially restricting his alliance with business. As the first election to be held in which candidates ran on formal party lines, the Conservatives were in too insecure a position to align themselves openly with capitalist interests. Their narrow victory with 22 MLAs compared to 17 Liberals and 2 Socialists encouraged McBride to widen his political scope and even enlist the support of the socialist MLAs in order to strengthen his party. This led to the enactment of the Coal Mines Regulation Act (1903) and other minor acts, but every progressive piece of legislation legitimized the Conservatives and undermined the workers' need to support the Socialist MLAs.<sup>64</sup> This strategy of winning the workers' support by promising to provide industrial and social legislation continued to limit the extent of an open state/employer alliance until after the 1907 election. At that time, McBride still had to appeal to the working-class electorate by advocating an eight-hour day for coal miners. The promise of stability, prosperity, and reform brought 26 Conservatives into the legislature whereas the Liberals only attained 13 seats and the Socialists 3 seats. With a comfortable majority, McBride now established a closer compact with business and the government dropped its support for the extension of the eight-hour day and mandatory bi-weekly wages. Both were dismissed after W.H. Aldridge, managing director of Consolidated Mining and Smelting Co., and other coal owners lobbied a sympathetic McBride who agreed that it might decrease revenue.<sup>65</sup>

The development and speculative mentality in British Columbia in the decade prior to World War I further enhanced the symbiotic relation between employers and the state. McBride and his government were in fact the prime movers of this movement to exploit the province's resources and it was to receive general approval. By 1909-1910 the government surplus of \$2,491,748 garnered from the primary resources of fish, lumber, and minerals ensured close connections between capital and the state. This was taken a step further by the development of railways. Up to this point McBride had been providing "decent encouragement" to railway developers but now moved into the first stage of expansion by assisting them with bonds, guarantees, and direct subsidies. Railways were also an effective way of winning the consent of the general population. In 1909 McBride announced plans to build a third transcontinental railway, the Canadian Northern Pacific Railway, to promote the prosperity of the province and the welfare of the people. The promise

<sup>63</sup>Gillis and Roach, "Pinchotism," 79-81.

<sup>64</sup>British Columbia, *Electoral History of British Columbia, 1871-1986* (Victoria 1988) 91-5; Phillips, *No Power Greater*, 42; Leier, *Fraser*, 91.

<sup>65</sup>British Columbia, *Electoral History*, 99. See also McDonald, "Business Leaders," 309, and Robin, *Rush for Spoils*, 108. For a contemporary commentary, see *Vancouver Daily Province*, 30 January 1907, and *Victoria Daily Colonist*, 18 January 1907.

of profits, markets, and jobs appealed to all sections of society.<sup>66</sup> In other areas, the government passed the 1912 Forest Act for the mutual benefit of timbermen and the state. For the government, the act created a more effective management policy for its most important resource, one which was capable of producing \$13,000,000 for the treasury. On the other side, timbermen eagerly accepted the new Forest Branch as it represented their economic views and increased the utilization of resources, provided better fire protection, and increased the value of their holdings. The support given by all four associations within the forestry trade for the Act and the new Branch revealed the similarities of purpose between government and industry. In Nelles's succinct words, "no developer could ask for a better, more attentive partner than the government."<sup>67</sup> In the forestry sector, the government was rapidly becoming a client of the business community.

Within this political climate, a dejected labour newspaper, the *British Columbia Federationist*, forecast Gramsci's hegemonic theory by stating that "the powers of state, including the militia, the policemen, the courts, the judges, the jails, the penitentiaries, the press, the pulpit, the civil services, and all that the machinery of government implies, are today in the hands of the employing class."<sup>68</sup> Although the paper exaggerated the employers' control over the state, their political dominance was given a boost by the Conservative landslide in the 1912 provincial election. With an accumulated surplus of \$8,500,000 at the end of 1911, McBride

<sup>66</sup>P. E. Roy, "Progress, Prosperity and Politics: The Railway Policies of Richard McBride," *BC Studies*, 47 (Autumn 1980), 5-9; Robin, *Rush for Spoils*, 109-10.

<sup>67</sup>Nelles, *Politics of Development*, 490; Gillis and Roach, "Pinchotism," 90-1; S. Gray, "The Government's Timber Business, Forest Policy and Administration in British Columbia, 1912-1928," *BC Studies*, 81 (Spring 1989), 28.

<sup>68</sup>*British Columbia Federationist*, 12 October 1912. This era also produced major victories for employers in the industrial sphere. Improvements in the organizational structure of employers' associations, closer cooperation and more aggressive strategies provided them with greater industrial power. The Master Builders' Association, the Vancouver Electrical Contractors' Association and the Employers' Association of Vancouver worked in unison to maintain an effective open shop campaign and to defeat major strikes in the building and metal trades. Their alliance was further consolidated when F.T. Cope, president of the Electrical Contractors' Association, became president of the Employers' Association of Vancouver in 1909. Another gain in their local political influence was the election of A.E. Goodman, secretary for the Employers' Association of Vancouver, and W. Hepburn, president of the Master Builders' Association, to Vancouver city council in 1909. The membership of the Employers' Association had also increased and Goodman claimed that 90 per cent of the representative business houses in the city were members. These included some of the largest employers such as BC Mills, Timber and Trading Co., Canadian General Electric, BC Telephone, Vancouver Engineering Co., Coughlan & Sons, and Vulcan Iron Works. See UBC, Hoffmeister Electric Co. Papers; correspondence, Vancouver Electrical Contractors' Association, list of members, 16 March 1909; *Western Wage Earner*, July 1909; February 1910; and UBC, British Columbia Electric Railway Company Papers, (hereafter BCER), Box 51, B1420, 8 April 1911.

announced his second railway program just before the election. The province's support of these lines was established by guaranteeing \$80,000,000 worth of railway bonds. Although this policy would have a negative impact once the economic boom collapsed, its promise of new lines which would bring prosperity and progress once again won popular approval. Thirty-nine Conservative MLAs drove out the Liberals and left only two Socialists in opposition.<sup>69</sup>

The wave of speculation, the Conservative victory, and a further consolidation of employer interests at this time all appeared to be creating more opportunities for capitalist domination. Instead of fighting amongst themselves, the BCLA and BCLSM set up a committee to work together on "all matters of Forestry legislation."<sup>70</sup> Even more important was the attempt to create regional unity by the formation of the British Columbia Manufacturers' Association. Although the inaugural meeting only attracted 16 employers, the membership grew to 219 by October 1914 and represented \$35,000,000 of invested capital and a labour force of 9,000. Reflecting local disaffection with the CMA, the new autonomous provincial body came to represent the majority of Vancouver's employers except for BC Packers, BC Mills, Canadian Western Lumber and other large scale enterprises whose national interests kept them members of the CMA. Associational interconnections were increased by the appointment of F.T. Cope, former president of the Vancouver Electrical Contractors' Association and the Employers' Association of Vancouver, as the president of the founding executive committee. The association's focus on industrial development on a regional basis won over many who supported this popular aspiration of provincial prosperity.<sup>71</sup>

Sectionalism, however, once again undermined business unity and limited their control over the government to certain industries like forestry and to specific regulations like timber licences and royalties. The dissension between the BCMA and the CMA was indicative of the business community's continued inability to develop a united front. Distrust of eastern interests was evident in the founding resolutions of the BCMA which criticized existing freight rates and custom duties. Although the CMA attempted to assure the new association of its cooperation, it could not overcome the feeling of alienation. While the new organization added to employer power in Vancouver, it represented a barrier to the CMA's lobbying campaigns and led to the demise of its local provincial branch. As a Vancouver based organization, the BCMA in turn found it difficult to win the confidence of other regions, especially Victoria. The addition in 1916 of J.C. Pendray, owner of the British American Paint Co. as vice-president for Victoria and J.R. Duncan, general manager of Vulcan Iron Works and previous president of the New Westminster Board of Trade in 1911-1912, as the vice-president for New Westminster

<sup>69</sup> British Columbia, *Electoral History*, 115; Roy, "Progress," 22.

<sup>70</sup> UBC, CFI, BCLA, Box 2, File 1, meeting, 30 January 1913.

<sup>71</sup> *IPCR*, (1913), 34; McDonald, "Business Leaders," 324-5; UBC, CFI, CMA, BC, Box 38-1, minutes, 23 August 1913.

was an obvious attempt to overcome the competition between areas. The election of the president, J.A. Cunningham, owner of the Vulcan Iron Works, former president of the New Westminster Board of Trade, and a member of the BCLSM executive was also designed to develop interconnections.<sup>72</sup> The rift between the two areas, however, continued as did the distrust between the CMA and the BCMA, and eventually led to the collapse of the Victoria branch of the BCMA in 1919. Victoria employers claimed that Vancouver received all the attention of the association and consequently transferred their allegiance back to the CMA. Although the CMA attempted to amalgamate with the BCMA on three occasions between 1916 and 1920, Vancouver employers remained convinced that it only protected eastern interests and rejected its proposals. The CMA, for its part, felt the BCMA's narrow goal of promoting only British Columbia was increasing the problem of "sectionalism" but this criticism only added to the widening gulf between them.<sup>73</sup> Unconcerned with its effect on national employer unity, the BCMA turned its attention to local labour and social legislation. It established a parliamentary committee to act as a "watchdog" over impending legislation and produced an official publication, the *Industrial Progress and Commercial Record*, to promote concerted action.<sup>74</sup>

Sectional conflicts continued to be a major handicap, but this was only one of the problems facing the associations. By 1913 the government was under attack from every direction and the McBride era was drawing to a close. A pre-war economic downturn began to strain the recent good relations between the state and businessmen. In that year the government alienated timbermen when it tried to overcome the \$300,000,000 deficit it had incurred through railway and other development projects by increasing royalties from fifty cents per thousand board feet to one dollar. Resistance to this measure was strong enough to force the government to modify its proposal to the point where it was shelved.<sup>75</sup> From an opposite direction, two streams of reform, the labour movement and middle-class social reformers, had steadily pushed to improve economic and social standards since the turn of the century. This placed both the government and employers in a weak position. Observing this change, Harry Bullen, a Victoria employer, claimed the Trades and Labor Council was getting "certain promises" from candidates during municipal and provincial elections and a Federation of Employers was necessary to counter it. In reality, the Conservative's general response to demands for improvement in working and social conditions had been to support the business community but this opposition to the trade unions' demands and to the middle-class reformers' agitation for suffrage and prohibition was creating a negative response among the electorate towards old style Conservatism. With McBride's resignation

<sup>72</sup>*IPCR*, 4 (June 1916), 5.

<sup>73</sup>*Victoria Daily Times*, 6 May 1919. For the continuing distrust of BCMA towards the CMA, see *IPCR*, 4 (1916), 12, and *IPCR*, 7 (July 1920), 225.

<sup>74</sup>*IPCR*, 2 (October 1914), 102.

<sup>75</sup>Gray, "Timber," 33-4.

in 1915 it was left to the new premier, William J. Bowser, to rescue the party from its downward spiral before the next election in 1916. To regain popular support Bowser had no alternative but to abandon his business allies and implement reform legislation. An amendment to the Employment Agencies Act which eliminated the practice of foremen collecting employment fees and then firing the new worker, and a broadening of the Factory Act to cover workshops which employed fewer than five men were obvious attempts to appeal to the working-class electorate. Then in the last session before the general election Bowser announced his government's intent to bring in a new Workmen's Compensation Act.<sup>76</sup>

Alarmed, the business community pulled together to protect its interests. The BCLSM parliamentary committee led a campaign to watch over the proceedings of the bill and generated support by claiming that "nothing more important to the interests of employers has arisen for many years."<sup>77</sup> The bill presented to the legislature was based directly on the new Ontario Act (1914) and had already been the object of criticism by the CMA and the BCMA. The CMA held the legislation to be too complex and preferred a government insurance which covered all employees rather than private insurance as the former was expected to reduce costs. It had also wanted workers to contribute to the fund, and criticized the capitalization of pensions and the amount of payments. Like Ontario employers, those in the West accepted the need to remove the complexity of existing legislation and expensive court actions but remained cautious of the type of system to be implemented. Under pressure from a delegation of the BCLSM, Bowser accepted their proposal for a commission to collect further information on various types of insurance schemes. A carefully prepared plan emerged where a meeting of representative employers and associations formed a committee to examine the bill in preparation for presentation to the commission. The employers' committee then stalled the commission's final hearing in Vancouver in order to "consolidate all interests affected by this bill."<sup>78</sup> Alliance building tactics were then initiated by the BCLSM which established a joint committee with the BCLA, BCMA, Fraser River Cannery and the Vancouver Chamber of Mines to re-examine the issues and make comparisons to the Ontario and Nova Scotia acts.

With the Conservative party attempting to build up its credibility among the labour electorate by passing a Workmen's Compensation Act, the general business

<sup>76</sup>For the growth of reform politics, see Barman, *The West*, ch. 10, and Robin, *Rush for Spoils*, 150-9. For Bullen's suggestion, see UBC, BCER, Box 51, File b1420, A.T. Goward to R.H. Sperling, 4 June 1913.

<sup>77</sup>UBC, CFI, BCLSM, Box 90, File 13, annual meeting report, 1915.

<sup>78</sup>*IPC*, 3 (October 1915), 80; *British Columbia Federationist*, 21 August 1914; UBC, CFI, BCLSM, Box 90, File 13, annual meeting report, 1915. For the comparison of Ontario employers, see M.J. Piva, "The Workmen's Compensation Movement in Ontario," *Ontario History*, 67 (March 1975), 47-52, and R.C.B. Risk, "This Nuisance of Litigation: The Origins of Workers' Compensation in Ontario," in D.H. Flaherty, ed., *Essays in the History of Canadian Law II* (Toronto 1983), 467-71.

community resigned itself to influencing the direction of the legislation rather than blocking it. By avoiding direct confrontation the BCMA's parliamentary committee hoped to achieve revisions through delegations to the premier and deputy attorney-general.<sup>79</sup> The recently formed joint committee also acknowledged the inevitability of the act and developed an effective strategy by working to change its direction through pressure tactics. After meeting twice a week for three months, it presented a summary of its views to the commission. The majority of the criticisms were concerned with the technical elements of the act but emphatic objections were made against industries contracting out, the reduction of the waiting period from fourteen to seven days, and the location of the board's head office in Victoria rather than in Vancouver. The joint committee then "held a watching brief" as the bill passed through the legislature, and sent deputations to the premier, deputy attorney-general, and executive council. "The result," the BCMA president, J.A. Cunningham, claimed, "is the most equitable Compensation Law in existence today."<sup>80</sup> The act passed in the last session of the Bowser administration was substantially different from the draft bill. Successful lobbying had circumvented the original bill. Employers were pleased that the general principle of liability was in the hands of an impartial government body rather than with insurance companies. It would reduce litigation and thereby decrease conflict with workers and increase productivity. Even more encouraging was that the transference of responsibility from the individual employer to the government created an efficient welfare scheme which would save employers "an immense amount of money."<sup>81</sup>

The government promoted this legislation for a number of reasons. Although its electoral benefits were obvious, its underlying motive was to sustain capital accumulation and to legitimize the existing order. By supporting this working-class aspiration, it could argue that private enterprise was beneficial for all citizens. This "most important" measure, it claimed, stood to benefit "every class" and the economy. In a press release, the Conservatives held that "it was the duty of the Government to pass legislation having for its object the moral, physical and industrial welfare of the people." At the same time the premier made it clear that the state's objective was to remove some of the friction between employers and workers which "too often in the past had been productive of trouble and had

<sup>79</sup>*IPCR*, 4 (June 1916), 12. The new tactic was reflected in the opinions of the BC Manufacturers' Association newsletter's treatment of a group of reactionary employers who identified the new Workmen's Compensation Act as threatening to Common Law and who argued that "the local Legislature could not destroy it or dare not, any more than it could the Magna Charta." Instead of defending them, the *IPCR* chastised them for holding on to this "fetish." *IPCR*, (3 December 1915), 132.

<sup>80</sup>*IPCR*, 4 (October 1916), 110. For the development of the joint committee's strategies, see UBC, CFI, BCLSM, Box 90, File 13, annual meeting report, 1915 and CFI, BCLA, Box 2, File 1, minutes, 25 April 1916. A summary of the Association's recommended changes to the act can be found in *IPCR*, 3 (January 1916), 152-3.

<sup>81</sup>*Victoria Daily Colonist*, 13 April 1916; Risk, "Nuisance," 461.

militated against the industrial progress of the Province."<sup>82</sup> Applying Poulantzas's state theory, Bowser's main concern was still the smooth functioning of a developing capitalist economy, but he also demonstrated the need to legitimize the system by taking up the cause of reform. His claim that the act was a consequence of governmental social responsibility proved incapable of absolving the Conservatives from their previous indifference to social issues and preventing an electoral disaster. Foreseeing the shift in the political scene, the BCER adjusted its stance and attempted to win favour by providing \$2,500 of the Liberal's \$8,500 election fund.<sup>83</sup> By advocating labour reforms, women's suffrage and prohibition, the Liberals had achieved a united front with labour, suffragists, clerics, and prohibitionists which enabled them to achieve a major victory in the watershed election of 1916. This era of Liberal governments was to bring the employers' associations their greatest challenges.

### *The Liberals in Government*

A new political culture was developing in British Columbia and would lead to alterations in state/capital/labour relations. The two streams of reform, the labour movement and middle-class social reformers, were gaining momentum and this new social struggle was, in the terminology used by Offe and Held, "inscribed" into the nature of the state and its policy. In a similar manner to other political parties in Europe and North America, the Liberal party was moving toward the concept of government intervention and planning for the purpose of improving wages, working conditions, and providing some minimal social services. In this new era the government would be more autonomous and interventionist in order to maintain mass support and to legitimize its power. As Clause Offe has noted governments are forced into a contradictory position by these outside pressures and are not just serving the needs of capital.<sup>84</sup> Governments must continue to support the accumulation of capital and also appear to be the impartial arbiter of class interests. The state's complex position and its tendency to defend capitalist institutions rather than individual or groups of employers can be seen in both the administration and actions of the new Liberal government. The premier, H.C. Brewster, who came from a business background and owned a cannery, was expected to collaborate with business interests but instead he attempted to maintain an independent image for

<sup>82</sup> *Victoria Daily Colonist*, 27 April 1916.

<sup>83</sup> Roy, "Fine Arts of Lobbying," 249.

<sup>84</sup> For the Liberal party see, R. Fisher and D.J. Mitchell, "Patterns of Provincial Politics since 1916," in Johnston, *Pacific Province*, 257. Offe and Held argue that Poulantzas tends to de-emphasize the importance of working-class pressure and the state's capacity to break free from a completely functionalist relationship with capital. This underestimates both the labour movement and the state. For Offe's and Held's discussion of Poulantzas, see Held, *Political Theory*, 77-8. The evolution of state formation is discussed in P. Corrigan and D. Sayer, *The Great Arch: English State Formation as Cultural Revolution* (Oxford 1985), Ch. 6.

his government. In his choice of cabinet members he deliberately avoided choosing anyone from a corporate interest and instead filled the positions with lawyers, doctors, and other professionals. Under pressure from social reform advocates, he abandoned his opposition to the legality of the *Workmen's Compensation Act* and now re-enacted it, extended the eight-hour day to other industries, enacted a Minimum Wage Act, a Women's Suffrage Act and created a Department of Labour.<sup>85</sup> The response of the business community also typically falls into the pattern described by Offe. The growing pressure for intervention would be contradicted by employers' associations' resistance to regulation. Adopting an anti-statist position, they declared that the government's objective should remain as it was in the past. Representing their views, the BCMA placed the government's task as "the sound development of our resources, our industries and commerce." Refusing to adjust to the new political culture, the associations held that only by taking on the role of a "business government" could it be successful.<sup>86</sup>

Previously, this reactionary approach had been successful both in industrial relations and politics, but war-time conditions created new challenges. Increased class conflict required greater government intervention and adjustments to managerial strategies in order to stabilize the capitalist system. On the industrial front, two previous strike waves, 1900-1903 and 1910-1913, had prepared the ground for the labour revolt during the war. Between 1900 and 1913 there were 237 strikes and lockouts and these had been accompanied by a growth in trade unions. Increased working-class power had also been achieved by the formation of the British Columbia Federation of Labor in 1910. By 1911 the labour movement had grown to 231 separate unions with a total membership of 22,600 or 15 per cent of the workforce in manufacturing, service, construction, transportation, labouring, and extractive industries. Despite labour's greater power, employers' associations were still able to defeat the carpenters' strike in 1911 and win other pre-war confrontations. This led to further disillusionment among workers who were experiencing the crafts in crisis phenomena and, as a consequence, they began to move away from the more moderate Labourist policies toward new industrial and political solutions. Conservative craft and industrial unions, and even the VTLC, called for more militant action. At the same time, workers began to experiment with industrial unionism in the form of the Industrial Workers of the World and to expand the membership of the Socialist Party of Canada. Labourist politics were further undermined by the 1917 conscription crisis and the formation of the Federated Labor Party. The crisis of the craftsman, the polarization of the frontier labourer and the unskilled, the aggressive open-shop campaigns initiated by employers' associations, and the increased demands for political change all had fueled a new

<sup>85</sup> Brewster's attorney-general was J.W. de Beque Farris, a lawyer, and his provincial secretary was a doctor, J.D. MacLean. See *Canadian Parliamentary Guide* (Ottawa 1917), 419-32; Barman, *The West*, 218-9; Robin, *Rush for Spoils*, 150-67, 171-2.

<sup>86</sup> *IPCR*, 3 (January 1916), 143.



militancy. These mounting tensions between capital, labour, and the state came to a climax in 1918 when a local socialist organizer, Ginger Goodwin, was killed by a constable who had been sent to arrest him for avoiding conscription. The provincial labour movement's call for a twenty-four hour strike to protest Goodwin's murder was met with strong support from the workers, and equally strong opposition from the business community. Class hostility intensified when businessmen encouraged a group of returned soldiers to attack the Vancouver Labor Temple and organized a mass meeting to oppose the strike. At the same time the federal government introduced a war policy which banned strikes and lockouts, and prohibited the radical Industrial Workers of the World and the Social Democratic party.<sup>87</sup> Collectively, these events polarized society and appeared to threaten existing class relations. Action was required on the part of both employers and the state to contain labour militancy and restore order.

From the perspective of some British Columbia employers the breakdown in social order could not be resolved in strictly industrial terms. It required the resumption of their civic responsibilities. George Kidd, manager of the BCER, maintained that the employer's abdication from civic life had created a vacuum at the top and an isolated community.<sup>88</sup> A recommended solution to the crisis in class relations was to create a comprehensive employers' association in order to provide leadership at both the industrial and political levels.

Formed in 1918, the Employers' Association of British Columbia (EABC) spearheaded a new professionalism in organization and placed greater pressure on the state. The organizing committee consisted of 33 members with George Kidd and R.F. Hayward, manager of the Western Power Company, acting as the prime movers. Influential businessmen among the directors included E.C. Knight (Vancouver Lumber Co.), and J.R. Duncan (Vulcan Iron Works), who acted as president and vice-president. Other well known employers among the fourteen directors were J.J. Coughlan, jr. (J.Coughlan & Sons, shipbuilding), E.W. Hamber (BC Mills and Trading Co.), G. Wooster (Granby Consolidated Mining and Power Co.) and E.H. Beazley (Union Steamship Co. of BC). Their objective was to overcome the sectionalism which led to the collapse of the Employers' Association of Vancouver in 1917 and to make the new organization the leader for business interests both in industrial and political affairs. To overcome the individualistic attitudes of employ-

<sup>87</sup>For a recent discussion of the war-time revolt, see A. Seager and D. Roth, "British Columbia and the Mining West: A Ghost of a Chance," in C. Heron, ed., *The Workers' Revolt in Canada, 1917-1925* (Toronto 1998), 231-267. The BC frontier labourer discussion can be found in D. Bercuson, "Labour Radicalism and the Western Industrial Frontier, 1897-1919," *Canadian Historical Review*, 58 (1977), 154-75; J.R. Conley, "Frontier Labourers, Crafts in Crisis and the Western Labour Revolt: The Case of Vancouver, 1900-1919," *Labour/Le Travail* 23 (Spring 1989), 10-11; Mouat, "Genesis," 317-45; Barman, *The West*, 219-20; Belshaw, "British Collier," 11-36.

<sup>88</sup>For Kidd's opinion, see UBC, BCER, Letters from General Manager, G. Kidd to J. Davidson, 13 August 1918.

ers who had "so long been accustomed to pull each for themselves" the committee resolved to build a stronger administrative and financial base. It hired N.G. Neill to act as the manager, and established annual dues of one quarter of 1 per cent of the member's annual payroll with a minimum of \$20 to a maximum of \$750 per annum. It also set a \$2,000 bond to ensure that members comply with its rules and allowed for an assessment in the case of special emergencies. By 1919 its membership included 200 Vancouver employers and it had attempted to extend itself by creating branches in Nelson and Prince Rupert. An association newsletter, the *Bulletin*, also attempted to create a consensus among employers and to be their voice in legislative and industrial concerns.<sup>89</sup>

The new association was not the only one to reflect the increased involvement and professionalism of pressure politics. More organizations now employed permanent and paid managers or secretaries to handle their administrative interests. Lawyers were often retained to act as lobbyists and parliamentary watchmen in Victoria and Ottawa. The Mining Association of British Columbia watched over legislation by appointing a full time lobbyist in Victoria, while the BCLA hired a permanent secretary in 1916 to manage its affairs and to obtain its goal of becoming a "vital force" in the industry. Effective organizational structures with sub-committees for the purpose of membership, finance, publicity, labour relations, and legislative issues became common. Parliamentary sub-committees protected their industry's diverse interests on the tariff, eight-hour day, workmen's compensation, employment bureaus, and minimum wage. Publicity and lobby campaigns were generally financed by membership fees and commitment to the associations was encouraged by the posting of bonds to ensure compliance with open-shop principles.<sup>90</sup>

The association was also to change its industrial relations strategies in order to accommodate and contain the new threat of a labour revolt. The reactionary and aggressive tactics of the past were modified to create an appearance of conciliation. This new strategy had as its focal point the creation of industrial councils based on the Rockefeller plan and the British Whitley schemes. Similarities between events in British Columbia and those in Ontario described by J. Naylor's account of the "new democracy" reveal that these tactics were a part of a hegemonic process of

<sup>89</sup>For the organizing committee, see BCIMS, NWp971.65, Objects and By-Laws of the Employers' Association of British Columbia. 1918, 1. For Hayward, see UBC, BCER, Box 93, File 1600-14b, Employers' Association, Western Power Company, R. F. Hayward to J.D. Mortimer, 13 December 1918. For Kidd, see UBC, BCER, Box 51, File B1420, G. Kidd to J.W. Fordham Johnson, 29 November 1918; and for Neill, see UBC, BCER, Box 93, File 1600-14b, Western Power Company, R.F. Hayward to J.D. Mortimer, 13 December 1918. As secretary of the Western Lumberman's Retail Association, Neill had increased the membership from 300 to 1300. *Pacific Coast Lumberman*, 2, 9 (September 1918), 25; UBC, BCER, Box 93, File 1600-14b, *Bulletin on Labor Matters*, 1, 18 June 1919; 7, 18 October 1919; 8, 22 November 1919; 9, 1 December 1919; *Bulletin*, 2, 26 June 1919.

<sup>90</sup>See Groves, "Business Government," 22; UBC, CFI, BCLA, Box 2, File 1, minutes, 25 February 1916, and CFI, BCLMS, Box 90, File 13, annual meeting report, agenda, 1915.

accommodation and apparent compromise. Employers in both provinces acquired the rhetoric of democracy but their true objectives still remained the retention of control over their works. Rockefeller style industrial councils were promoted and used in Ontario to establish company unions and prevent strikes. Employers' propaganda emphasized the democratic nature of these councils and the benefits to be gained by workers in these schemes and other welfare provisions, but the power always remained with the company. Generally, workers remained suspicious of the councils and only acknowledged that it was a step above existing petty tyrannies.<sup>91</sup>

In British Columbia, employers adopted similar tactics to win labour's consent and to stem radicalism. The Vancouver Board of Trade appointed a committee to investigate and report on the Whitley scheme on 18 June 1918 and the EABC completed a two month study on the Whitley Report on 17 January 1919 which recommended the establishment of industrial councils. The reason for the association's support for industrial councils was, according to public statements, to promote industrial democracy but its underlying purpose was to achieve an effective united policy and coordinated action among employers. Neill saw this as an opportunity to strengthen the association and to overcome the sectionalism created by individual employers acting on their own. In a circular sent out to the membership, "Keep the Peace," he set himself up as the self-appointed mediator who would handle all the members' disputes and as a major exponent of industrial councils.<sup>92</sup> He then promoted these concepts in a pamphlet entitled "Industrial Autocracy or Industrial Democracy," at public meetings and in the press. In all cases he declared that he was a "true believer in the principles of trade unionism," but at the same time the association passed a secret resolution advocating the principle of an open shop. Labour correctly cast off its statements as mere propaganda to win over public opinion. Industrial peace had to be achieved on the employers' terms. The EABC had also published a series of newspaper articles, pamphlets, and organized speeches at businessmen's lunches where the themes of cooperation and progressive industrial relations were presented as vehicles for restoring social order. To win the workers' consent the association hinged its publicity campaign to patriotism and good citizenship. Five articles published in various newspapers under the

<sup>91</sup>See J. Naylor, *The New Democracy: Challenging the Social Order in Industrial Ontario, 1914-1925* (Toronto 1991), ch. 6 and R. Garneau, "Introduction: Notes on Popular Culture and Political Practice" in Garneau, *Popular Culture*, 24. Other useful discussions are in T. Traves, *The State and Enterprise: Canadian Manufacturers and the Federal Government, 1917-1931* (Toronto 1984), 24-5; B. Scott, "A Place in the Sun: The Industrial Council at Massey-Harris, 1919-1929," *Labour/Le Travailleur*, 1 (1976), 158-9, and M.E. McCallum, "Corporate Welfarism in Canada, 1919-39," *Canadian Historical Review*, 71, 1(1990), 46-74.

<sup>92</sup>Vancouver City Archives, Board of Trade, minutes, 18 June 1918; UBC, BCER, Box 93, File 1600-14b, minutes of the eighth meeting of Directors, 17 January 1919. See his testimony at the 1919 Royal Commission. NAC, RC 1919, minutes of evidence, 273-7.

heading, "Citizen's Co-operate," emphasized the need for industrial harmony and maintained that cooperation was the "only road to good citizenship." On their part, employers argued that they intended to replace their old self-interest with a new recognition that capital and industry were forms of civic service. In a speech delivered at an association lunch on 13 March 1919 the "new spirit" which emphasized "social rather than private ends, social rather than individual responsibilities," was presented as the direction of modern society. Accordingly, industry had to be controlled in order to protect the community's general welfare. The increasing number of factory and labour laws, it was argued, testified to their concern for the entire spectrum of society.<sup>93</sup> The democratic tone of this publicity campaign soon proved to be ephemeral as the EABC and other employers' associations continued to retain their two main objectives, the open shop and no government interference in their business activities.

Their resistance to state interference would incrementally increase as the state took on the task of finding solutions to the harsh conditions created by industrialism. For the state, intervention could fulfill its social obligation and enable it to portray itself as a moral institution while at the same time maintaining the existing social order. This strategy was especially noticeable in legislation concerning women and was very much a part of the minimum wage debate. War-time militancy and strikes by Canadian women had set the groundwork for change while post-war optimism and liberal feminist reformers created the demand for a new modernized capitalism where women would be valued for their merit. In British Columbia, support for the women's Minimum Wage Bill proposed by the noted reform MLA, Mary Ellen Smith, came from the general public who were moved by a growing body of statistical evidence depicting women's poor wages and working conditions, and Liberal reformist arguments emphasizing the state's role in social protection. Following a pattern already existent in England, male workers, employers, reformers, and women workers competed in an attempt to influence the state. And in a similar manner, social conservatism based on patriarchy and orthodox political economy ensured that the state would not step outside these fixed parameters. Legislative victory still left women ghettoized. Women's lack of legal rights and dependent contractual status made it possible to create separate legislation for women without changing gender relations or accepted economic theories. Any challenge to the coveted principle of freedom of contract was avoided by applying the internationally held concepts of a domestic ideology and placing women into

<sup>93</sup>UBC, BCER, Box 93, File 1600-14b, "Industrial Autocracy or Industrial Democracy"; *The Daily Colonist*, 20 March 1919. For the resolution, see UBC, BCER, Box 51, File B1420, minutes of Directors, 17 January 1919. For labour's response, see *British Columbia Federationist*, 16 May 1919. The articles were published between 15 February and 15 March 1919 and are contained in UBC, BCER, Box 51, File B1420, EABC. For the speech, see UBC, BCER, Box 51, File B1420, EABC, "Modern Industry - For Whose Benefit," 13 March 1919.

the special category of nurturers of the next generation who required protection to ensure healthy progeny. As the symbolic father of the family, the state carried out its social duty by protecting women. To add moral righteousness to the theme of social protection, the government also sold the Minimum Wage Act (1918) as "the fair employer's protection against the unfair employer."<sup>94</sup> The good employer not only protected women but himself against unscrupulous "shyster" competitors who paid starvation wages.

Employers had more realistic reasons for accepting this legislation. First, family wage concepts assumed that most women had other support and did not have to rely solely on their own wages. This ensured that the minimum wage would have to be set so low that it would not threaten the majority of employers' profits. Those employers who already paid respectable wages could therefore agree with the progressive belief that the minimum wage had the potential for creating contented employees and industrial success. A second and more pragmatic consideration was the diversionary value of the act. This minor concession might draw attention away from the much more costly demands for unemployment insurance, family allowance, free health care, and old age and mothers' pensions.<sup>95</sup> In the case of employers' associations, the main reason for their acceptance was even more direct. The majority were not large employers of female labour except for the fish canning industry. The degree of opposition from employers' associations, in this case, was determined by the more practical issue of the immediate economic impact of the act on their business interests. In 1911 women formed only 12.7 per cent of Vancouver's labour force and the majority worked in the traditional female sectors of the economy.<sup>96</sup> Resistance, therefore, only came from those areas of the economy

<sup>94</sup>Province of British Columbia, Department of Labour, "Report of the Minimum Wage Board of British Columbia, 1918," (Victoria 1919), 58. For the general reaction of employers and their patriarchal stance, see M.E. McCallum, "Keeping Women in Their Place: The Minimum Wage in Canada, 1910-25," *Labour/Le Travail*, 17 (Spring 1986), 39-41; V. Strong-Boag, "The Girl of the New Day: Canadian Working Women in the 1920s," *Labour/Le Travailleur*, 4 (1979), 159-63, and B. Russell, "A Fair or a Minimum Wage? Women Workers, the State, and the Origins of Wage Regulation in Western Canada," *Labour/Le Travail*, 28 (Fall 1991), 59-88. Russell explores why men received "fair" wage legislation, while women only obtained "minimum" wage rates, and evaluates the role of militancy by women, patriarchy, and governmental social protection policies. For comparisons to England, see S.O. Rose, "Protective Labor Legislation in Nineteenth-Century Britain: Gender, Class, and the Liberal State," in L.L. Frader and S.O. Rose, eds., *Gender and Class in Modern Europe* (Ithaca and London 1996), 193-210; A. Baron, "Gender and Labor History: Learning from the Past, Looking to the Future," in A. Baron, ed., *Work Engendered: Toward a New History of American Labor* (Ithaca and London 1991), 40-1.

<sup>95</sup>McCallum, "Keeping Women," 39.

<sup>96</sup>Evidence for intervention was provided during the 1912-1914 provincial labour commission, and by the Vancouver branch of the National Council of Women in 1913. Opposition was voiced only by the trades which were to be most effected by the legislation, such as

where women were heavily employed. Because the majority of employers' associations represented resource industries which employed few women, their opposition was not great. Together, patriarchal values, a domestic ideology, and a lack of economic impact combined to allow the state to fulfill its progressive and humanitarian role without altering gender and class relations.

In other areas, employers' resistance to legislation continued. The labour movement's demands for a better post-war society forced both the federal and provincial state to be more accountable and interventionist in order to preserve social stability. The use of social welfare legislation to legitimize the state was evidently clear but what is not so obvious is the state's relation to capital and labour.<sup>97</sup> In Poulantzas's terms, the state has to act to save capitalists from themselves. Offe and Held maintain, however, that it looks after capitalist class institutions. Because the state is at the centre of the contradictions in class relations, it favours those groups whose support is necessary for the continuance of the existing order. At times it might favour employers, at other times, labour.

In British Columbia, the state's tactics to legitimize its power could not be accomplished without some cost to the business community. To incorporate workers, it had to go against the wishes of employers by providing welfare legislation. Their belief that it was a drain on their revenues ensured their continued resistance. The new direction of the provincial government was indicated by the 1918 Minimum Wage Board's acknowledgement of its responsibility for social protection. "The theory, then, of the minimum wage is that no person or class has a right to make money at the expense of the health or well-being of any other person or class, and the community has a right to be protected from economic conditions which exist without the detriment to all."<sup>98</sup> The federal government had also appeased labour by establishing the Royal Commission on Industrial Relations which provided labour with a forum to push for unemployment insurance, old-age pensions, minimum wage for women and unskilled workers, and the eight-hour day. In response the EABC organized representatives from each industry and commercial activity, and contacted other associations to appoint witnesses. Their main objective was to convince the "Mathers Commission" that their new cooperative philosophy made legislation unnecessary. The blame for unrest was attrib-

mercantile, food processing, and laundry. Defending their individual employer rights, B. Abrams (Royal City Laundry) and H.T. Lockyer (general manager, Hudson Bay Company) argued that there was very little demand for a minimum wage and that young women were paid enough as they, in most cases, lived at home. See BCIMS, Royal Commission on Labour, 1912-1914, GR 0684, Box 1, File 8, vol. 3, 105, B. Abrams; Box 2, File 1, vol. 4, 95-100, H.T. Lockyer.

<sup>97</sup>For a summary of these tactics see Heron, *Workers' Revolt*, 307-8.

<sup>98</sup>Province of British Columbia, Department of Labour, "Report of the Minimum Wage Board, 1918," (Victoria 1919), 58. For the changing political climate see McCallum, "Keeping Women," 39.

uted to the militant labour leaders' "Bolshevist campaign" to create a "class war."<sup>99</sup> Although the associations presented convincing testimonies, the Commission submitted a progressive report which called for a minimum wage for women, girls, and unskilled labour, an eight-hour day, state insurance against sickness and old age, and collective bargaining.

At every juncture, both governments met resistance from an anti-interventionist business community which advocated private enterprise, industrial councils, and welfare capitalism. Employers could point to the projects designed to set up profit-sharing, pension plans, medical services, recreational facilities, and improved safety and working conditions established by the BCER and Consolidated Mining and Smelter as the proper method of meeting social needs. These arguments became more pronounced as the uncertainties of the post-war economy increased. Property values had not risen as high as expected, agriculture had not expanded greatly, and export profits were disappointing. The steady decline in exports to the Pacific rim, particularly coal, was only partially overcome by increases in the export of zinc, copper, and lead. Forestry was also fluctuating according to the house construction market and was to experience a major blow when the United States imposed a tariff in 1930.<sup>100</sup> Employers and politicians began to question whether revenues from forestry and mining were capable of sustaining major social reforms. Even a leading reformer, Duff Pattullo, minister of lands, admitted in November 1922 that "we can move just as fast and no faster than economic conditions will permit."<sup>101</sup> As it faced pressure from workers for a better post-war society and employers who wanted a return to the unfettered private enterprise of the pre-war period within this unstable economy, the government acted as a balance between forces in an attempt to create a state-managed compromise.

Within this political climate employers' associations adopted a public display of accommodation but privately retained their objections to state interference. This tactic became their main approach to the eight-hour movement. In reply to the Mathers Commission's recommendation for an eight-hour day the BCMA, BCLSM, and BCLA claimed they would accept it if it was a federal law. The Mountain Lumber Manufacturers' Association also wrote to the provincial attorney-general to warn of the dangers of competition from other provinces and the United States which did

<sup>99</sup>See UBC, BCER, Box 93, File 1600-14b, N.G. Neill to R. F. Hayward, 19 April 1919. J.J. Coughlan, a Vancouver shipyard owner, and E.V. Young, president of the Metal Trades Employers' Association, expressed these views. NACRC 1919, minutes of evidence, J.J. Coughlan, 434, E.V. Young, 481.

<sup>100</sup>For welfare capitalism, see P. Roy, "The British Columbia Electric Railway and its Streetcar Railway Employees: Paternalism in Labour Relations," *BC Studies*, 16 (Winter, 1972-3), 3-10, and Barman, *The West*, 232. In Ontario similar welfare schemes attempted to win the loyalty of workers. See Naylor, *New Democracy*, 165-175. Economic background is provided in J.D. Belshaw and D.J. Mitchell, "The Economy Since the Great War," in Johnston, *Pacific Province*, 313-5, 319.

<sup>101</sup>Fisher and Mitchell, "Patterns," 257.

not have eight-hour legislation, and the loss of revenue to the government if it was enacted. It emphasized the benefits accrued by the government through timber licences, royalty taxes and timber sales which amounted to over \$2,000,000 in 1917. If legislation was necessary it should await concurrent legislation by the province's main timber competitors in Alberta and the United States.<sup>102</sup> This restraining tactic was next effectively applied in 1919 against James Hawthornthwaite's Hours of Labour Bill which sought to regulate all industries within the province.<sup>103</sup>

Fearing "an undercurrent of opinion amongst some of the members of the Legislature that something should be done," the BCLSM, BCMA, EABC, BCLA, Metal Trades', Shingle Manufacturers', and Salmon Cannerys' developed an alliance in order to present a united front.<sup>104</sup> Lobbying tactics were put into play and a delegation delivered a joint memorial to the executive council reiterating their standard argument. Employers, it stated, were "in no way opposed to developments which would bring about, and insure justice, and a greater measure of equality to all men," but they maintained that "various economic reasons ... should prevent the adoption of such legislation until uniformity of action was taken throughout all Provinces of Canada."<sup>105</sup> The spectre of unfair competition from eastern Canada and, even more important, from the United States, provided solid arguments against legislation.

To their fortune, the Liberal government of John Oliver (1918-1927), promised the business community stability through sound finances and industrial prosperity. Popularly known as "Honest John," the premier boasted of his agrarian background and he generally lacked sympathy for working-class problems. His distrust of labour was increased by the 1919 general strike which he described as the work of "Bolsheviks." Cautious and concerned with the instability within the provincial economy, his government had little inclination to bring any alteration to working conditions which might upset production in the prosperous timber, mining, and fishing trades.<sup>106</sup> Like its predecessors, the government remained committed to developing a resource based economy by providing the physical infrastructure. In

<sup>102</sup> *IPCR*, 7 (August 1918), 515; UBC, CFI, BCLSM, Box 90, File 14, annual report, 1918; C.D. Orchard MSS. Box 1, File 6, excerpts from B.C. Loggers' Association, general meeting, 25 February 1919; BCIMS, GR1323, 1009-12-18, Attorney-General correspondence, Mountain Lumber Manufacturers' Association to Attorney-General, 23 February 1918.

<sup>103</sup> Hawthornthwaite, who was first elected to the provincial legislature in 1901, had a long career of promoting labour legislation such as the Trade Union Act, a workmen's compensation law and a Coal Mines Regulation Act. In 1905 he had first demonstrated his interest in reducing the work day by calling for the placement of an eight-hour amendment into the Coal Mines Regulation Act but it had been blocked by employer resistance. Phillips, *No Power*, 42-3.

<sup>104</sup> UBC, CFI, BCLSM, Box 90, File 15, annual meeting report, 1919.

<sup>105</sup> UBC, CFI, BCLSM, Box 90, File 15, annual meeting report, 1919.

<sup>106</sup> Seager and Roth, "Mining West," 260; Fisher and Mitchell, "Patterns," 257.



this area pressure from capitalists was not necessary as the government was a willing ally and still worked under the assumption that promoting private enterprise was a benefit to everyone. In return for roads and port facilities it hoped to generate the revenue necessary to reduce the provincial debt. The opening of the Panama Canal in 1914 had been a major stimulant to trade with other countries and by the 1920s it was especially important to traditional staples such as lumber. These economic steps had enabled the government to stabilize finances by 1920 and as a result any attempt to alter existing production capacities would be resisted by the government, employers, and their associations. When lobbyists for individual companies, such as J. Coughlan, shipbuilder, and A.T. Goward, BCER, complained that the high costs of labour and the negative impact of restrictions would damage the economy they met a receptive audience.<sup>107</sup> Similarly, labour's proposal for an eight-hour day for the lumber mills in 1920 was viewed by both the government and employers as detrimental to economic development. A joint committee of employers' associations spearheaded by the BCLSM were able to successfully block legislation because it complied with the wish of J.W. de Beque Farris, minister of labour, to postpone legislation until it was adopted by other provinces. While business interests were pleased, the *British Columbia Federationist* accused the government of pandering to employer demands. The newspaper recognized an important feature of provincial politics by noting how the Liberals were copying the Tories in "faithfully performing its executive duty for the prevailing ruling class." It, however, attributed this connection to the power of employer associations. "The only arguments that the government was prepared to listen to were those offered by the Lumbermen's Association in opposition to the Bill."<sup>108</sup> What it did not see was that the government did not have to be pressured by business interests as its first priority was capital accumulation.

In the area of welfare, the government continued to promote legislation in order to decrease social unrest, maintain public order, and to improve economic efficiency. Under Oliver's premiership, economic restraint was viewed as a necessity, but the twin needs of retaining electoral support in the forthcoming 1920 election and stabilizing the turbulent post-war society kept reform in the forefront. Already a 1919 Commission on health insurance, mother's pensions, maternity benefits and public health nursing had recognized the strong public support for these issues. The discussion emanating from the Commission revealed that public health insurance could serve a dual function for the government. First, it would decrease productivity costs and make the economy more efficient by encouraging employers and government to provide a healthier environment in the workplace and cities. Second, it would stabilize public order. The Commission held that "The Bolsheviks of today

<sup>107</sup> BCIMS, Premier's Papers, GR441, vol. 411, John Oliver diary, 8, 20 April 1920, respectively. For economic developments see Barman, *The West*, 236-8.

<sup>108</sup> *British Columbia Federationist*, 20 April 1920. For the employers' joint committee see UBC, CFI, BCLSM, Box 90, File 16, annual meeting report, 1920.

are mainly the neglected children of yesterday."<sup>109</sup> This government attempt to force employers to recognize public health insurance as a benefit to them, received a cold reception. To combat further intervention they created stronger political alliances and, as a consequence, the major challenges to the Liberals in the 1920s would come "from the right rather than the left."<sup>110</sup>

Increasingly, employers interpreted intervention as a Liberal swing to labour which had to be countered by new offensive strategies. E.G. Mundy, manager of the EABC, felt that political power had swung toward labour and that "it is almost impossible to get any member to introduce any legislation which is opposed by organized labor, whether it be just or unjust."<sup>111</sup> To check this assumed swing in power relations, two major lobbyists emerged -- the Timber Industries Council (TIC) and its extension, the General Industries Committee (GIC). Moving away from the traditional employers' associations' dual role of industrial relations and lobby activity, they concentrated on legislative issues. Business interests now considered the EABC to be too narrowly confined to industrial issues, while the BCMA was regarded as too general and commercial in context. Existing trade associations appeared capable of defending the separate interests of logging, lumbering, and shingle manufacturing, but the timber industry still felt it "suffered at critical times from the lack of a central body which could take hold of matters affecting the entire industry."<sup>112</sup> The "critical" periods were during the sitting of the legislature when pending legislation called for coordinated action. These political concerns brought the BCLSM, BCLA, Forest Products Market Extension Bureau, Mountain Lumber Manufacturers' Association, BC Pulp and Paper Companies, and the Timberholders' Association of BC together to form the Timber Industries Council in December 1920.<sup>113</sup>

Representing the largest industry in the province with over 20,000 employees, the TIC posed a strong challenge both to labour's platform for legislative change and the state's autonomy. The formation of the new association was indicative of the changed relations between the forestry industry and the government. The period of collaboration in the pre-war period was replaced by confrontation as the industry resisted increases in government royalty rates and labour legislation which were

<sup>109</sup>Quoted in A. Irving, "The Development of a Provincial Welfare State: British Columbia 1900-1939," in A. Moscovitch, J. Albert, eds., *The "Benevolent" State: the Growth of Welfare in Canada* (Toronto 1987), 160. Women's issues took on a new meaning as it was the first election in which women were to vote, and it guaranteed the passing of the Mothers' Pension Act.

<sup>110</sup> See Fisher and Mitchell, "Patterns," 257, and Groves, "Business Government," 47-50.

<sup>111</sup>UBC, BCER, Box 51, File 1420, E.G. Mundy to G. Kidd, no date, received 14 September 1922.

<sup>112</sup>UBC, CFI, Timber Industries Council of British Columbia, (hereafter TIC), Box 38, File 6, minutes, directors, 6 July 1923.

<sup>113</sup>*Pacific Coast Lumberman*, 5, 2 (February 1921), 28-9.

held to be damaging to production and profits. Organized by M.A. Grainger, a former chief forester, the executive included E.W. Hamber (BC Mills and Trading Co.) as president, and E.J. Palmer (Victoria Lumber & Manufacturing Co. Ltd.), G.G. Johnson (general manager, Capilano Timber Co. Ltd.), R. McNair (Robert McNair Shingle Co. Ltd.), and M.S. Logan (BC Timberholders' Association) as directors. With individual members' fees of \$4,000 per annum, the TIC was financially sound and capable of launching large scale publicity campaigns and organizing deputations to the legislature. In 1921, for example, the TIC organized over twenty other associations to lobby the provincial government in opposition to the Eight-Hour Day, Personal Property Tax, and amendments to the Workmen's Compensation and Minimum Wage Acts.<sup>114</sup> *The Pacific Coast Lumberman* also worked hard to put forward the views of the trade and it became the official organ of the TIC in 1923. The TIC's ability to provide strong arguments which represented the individual and joint interests of diverse industries was praised by employers, while labour acknowledged it as a potential threat comparable to the powerful Federation of British Industries.<sup>115</sup> Increased collaboration between associations and their success in blocking legislation encouraged further organizational development and culminated in the formation of the General Industries Committee in January 1922.

Instead of representing individual employers like the EABC, the GIC was designed to be a coalition for politically representing the existing 28 trade associations in the province. It included all members of the TIC, the Shipping Federation, BC Salmon Cannery's Association, BCMA, the EABC and other diverse groups. Adopting a comprehensive approach, the GIC appealed to a wider audience by becoming involved in the general economic matters of income tax, sales tax, merchant marine, and in the labour issues of Workmen's Compensation and the Eight-Hours Bill. E.W. Hamber as president and M.A. Grainger as secretary again played important roles within the organization. It also hired two agents at a cost of \$2,500 per annum to attend legislative sessions to ensure representation and to keep track of legislation. In a similar manner to developments in Britain, the province's employers' associations were moving toward inter- and intra-trade association collusion at a regional level. Although they still could not be regarded as a

<sup>114</sup>*Pacific Coast Lumberman*, 5, 2 (February 1921), 28-9; UBC, CFI, BCLSM, Box 81, File 7, minutes, Board of Directors, 3 March 1922; CFI, BCLSM, Box 90, File 17, annual meeting report, 1921; *Pacific Coast Lumberman*, 5, 12 (December 1921), 21, 34; BCIMS, Premier's Papers, GR441, vol. 412, John Oliver's diary, 16 March 1921.

<sup>115</sup>*Pacific Coast Lumberman*, 7 (April 1923), 25; *British Columbia Federationist*, 4 May 1923. The growth of state intervention and the employers need to represent themselves had led to the establishment of the British federation. See J. Fulcher, *Labour Movements, Employers, and the State: Conflict and Co-operation in Britain and Sweden* (Oxford 1991), 75, 111.

monolithic group, it demonstrated a growing organizational capability among employers.<sup>116</sup>

Their increased strength was still insufficient to control a government which was determined to retain its independence in order to legitimize its power. Its desperate need to restore its social reform image before the next election guaranteed the passage of the 1923 Hours of Work Act. The business interests, however, had managed to avert total defeat by obtaining two concessions. First, the act would not come into effect until January 1925 and would await legislation in other provinces. Second, the establishment of a Board of Adjustment provided opportunities to obtain exclusion from the act. This return by the Liberals to progressive legislation failed to satisfy either side. Individual employers sought exemption, while labour objected to the conditions placed on the act and the numerous restrictions which made it difficult to administer.<sup>117</sup>

<sup>116</sup>For comparisons to Britain, see McIvor, *Organised Capital*, 5-7. A list of members is provided in UBC, BCER, Box 51, File B1420, M.A. Grainger to associations, 28 January 1922. For the EABC, see UBC, BCER, Box 51, File B1420, N.G. Neill to G. Kidd, 14 March 1921, E.G. Mundy to Saville, 17 December 1921; R.C. Timmins to members of the EABC, 20 November 1923. For tactics of the General Industries Committee, see UBC, CFI, BCLSM, Box 70, File 4, General Industries Committee (hereafter GIC), minutes, 10 March, 29 May, 20 October, 1 November, 3 November, 13 November 1922 and 1 November 1923. The shift from individual employers to trade associations placed the EABC in a precarious position. Increasingly, employers had been turning to their own specific trade associations and by 1920 the EABC was plagued by low attendance. Neill resigned and the new manager, E.G. Mundy, attempted a reorganization to draw in more members. He added two vice-presidents to represent Victoria (J.O. Cameron), and New Westminster (F.R. Leland) in an attempt to move it away from its Vancouver base and to provide greater provincial representation. As in the case of the rivalry and competition between the British Columbia branch of the CMA and the BCMA, one of the organizations was destined to fail. Instead of becoming the leader in British Columbia politics and industrial relations as anticipated, the EABC was being absorbed by the GIC.

<sup>117</sup>UBC, CFI, TIC, Box 38, File 6, annual report, 1923. A parallel campaign to overcome organized Labour's "continuous lobby" to amend the Workmen's Compensation Act was also in progress. The full text of the act was published in the *British Columbia Lumberman*, 8,1 (January 1924), 24, in order to make employers aware of its effects. Attempts to raise the percentages of wages paid during incapacity from 55 per cent to 65 per cent were put forward by labour from 1921-1925. Each bill was actively resisted by the General Industries Committee and the Employers' Association. The latter association claimed to represent 350 employers who were opposed to changes in the act. Again briefs were prepared for MLAs and the press, and delegations sent to the government. The chief complaints were the burden increased rates would place on industry and the imbalance it would create with the lower rates of other provinces. Details of the workmen's compensation campaign are in UBC, BCER, EABC, Box 51, File 1420, E.G. Mundy to G. Kidd, 23 November 1922, EABC, Bulletin # 35, and CFI, BCLSM, GIC, Box 70, File 4, minutes, 13, 20, 22 November 1922.

In other areas, particularly in forestry, employers were more successful. Here, Viv Nelles's observations on how Ontario businessmen were able to use their political influence to control government departments for their own interests has direct relevance. Comparing the two provinces, Stephen Gray noted that "despite the growth in size and sophistication of the forestry bureaucracy, the capitalists in the forest industry were able to assert their short-term private economic priorities over those longer-term resource management goals of professional foresters."<sup>118</sup> The weak political position of the minority Liberal government elected in 1924 provided employers with the opportunity to gain control over policy. In his diary, Oliver documented the mounting pressure from the Lumbermen's Association, which was complaining that the war period had increased costs and employers were no longer willing to comply with the 1914 Forest Act. Together with the TIC, the association sought alterations to the act. Before the 1924 election the TIC had already pressured Duff Pattullo, the minister of lands, to delay the Royalty Act. After the election, it forced him to concede legislation which established a royalty rate favouring the industry. In this manner, the TIC enabled the industry to by-pass the forest branch and impose its demands on the politicians.<sup>119</sup> These events undermine the possibility of applying a state-centric theory to this period. The state managers, or in this case, the forest bureaucracy did not have control over its own interests.

Within the forestry sector the government had become a "captive state," but in other areas of administration it retained its autonomy. In an attempt to rescue itself from charges of corruption and favouritism, the Liberals tried to recover their reputation by passing two reform measures, the Male Minimum Wage Act (1926) and the Old Age Pension Act (1928). The need to recapture the voters lost in the 1924 election ensured the government would portray itself as favouring reform. It resisted the pressure from the business lobby and retained a degree of independence on these issues. When a deputation from a number of lumber mills to the executive council attempted to block the Male Minimum Wage Act, its arguments that the industry was "not in a position to bear the increased costs" had no impact.<sup>120</sup> Even the TIC had little influence in this area as the Liberal's need to win over the electorate undermined its position. After the act was passed the BCLSM and TIC sent letters and several delegations to Oliver and the executive council requesting its suspension but they were unable to obtain the support of the government.<sup>121</sup>

<sup>118</sup>Gray, "Timber," 24-5. For Ontario comparisons, see Nelles, *Politics of Development*, 427-8.

<sup>119</sup>BCIMS, Premier's Papers, GR441, vol. 413, John Oliver's diary, 3 September 1924. On the Timber Royalties Act, see R. Fisher, *Duff Pattullo of British Columbia* (Toronto 1991), 155-6, Gillis and Roach, "Pinchotism," 96-7, and Gray, "Timber," 35-7.

<sup>120</sup>BCIMS, Premier's Papers, GR441, vol. 415, Executive Council notes, 24 September 1926.

<sup>121</sup>For the BCLSM and TIC campaign, see UBC, CFI, BCLSM, TIC, Box 38, File 6, minutes, directors, 20 November, 4 December 1925, 21 January 1927, and for the delegation, see BCIMS, Premier's Papers, GR441, vol. 415, John Oliver's diary, 16 February 1927. The act was later declared *ultra vires* and invalidated by the courts in 1928.

After Oliver's death in 1927 the new premier, John D. MacLean, was left the difficult task of balancing the pressure from business and labour. Like his predecessor, MacLean believed that the government's task was the promotion of a successful economy for the purpose of stabilizing society. The provision of welfare legislation was a part of this strategy for establishing an efficient capitalist system. In a Liberal pamphlet entitled "British Columbia's Progress," progressive legislation was viewed as necessary because it "reasonably assures contented labour and operates as an insurance policy for Capital."<sup>122</sup> This election manifesto played both sides of the coin by promising improvements for labour and further protection and support for capitalism. In the end, its attempt to create a middle of the road platform and to be the arbiter failed. Labour attacked the government's unwillingness to improve the rates under the Workmen's Compensation Act, to amend the Mother's Pension Act, and to develop a concrete program of social welfare legislation. Business interests turned to the rejuvenated Conservative party under the new leadership of Simon Fraser Tolmie. The Conservative's promise of a return to "business government" won the 1928 election. Within Vancouver, six millionaire businessmen, W.C. Shelley, G. Walkem, W. Dick, T. Kirk, R.L. Maitland and N. Spencer, ran as Conservative candidates and all were elected. Soon after the election Tolmie announced his cabinet which included the following business interests: W.C. Shelley, Canadian Bakeries, Nelson Loughheed, logging, W.A. McKenzie, building contractor, and R.W. Bruhn, logging and lumber.<sup>123</sup>

### *The Business Government*

State intervention had been tolerated by the business community during the prosperous 1920s, but the depression brought their opposition to the Liberal's social policies to the surface. Increased government expenditure for education, hospitals, correctional institutes, pensions, and other social programmes were regarded as unproductive as they diverted public funds from economic development, while labour legislation was held responsible for increasing costs and making the province uncompetitive in an increasingly international market. Faced with the severe economic crisis businessmen wanted a return to the old entrepreneurial philosophy, a non-interventionist state, and a "business government" that promoted economic development and maintained confidence by restricting expenditure and balancing budgets. Under existing conditions this proved to be an impossible task, and by 1931 the business community became disillusioned with the Conservative's financial policies. When in the following year the government announced its intention to increase taxes, it was confronted by a large coalition of business interests. Led by the Vancouver Board of Trade, the delegation represented almost every industry

<sup>122</sup>Quoted in Irving, "Provincial Welfare State," 162.

<sup>123</sup>Groves, "Business Government," 53-9; Barman, *The West*, 237; Robin, *Rush for Spoils*, 229-03.

in the province. A dozen employers' associations and over 50 executives from major companies called for a non-partisan commission to examine the province's finances in order to find methods for restoring confidence.<sup>124</sup>

The eventual outcome was the government's appointment of the infamous Kidd commission of 1932. At the time it was regarded as a major victory for business interests, but in the long run it undermined their closest ally — the Conservative party. Chaired by George Kidd, retired president of the BCER, the committee composed of A. Taylor (Bralorne Mines and Home Oil Co.), W.L. Macken (lumber and dairy), A.H. Douglas (lawyer), and R.W. Mayhew (Victoria roofing company) recommended reductions in social services, educational spending, government salaries, and a repeal of the minimum wage. These solutions proved to be too extreme even for the Conservatives. The business ideology symbolized by the Kidd report remained locked in the McBride era where government had been strictly for the encouragement of capital development and the maintenance of existing social order.<sup>125</sup> After decades of expansion in social welfare, no government could accept any of Kidd's prescriptions. The hostile reaction of the press and the general public sealed the report's fate and foreshadowed the Conservative's political bankruptcy.

Fearing loss at the polls, the Conservatives did accept the business community's criticism of the existing partisan political system and called for a Union government. The invitation, however, was rejected. Duff Pattullo, now leader of the Liberals, dismissed the coalition proposal as a feeble attempt by the Vancouver business interests to gain control of the new administration and to block the imminent Liberal victory. Furthermore, it hardened his conviction that government must remain independent of business influence.<sup>126</sup> The continuing alliance between the Conservatives and business, therefore, was to have negative consequences for employers' associations when the Liberals won the 1933 election.

### Conclusion

Within British Columbia, employer/labour/state relations do not fit easily into a single theory. The notion of a "captive state" is more applicable to the McBride era

<sup>124</sup>Groves, "Business Government," 29-36, 50-4, 122-4, 133-7.

<sup>125</sup>A full account can be acquired from the following sources: Fisher, *Pattullo*, 221-5; Robin, *Rush for Spoils*, 238-43; Barman, *The West*, 253-4, and Groves, "Business Government," 122-52. A decade before the commission Kidd had stated that "during the War and subsequently we have suffered rather than gained by the numerous Acts of the various Parliaments which passed, interfering with the freedom of both employer and employed." UBC, BCER, Box 51, File 1420, G. Kidd to E.G. Mundy, 20 January 1922. In 1932 the BCMA, the Board of Trade and the Chamber of Commerce also strongly opposed plans to implement a health insurance scheme. See C. Fuller, *Caring for Profit: How Corporations are Taking over Canada's Health Care System* (Vancouver 1998), 23.

<sup>126</sup>Fisher, *Pattullo*, 131, 225-6.

than to the Liberal reform period, but even in the former era the state did not at all times act on "behalf" or at the "behest" of the general interests of the business community. In forestry, capitalists were able to make their private economic interests shape public policy, but on the broader social welfare and labour legislation the state had to take into account the pressure from reformers and workers and the overall need to legitimize its power.<sup>127</sup> A confraternity of power did not materialize due to the government's need to maintain support for the system. To stabilize the tense industrial relations environment, appease the electorate, and legitimize the existing order, provincial governments retained positions of "relative autonomy." Despite their different theoretical positions, Gramsci, Poulantzas, Offe and Held reveal the multiple factors which contributed to the maintenance of business power within British Columbia. Employers benefitted from a social environment which emphasized the middle-class cultural ideals of individualism, private enterprise, free markets, and prosperity. They could portray themselves as providers of public well-being and expect the state to act as the guardian of their interests. Still another reason for business power was the increasing effectiveness of their employers' associations. As the link between business and government, these associations became significant backroom players in policy making and were formative agents in structuring the province's politics.

Hegemony, however, was achieved through the state. *Instead of being controlled by business*, it was the state that unified and organized capital's ideological and political domination. Poulantzas's concept of "relative autonomy" provides strong theoretical reasons for the state looking after the long range interests of employers. Their position within the structural base of a capitalist society as the source of the revenues necessary for economic success gave business an obvious advantage and ensured government support on general economic issues. The provincial governments' commitment to economic development, particularly in the McBride era, led it to equate success with the growth of privately-owned capital. This partially explains the state's response to the social crises of the post-World War I era and its willingness to use welfare legislation as a means of stabilizing the capitalist social order. By providing some improvements to working and living conditions it was able to win the consent of the working class and at the same time retain the existing power structure. Within this model, both reactionaries and reformers have gains and losses, but neither substantially changed the system. Reactionary employers' associations within British Columbia blocked or altered legislation but were not able to stem the progress of social and labour legislation. Reformers and the provincial labour movement, in contrast, were able to make social welfare gains but were incapable of eliminating political and economic inequity.

<sup>127</sup>The terms are used by Panitch to emphasize the business interests' control over the state. See Panitch, *Canadian State*, 4. See also Gray, "Timber," 24-49; Gillis and Roach, "Pinchotism," 72-103.



Clause Offe's concept of the state enmeshed in the contradictions of capitalism has also provided insights into the provincial government's response to the workers' revolt and middle-class reform between 1915-1925. These social, industrial, and political pressures were incorporated into state policies. Faced with the contradictory tasks of capital accumulation and legitimation the state was forced to oppose capitalist interests and support popular aspirations. Its main function was to defend democratic capitalist class institutions. State intervention increasingly became a tool for stabilizing and relegitimizing the social order. By portraying itself as the neutral arbiter between classes, the state was able to win the workers' consent by offering social reform. The survival of the government, and the constraints of economic and electoral factors, ensured, as argued by Held, the state would not be an "unambiguous agent" of capitalist reproduction.

On the surface it appears that British Columbia employers' associations lost the legislative battle on a number of key issues, but a closer examination reveals that many of the acts had little real impact. They were concessions made by the state either to reduce social tensions or to increase economic efficiency, but did little to alter the existing power relations in society. Demands for solutions to social problems led the government to pass the Workmen's Compensation, Widow's Pension, Old Age Insurance, Minimum Wage for Women, and Hours of Work Acts. Generally, employers resisted every piece of legislation and held back the government's attempts to stabilize the social order by enacting welfare provisions. Only when legislation could be viewed as advantageous to them or not having any cost factor, did they accept government intervention. The Workmen's Compensation Act, for example, was expected to decrease costs and increase productivity by reducing the tensions created by litigation, while the Minimum Wage for Women had little financial impact on many employers. When cost was a factor as in the Hours of Work Act a determined resistance ensued and successfully limited its impact. Joint action ensured a favourable defence of managerial rights in the case of workmen's compensation and kept minimum wage laws restricted. During World War I successful delaying tactics were able to defuse labour's call for union recognition, the eight-hour day, and improvements to sickness and unemployment benefits. At the same time their publicity campaigns, which emphasized cooperation and industrial councils, created a public image of conciliation. When combined with the well publicized welfare projects at BCER, Consolidated Mining and Smelter and BC Sugar, this strategy reduced public pressure for changes in the laws. Welfare capitalism rather than legislation was held to be the best method of providing for the workers' health, old age, and unemployment.<sup>128</sup> Behind the outward image, traditional attitudes remained unchanged. The 1920s recession and, in particular,

<sup>128</sup>Roy, "Paternalism in Labour Relations," 3-10; Barman, *The West*, 232, and McCallum, "Corporate Welfarism," 50. Labour representatives complained that the reforms of this period were "piece meal," "inadequate," and a "mere skeleton" of proper legislation. See Irving, "Provincial Welfare State," 161.

the 1930s depression, provided employers' associations with the opportunities to re-assert their industrial authority. Their desire for a "business government," however, was out of step with the state's need to stabilize democratic capitalist class institutions by the provision of social welfare. Despite setbacks, the Employers' Association of British Columbia, the Timber Industries Council, the General Industries Committee and other associations established the basic organizational framework and strategies that enabled employers to play an important role in the province's politics.

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