

# Buying Prosperity

## The Bonusing of Factories at the Lakehead, 1885-1914

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Article abstract

Though Fort William and Port Arthur (now Thunder Bay) used the full gamut of promotional tools to attract industry in the three decades before 1914, they relied most heavily on bonusing. Together they granted more money in bonuses to manufacturers than perhaps any other community in Canada. Such a policy occasioned much debate locally over the usefulness and propriety of using tax dollars to subsidize industry. This article examines both the extent and effects of bonusing at the Lakehead and the debate it raised. It concludes that while bonuses could, in the short run, greatly affect the rate of industrial growth, the long-term survival of manufacturing depended on favourable geography and a supportive economic environment.

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### ***Résumé***

***Durant les trois décennies précédant 1914, sans négliger aucun moyen susceptible d'attirer l'industrie, Fort William et Port Arthur (aujourd'hui rebaptisée Thunder Bay) mirent fortement l'accent sur les subventions. Ensemble elles versèrent ainsi aux entreprises des sommes qui sans doute ne trouvaient d'équivalent dans aucune ville canadienne. Ce faisant elles alimentèrent la controverse parmi leurs contribuables sur l'utilité et l'à-propos de ce genre de mesure. Les auteurs analysent l'ampleur et les effets des subventions qu'elles consentirent et les débats qui s'ensuivirent. Il appert que si de tels incitatifs pouvaient bel et bien, à court terme, stimuler la croissance industrielle, par la suite, la survie des entreprises reposait sur le dynamisme économique du milieu et sur les conditions géographiques.***

The transformation of central Canadian cities into industrial centres in the three decades prior to 1910 had a loud echo on Ontario's northwestern frontier. The Canadian Lakehead "must become one of the great manufacturing centres of the Dominion. So say the seers, — the men of prophetic foresight. So say the practical businessmen who have their fingers on the pulse beats of trade and development of the country." So said E. S. Rutledge, Fort William's town clerk, in 1898, and he spoke for almost every one of his fellow boosters in Fort William and Port Arthur.<sup>1</sup> Their ambitions knew no bounds: one of the two towns, but never both together, would inevitably become the "Chicago of the North", the "Pittsburgh of Canada", or, at the very least, one of the nation's premier manufacturing centres exacting its tribute from the entire West.<sup>2</sup> Though scarcely more than villages when Rutledge made his prophesy, Fort William and Port Arthur had definite metropolitan aspirations.<sup>3</sup> With a single-minded devotion to this goal both communities, emulating their Eastern Canadian and American counterparts, developed nearly identical industrial strategies and employed similar techniques in an attempt to transform economies driven by the extraction and movement of raw materials — grain, forest products, fish and minerals in particular — into ones based firmly on the manufactured product. Though the two towns grew into fair-sized cities by 1914 primarily on the strength of the transportation and resource export sectors, local boosters persisted in viewing manufacturing as the mark of a stable prosperous and mature economy.<sup>4</sup> For the most part, the Lakehead's approach to attracting industry followed familiar patterns, combining the promotional rhetoric of the West with the financial inducements characteristic of Ontario cities.<sup>5</sup> Promotional books and brochures were produced in abundance and delegations travelled far and wide, attending trade fairs and expositions and talking to potential investors. Industrial commissioners were hired to coordinate activities, write advertising and make the necessary contacts. Considerable

lobbying produced millions of dollars of government subsidies for railway expansion and harbour developments such as dredging and the construction of breakwaters and shipping docks. The Lakehead's strategy was distinctive, however, for two reasons: it reached full fruition after most promotional campaigns elsewhere were winding down, and it made extraordinarily liberal use of financial inducements, or bonuses.

The extent to which industrial strategies, and the granting of bonuses in particular, can explain industrial growth across Canada is part of a larger debate over the role of boosters and entrepreneurs in the urban economy. Are cities made by the people living in them — by the strength of personal contacts, sound industrial policies, effective advertising and generous financing — or are these factors subordinate to the largely impersonal forces of location, markets, resources and transportation?<sup>6</sup> Most turn-of-the-century boosters were certain of their control. Historians, however, are more divided. Some scholars have suggested that the strength and vigor of urban industrial strategies can explain the success or failure of individual towns; that, as E. J. Noble argues in a case study of Orillia, "it is the skill and initiative of the entrepreneur which is the decisive factor in community growth".<sup>7</sup> Beeby concurs by noting that Toronto's most successful period of manufacturing growth coincided with a vigorous campaign to attract industries through inducements. He concludes that comparing industrial strategies could well explain the location of factories across Ontario.<sup>8</sup> Bloomfield's study of Berlin yields similar results. She shows a positive correlation between bonusing and economic growth in the city and asserts that industrial success depended on a judicious use of inducements.<sup>9</sup> In each case inhibiting geographical and technological forces are overcome by the determination of entrepreneurs.<sup>10</sup> Weaver, on the other hand, downplays the influence of inducements by noting how universal they were and, along with others, considers geographical factors to

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have played a more significant role in determining the location of industry.<sup>11</sup> Naylor admits that "the bonusing system was central to determining the distribution of the existing industrial capacity" but nevertheless emphasizes the deleterious effects of municipal inducements. Such entrepreneurial efforts he sees as little more than "stop gap" measures designed to fill a hole in the capital market not filled by private sources.<sup>12</sup> The example of Fort William and Port Arthur is particularly significant to this debate because of the extent to which the two ports relied upon financial inducements to entice, capture and maintain industry. While municipal bonusing may indeed have been nearly universal, the amounts granted by each community were far from equal. The Lakehead gave to manufacturers over twelve times the average of southern Ontario cities and, on the strength of such aid, developed, by 1913, a significant manufacturing infrastructure based essentially on primary industry in the vegetable, iron and steel and forest products sectors. But it proved to be an extremely fragile structure, collapsing like a house of cards in the decade that followed.

This article will examine both the extent and effects of bonusing at the Lakehead, and the debate that raged locally about the propriety of granting inducements to industry, addressing, in the process, a number of questions: why did Fort William and Port Arthur bonus so heavily? why was the manufacturing economy which such bonuses created unsustainable? and how significantly did the granting of inducements affect the structure of the economy? The example of the Lakehead shows that while in the short run individuals could, through vigorous promotion, substantially affect the rate of industrial growth in a community, the survival of such newly created industries ultimately depended on the existence of a supportive economic environment — accessible markets and raw materials, cheap transportation and a favourable location.

### *Part I*

Fort William and Port Arthur were prodigious bonusers. Almost all manufacturing industries established in the communities prior to the first World War, particularly the large enterprises, were bonused.<sup>13</sup> Between 1885, when Port Arthur granted its first industrial subsidy to a local foundry, and the end of 1913, the two municipalities gave to manufacturers in the form of cash payments, loans or bond guarantees no less than \$2.4 million. (See Table 1) This represents more, perhaps, than any other city in Canada. Between 1867 and 1900, according to Bloomfield's analysis, 178 southern Ontario urban centres granted over 250 cash bonuses worth slightly in excess of \$2.1 million. From 1901 to 1924, 62 such communities gave another 250 bonuses valued at just over \$4.6 million.<sup>14</sup> Fort William and Port Arthur, by themselves, gave almost \$1.2 million in the form of direct cash inducements to manufacturers, a comparatively staggering amount. While 21 southern Ontario centres with populations in excess of 5,000 issued between 1901 and 1924 just over 70 cash bonuses valued at slightly more than \$1 million, for "an average per town of 3.5 bonuses worth \$13,630 each",

the two Lakehead cities alone, between just 1901 and 1913, granted 20 such inducements worth \$1,157,200 for an average of \$57,860 each; more than twelve times the amount given per city in the southern Ontario sample.<sup>15</sup>

Locally the range of cash bonuses was extreme: the smallest, \$2,500 to a foundry operator in 1890; the largest, \$270,000 to the Canadian Car and Foundry Co. (Can Car) in 1912. Port Arthur granted only six cash bonuses, all after 1901, but these included some of the largest — \$250,000 to the Western Dry Dock and Ship Building Co., \$225,000 for the Atikokan Iron Company's blast furnace, and \$60,000 for the Brutinell Wire and Nail works. Fort William gave fourteen cash grants between 1890 and 1913 including the large Can Car bonus, two worth \$50,000 each to Canadian Steel Foundries in 1913 and the National Tube Co. in 1912, and one for \$57,000 for the Nanton Starch Works.<sup>16</sup> By way of contrast, Maisonneuve, a Quebec community noted for its liberal inducements to manufacturers, limited itself to a maximum bonus of \$10,000 per company and gave only ten worth a total of \$83,500.<sup>17</sup> Similarly, any one of the three largest cash grants paid by the Lakehead communities

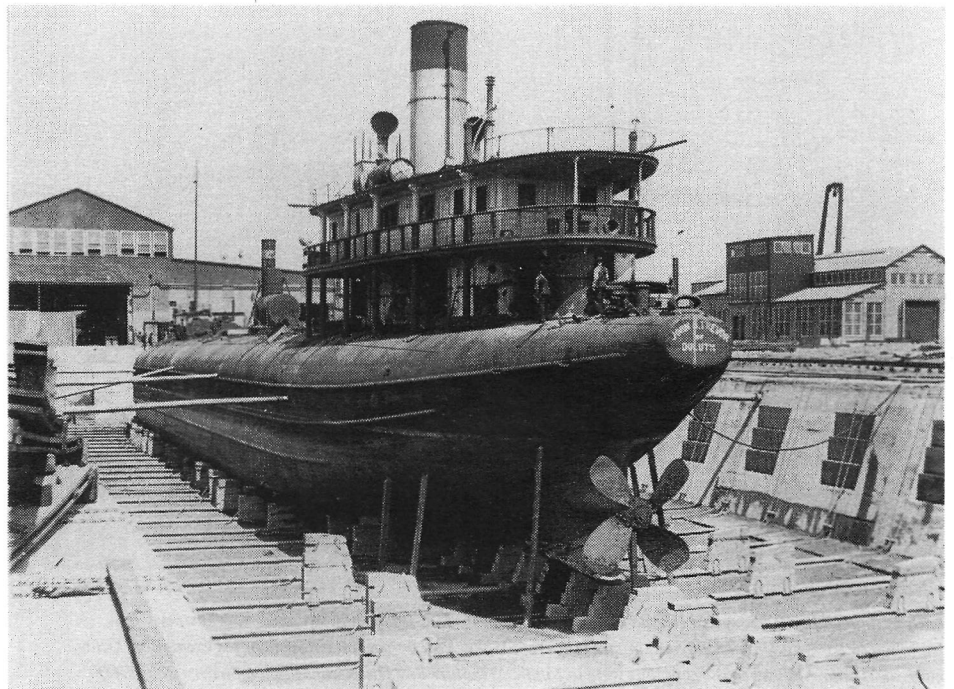
The Bonusing of Factories at the Lakehead, 1885-1913

Date	Cash Bonuses	Loan Guarantees	Direct Loans	Tax Exemptions	Fixed Assessments
<u>Fort William</u>					
1890-1900	2 (\$ 10,500)			1 (10 yrs)	
1901-1909	4 (\$ 80,000)	1 (\$100,000)		3 (30 yrs)	1 (10 yrs)
1910-1913	8 (\$496,500)	2 (\$400,000)	1 (\$100,000)	10 (110 yrs)	1 (20 yrs)
Totals	14 (\$587,000)	3 (\$500,000)	1 (\$100,000)	14 (150 yrs)	2 (30 yrs)
<u>Port Arthur</u>					
1885-1900				6 (40 yrs)	
1901-1909	3 (\$481,000)		1 (\$ 18,000)	4 (54 yrs)	3 (40 yrs)
1910-1913	3 (\$ 89,200)	4 (\$660,000)		4 (60 yrs)	4 (40 yrs)
Totals	6 (\$570,200)	4 (\$660,000)	1 (\$ 18,000)	14 (154 yrs)	7 (80 yrs)
Grand Totals	20 (\$1,157,200)	7 (\$1,160,200)	2 (\$118,000)	28 (304 yrs)	9 (110 yrs)

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was worth far in excess of all of Hamilton's cash bonuses to manufacturers combined. Hamilton, a city many times larger than the Lakehead, was, like Maisonneuve, considered generous.<sup>18</sup> Direct loans to companies were not popular at the Lakehead, though the National Tube works received a \$100,000 loan from Fort William (in addition to its cash bonus), but seven loan or bond guarantees were granted, totalling in excess of a million dollars.<sup>19</sup> All such guarantees were issued late in this period and were invariably large, averaging over \$165,000 each, and including one worth \$325,000.

Other popular forms of municipal bonusing included tax exemptions, twenty-eight of which were awarded for terms ranging from four to twenty years, and long-term fixed assessments, nine in all, at very low values.<sup>20</sup> Fort Williams seems to have preferred exemptions, granting fourteen of them altogether and ten in the years from 1910 to 1913. Port Arthur issued a number of exemptions before 1900 but relied more heavily on fixed assessments in the later years. Neither town, however, showed any reluctance to forego tax revenue in order to boost factories. In this respect, as with cash bonuses, the Lakehead was apparently more generous than the bulk of southern Ontario communities.<sup>21</sup> In addition, both communities entered directly into the field of manufacturing. Fort William, unable to find a willing capitalist to set up and operate a much desired quarry, established its own operation in 1913 with an investment of \$30,000 of municipal revenue. Port Arthur, on the other hand, became an active partner in the Atikokan blast furnace with a sizeable subscription of stock in the company.<sup>22</sup> A bonus was usually one part of a larger agreement negotiated between the city and a manufacturer and ratified by a vote of the local ratepayers.<sup>23</sup> Typically an agreement at the Lakehead included guarantees from the company of future employment and production levels as well as a host of uncoded, often indirect, city bonuses such as the construction of access roads, bridges and



*The Western Dry Dock and Ship Building Co. was successfully established in 1909 with the help of a \$250,000 cash bonus from Port Arthur, plus a free site, a fixed assessment for school taxes and a tax exemption until 1939 from all other municipal taxes. (Thunder Bay Historical Museum Society, 976.90.14)*

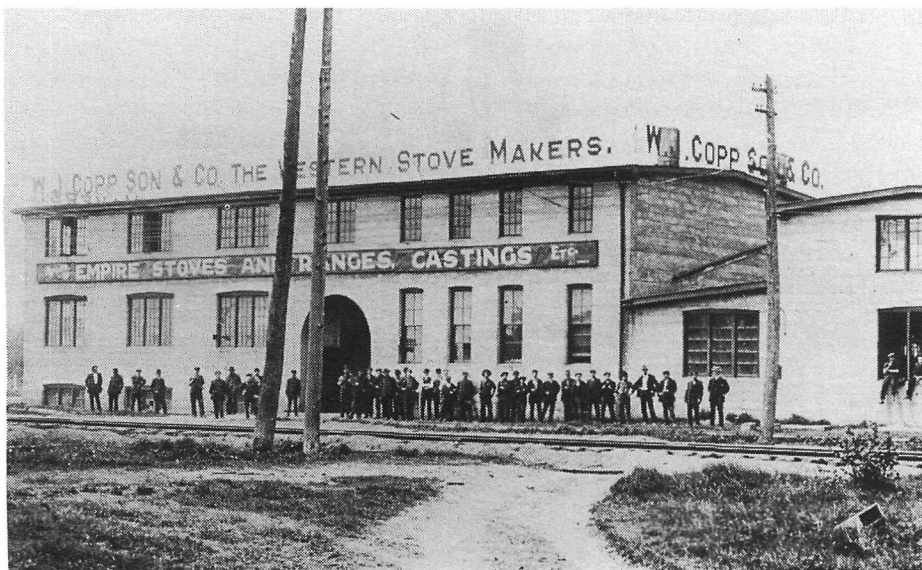
rail links, free water and land, breakwater protection, streetcar service to the plant, low power rates and harbour access. Together these probably represented a subvention of municipal funds commensurate with that granted directly to industries.

Unlike some other communities where, after 1900, bonuses only gave evidence of token municipal support for a venture, those given or promised at the Lakehead were often large enough to aid significantly in meeting the cost of constructing a plant.<sup>24</sup> They provided a real incentive for manufacturers to build. Cash subsidies to factories at the Lakehead amounted, on average, to thirty percent of the total construction and site costs, while the average contribution of loan guarantees was sixty two percent.<sup>25</sup> In one case, Fort William committed itself to guarantee fully the bonds of a large rail car plant to 120 percent of construction costs; this in addition to a

\$50,000 cash grant.<sup>26</sup> A 1908 editorial criticized Fort William for attempting, through bonuses, "to buy [its] way into the good graces of the goddess of Prosperity."<sup>27</sup> The record shows Port Arthur to have been equally extravagant. In the two decades immediately prior to the beginning of World War 1, both Lakehead communities, recognizing how late they were to the bonusing game, expended every effort to purchase ready-made manufacturing economies.

Early bonuses were few. Before 1900 only seven tax exemptions and two small cash bonuses were granted. This was not because of any unwillingness to use inducements; spectacular offers were made for blast furnaces and flour mills throughout the 1880s and 1890s, and both town councils entered into a number of serious negotiations for smelters, flour mills, steel works and a pulp

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*Early in this century William and Harold Copp moved their modest, financially-strapped stove factory from Hamilton to Fort William partially on the strength of a \$15,000 cash bonus and ten years of tax exemption. Other, more substantial bonuses to the company were to follow. (Thunder Bay Historical Museum Society, 981.39.45)*

mill, all of which involved substantial cash incentives.<sup>28</sup> C.A. Avery of New York impressed Fort William's citizens in 1892 with the promise of a \$125,000 blast furnace and the possibility of future rolling mills and steel industries. He hoped to use the town's money to finance his project.<sup>29</sup> Two years later, railway promoter and banker, D.F. Burk, known as the "czar" of Port Arthur for his penchant for giving orders and spending tax dollars, launched a complex scheme for the erection of a blast furnace and rolling mill involving both Lakehead towns, a railway company, a steel parts manufacturer and \$200,000 worth of cash bonuses.<sup>30</sup> Not to be outdone, local merchant and contractor, John King, promised, with proper inducements, a \$300,000 sulphite fibre mill.<sup>31</sup> And finally, in 1896-97, three American companies responded to Fort William's suggestion of a \$50,000 bonus for a flour mill.<sup>32</sup> None of these early proposals bore fruit, in part because the towns were unable to afford the bonuses their councils so freely offered but also because few viable manufacturers were willing to locate in the wilderness of Northwestern

Ontario whatever the amounts offered. Prior to 1900, the Lakehead's inducements attracted mainly bonus hunters.

In 1902 the *Fort William Daily Times-Journal* advised caution in the granting of bonuses and offered a set of sensible guidelines both to attract industry and to minimize financial risk to the community. An industry "must be such as is naturally suited to the locality," it said, and have a fair chance of success "even if no bonus were given." The proximity of markets, transportation costs, competition and the character of the promoters must be considered before bonusing, and steps taken to ensure that the advantages to the town in the form of wages, added population and new business "are commensurate with the outlay in cash."<sup>33</sup> The same newspaper had, in 1900, called for a complete halt to the practice of bonusing as the only sensible thing to do now that "the nucleus of a manufacturing industry" is in place.<sup>34</sup> But it was not a time for either caution or good sense. By then bonus fever had hit the Lakehead with a vengeance. With an

eagerness bordering almost on panic, businessmen, newspapers and boards of trade in both communities pushed vigorously for inducements to industry and denounced those who questioned them.<sup>35</sup> In 1902, Mayor Joshua Dyke predicted a short formative period for the western market and warned that "if during this period Fort William has not become a manufacturing centre then its chances are forever gone."<sup>36</sup> "For God's sake," exclaimed real estate promoter S.C. Young in debate over a bonus by-law, "don't lose this opportunity of landing this company."<sup>37</sup> George Mooring, president of Port Arthur's board of trade was adamant: "It would be almost a calamity to turn down anything, no matter what it might be."<sup>38</sup> For many it seemed not to matter what the industry produced, whether it could survive at the Lakehead, or even whether the backers of the project were known. In one case, Port Arthur's Council agreed to grant a bonus to a promoter despite not knowing what industry was being promoted.<sup>39</sup> The drive for manufacturing was paramount and all industries were, by definition, good.<sup>40</sup> As Port Arthur's councillor S.J. McCutcheon noted in 1907 in defence of a company accused of speculating on the town's bonus, "I think every industry you get here is building up the town."<sup>41</sup> The peak period for bonusing and the communities' greatest successes came just prior to World War I. In 1910 the Lakehead still lagged considerably behind the rest of Ontario in terms of manufacturing employment but by 1913 it had truly become a manufacturing centre.<sup>42</sup> Between these years the two cities granted over half of all their cash bonuses and tax exemptions, six of seven bond guarantees and five of nine fixed assessments. Thereafter passing a bonus by-law became well nigh impossible though several major attempts were made. The Great Lakes Paper Co. by-law in 1923 brought out only 40 percent of the eligible voters despite the most vigorous promotional campaign in the region's history, including enticements to ratepayers that, according to Fort William's city clerk, "could hardly stand investigation."<sup>43</sup>

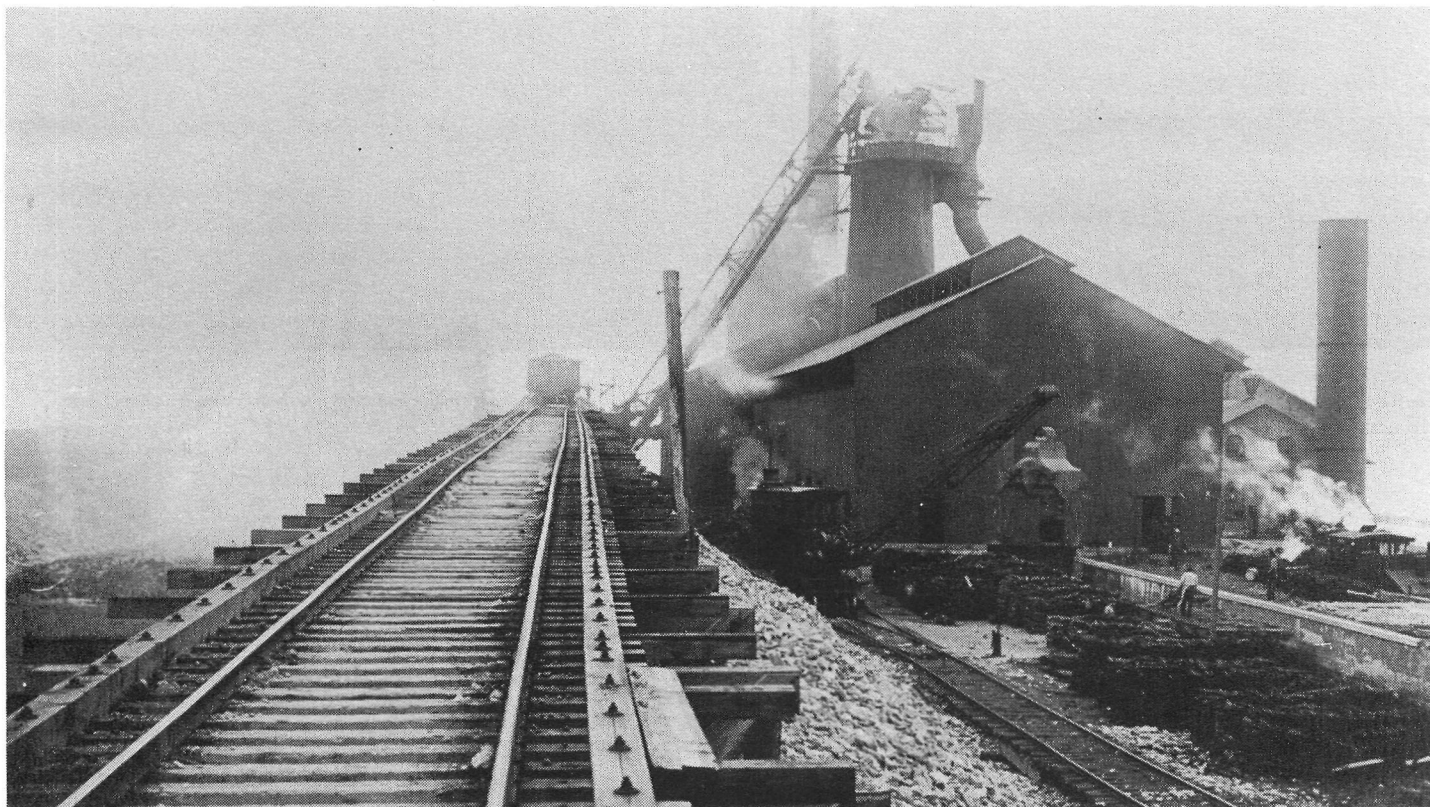
## *The Bonusing of Factories at the Lakehead*

### *Part II*

The arguments in favour of bonusing were of two main kinds: the practice was either a regrettable necessity done in defence of the community or inherently good and potentially profitable. "Other town in Ontario are always willing to give a bonus to assist an industry," wrote the editor of the *Daily Times-Journal* in 1902, "and if Fort William ever expects to make a start along the line of manufacturing it will have to do the same."<sup>44</sup> Bonusing was "a necessary evil" arising out of competition commented the *Daily News*, while merchant J.J. Wells saw it as a tactical tool in a period of "commercial warfare".<sup>45</sup> Most, however, were more optimistic about the practice. Bonuses pay for themselves, claimed local boosters, by increasing population, stimulating the circula-

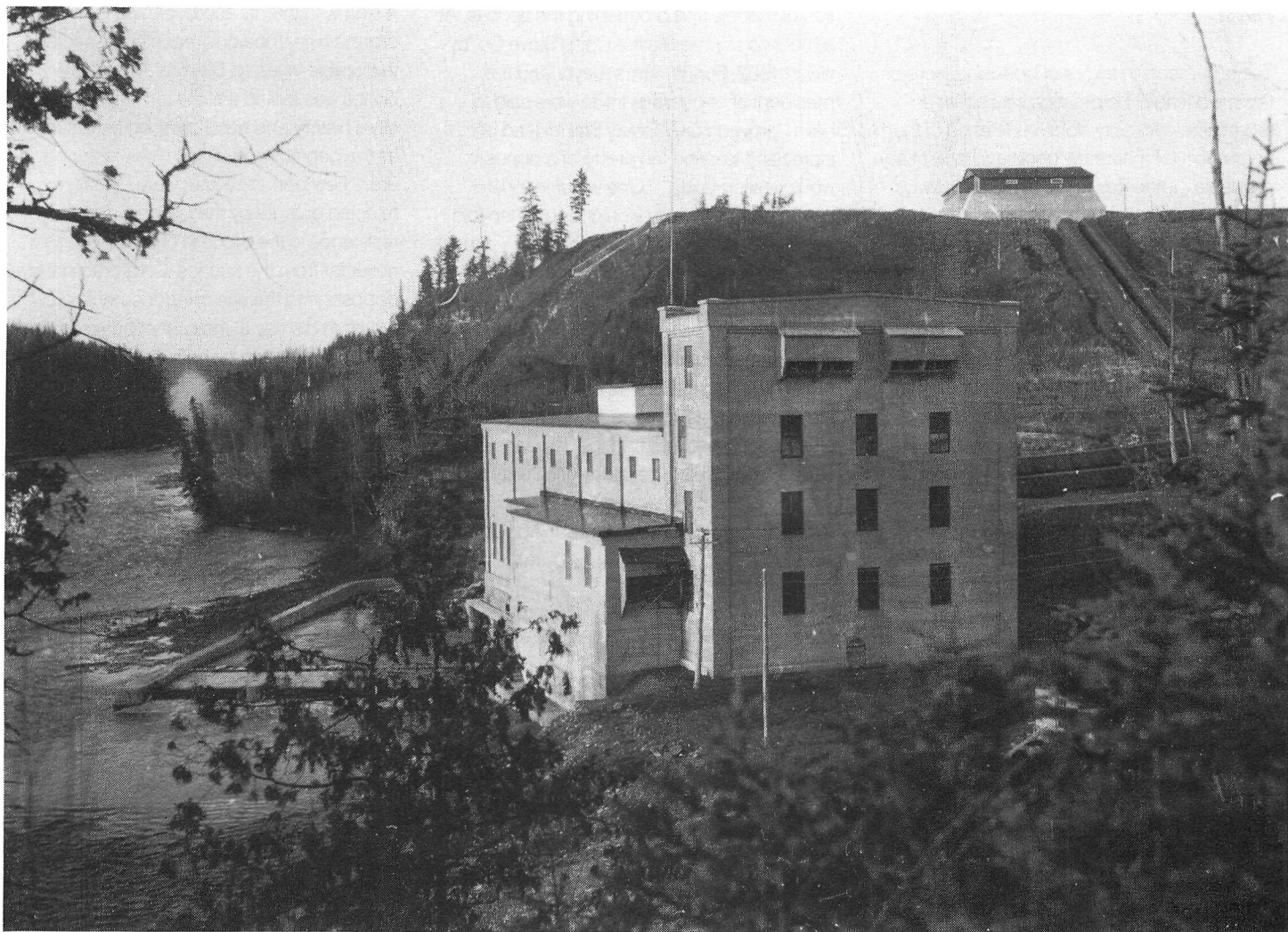
tion of money, and broadening the tax base. At a meeting to promote the Copp Stove Co. by-law in 1902, Fort William's mayor and the president of its board of trade were said to have "proved conclusively that instead of increasing taxation the giving of a bonus . . . would lessen taxes."<sup>46</sup> One writer in 1912 predicted that the city would reap a "ten fold" benefit "in increased population and . . . business" from every inducement given.<sup>47</sup> See also *Daily News*, 14 May 1912. Bonusing industry enhances opportunities for year-round employment for local youth claimed proponents of the Port Arthur Waggon Works, the Atikokan blast furnace, the Canadian Linen and Paper Co., and the J. I. Case Co., while a favourable vote on the McCurdy Car Works by-law, the ratepayers were assured, would increase property values.<sup>48</sup> Appeals

mixed with threats accompanied by well-organized campaigns repeatedly secured favourable votes on by-laws. Almost every bonus was touted as "the turning point" in the city's history and each prospective industry as the beginning of a new manufacturing era.<sup>49</sup> Few bonus by-laws were actually rejected outright by the ratepayers but resistance to the process of bonus giving was never far from the surface. On a practical level opposition to the use of inducements grew out of: 1) dismay at the cost of bonuses; 2) fear of exploitation by both the promoters of factories and unscrupulous politicians; and 3) general uneasiness about the effects of industrialization. As early as 1889, concern was expressed that Port Arthur was granting "immunity from taxation at the cost of losing its credit."<sup>50</sup> The city had a bonded debt of



*The Atikokan Iron Company's blast furnace opened with great fanfare in 1907. It was liquidated in 1908 and reopened a year later but closed permanently in 1911. The city of Port Arthur gained nothing from its \$225,000 bonus. (Thunder Bay Historical Museum Society, 984.104.64 A)*

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*The Kam Power Company's generating station. Note the mist from Kakabeka Falls in the background. Most of Fort William's major industries were heavily reliant on Kam Power. (Thunder Bay Historical Museum Society, 979.1.329)*

two-thirds its assessment in 1905 as it debated a \$225,000 bonus to the Atikokan Iron Co.; "If this blast furnace by-law carried and the debt incurred, the town would be insolvent," cried the opposition.<sup>51</sup> An outsider's view in 1908 was that "these young cities have acted with doubtful wisdom in loading themselves with crushing debts to provide bonuses for forced industries."<sup>52</sup> District Judge O'Leary made clear the link between bonus debt and exploitation when he commented in 1911, "you are the largest hearted people here . . . that there is on the face of God's earth — that is, when the exploiters come along," a sentiment reflected throughout the period with talk of "the schemes of land sharks", being "milked by bonus hunters", or "buncoed" by hucksters, and protecting "the taxpayer from the grafts of the promoters".<sup>53</sup> Accusations of corruption were common and conflicts of interest abounded. Aldermen were only too eager to sell land to the city to provide sites for bonused industries and, in one case, the mayor of Fort William secured a promise from council of a \$50,000 bonus to any iron producer who would buy out the stock of a certain mining company and establish a blast furnace in the city. Everyone knew that the mayor himself held a substantial interest in the mining company.<sup>54</sup> In a similar case, the Michigan-based Meisel Manufacturing Co., producers of agricultural and other heavy equipment, negotiated in 1906 a sizeable bonus from Port Arthur including bond guarantees to 75 percent of plant construction costs and a ten-year fixed assessment. After visiting the company's main plant in Port Huron, the mayor, G.O.P. Clavet, and one alderman became enthusiastic promoters of the project organizing what was, at the time, the most extensive campaign ever, in support of the by-law. Ninety percent of resident voters turned out to endorse the bonus nearly unanimously. Only then was it discovered that both men, along with local M.P. James Conmee, not only secretly held stock in the Meisel company but were on its board of directors.<sup>55</sup> "The ratepayers," announced an astonished

*Daily News* editor, "will pay in taxes for a boom campaign in support of a by-law which assists in setting up in business a firm in which the Mayor is now vice-president."<sup>56</sup> Despite vigorous criticism the mayor and interested councillors continued to debate and vote in favour of concessions to Meisel, accusing their critics of lacking the requisite booster spirit. When it became known that the American parent company's only interest in its "branch" was to secure a \$100,000 payment for the use of patterns, patents and drawings, the whole project fell through but at little cost to the mayor; he was re-elected the next year.<sup>57</sup> Rapid industrialization brought about significant changes in Lakehead society; changes not everyone welcomed. Will bonusing "lower the general standard of the community?" asked one fearful Fort William citizen who predicted that along with industry will come slums, rising crime rates, and epidemics.<sup>58</sup> Present conditions were also blamed on bonusing. Cursing the filthy state of Port Arthur's streets, the *Daily News*, normally a great booster, sarcastically recommended that the town council bonus, on the community's main intersection, a tannery or a soap factory: "It would be so convenient, you know, and so beautifully ugly." The council, it wrote, "has been too aggressive in the interests of companies seeking bonuses and not aggressive enough in its efforts to improve the conditions of living in Port Arthur."<sup>59</sup> Significantly, two years later, the city's new industrial commissioner, without a hint of irony, saw Port Arthur's downtown area as an excellent site for a tannery.<sup>60</sup> Members of the local parks board, concerned over the proposed location of the Russell pulp mill on park land, complained that council too readily gives in to the "impudent demands of promoters who have nothing to offer save their prospects of having some person or persons pay them for the concession they have been cunning enough to wheedle out of the ratepayers who think that prosperity is bound up with the trade of the promoter."<sup>61</sup> Raiding park land for industrial sites, though technically illegal without parks board approval, was a

common practice in Port Arthur, at least until 1913 when the Russell pulp mill by-law was soundly defeated by an irate public.<sup>62</sup> The most substantial opposition to bonusing came from a consistent minority in both communities some of whom felt that the Lakehead's "natural advantages" were more than sufficient by themselves to attract industry and that bonuses were unnecessary,<sup>63</sup> and others who opposed the giving of inducements on a number of principles: 1) that taxpayers should not be subsidizing private enterprise;<sup>64</sup> 2) that bonusing is in fact the exploitation of one class by another, a frequent argument of organized labour locally which called for "No Bonusing of any kind";<sup>65</sup> 3) that bonusing creates an artificial economy which flies in the face of economic realities;<sup>66</sup> and 4) that government concerns for the health of a bonused industry conflict with its responsibility for the well being of its citizens.

The Atikokan Iron Company's blast furnace is a good example of the last point. Having invested in the company to the tune of \$200,000, the town of Port Arthur repeatedly refused to press for payment of the interest owed on that investment for fear of harming the enterprise. In addition, councillors sought no job guarantees from the company saying this would be "most unreasonable and unfair", though they did not hesitate to demand such guarantees from other concerns. Investors, they argued, "should not tolerate a management that would keep unnecessary help on payroll." Clearly the town's leaders preferred the role of employers to that of protectors of jobs and wages.<sup>67</sup>

### **Part III**

The Lakehead, as we've noted, probably gave more in bonuses to manufacturers than any other city in Ontario and possibly Canada. If any single factor can be said to have been responsible for this remarkable proclivity for inducements it has to be the rivalry that existed between Port Arthur and Fort William. Competition between sister cities



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was not unusual. Hamilton and Dundas fought over industry as did Berlin and Waterloo.<sup>68</sup> But no other rivalry can compare in its severity or bitterness to that of Port Arthur and Fort William. The two sister cities, situated side by side on the shores of Thunder Bay, fought over virtually every railway, government building, business and industry that became available. Through their competition, wrote real estate agent R.A. Ruttan, Fort William and Port Arthur "stand each in the light of the other and make themselves the shining mark of the bonus hunter."<sup>69</sup> W.S. Dingman, editor of the *Stratford Herald* and one-time editor of a Port Arthur newspaper, wrote in 1908: "Here two rival young cities are contending for leadership and, spurred by mutual jealousy and the schemes of land-sharks, are being milked by bonus hunters."<sup>70</sup> The ratepayers remember and "regret the consequence of past ventures in competitive industrial exploitation," proclaimed the *Daily News* in 1909 when it was suggested the huge Western Dry Dock and Ship Building Co. sought to play one city off against the

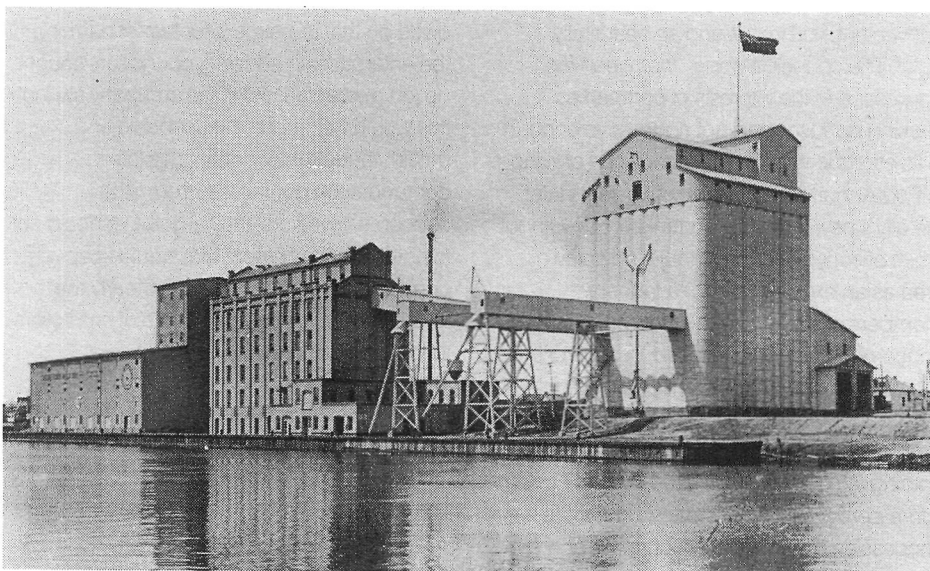
other, but rarely did this deter manufacturers from using the rivalry to gain financial advantage.<sup>71</sup> The Grand Trunk Pacific in 1904, the Atikokan Iron Co. a year later, several rail car manufacturers and the Seaman Kent Co. are only a few of the many concerns that used the rivalry to enhance bonuses.<sup>72</sup> The inter-city competition became a tool used by both local boosters and company promoters in the process of selling a bonus to the ratepayers. "Are you satisfied to permit Port Arthur to become a residential suburb of Fort William?" asked the supporters of the Russell Paper Co. by-law in 1913.<sup>73</sup> The threat that a prospective factory would go to a greedy neighbour was usually sufficient to sway a crucial vote.

At times the competition bordered on the ridiculous. The backers of a cement manufacturing company seeking to establish at the foot of Mount McKay in 1909 were roundly condemned as land speculators and con men hoping to cash in on the land boom created by the growth of the Grand Trunk

Pacific terminal, but were nevertheless supported by Fort William's council for fear the entrepreneurs might go to Port Arthur and turn out to be legitimate.<sup>74</sup> And, in 1905, Port Arthur's business community, it was said, universally approved and urged the removal of the Atikokan blast furnace to the north end of the city for fear some of the benefits from it might accrue to Fort William.<sup>75</sup> Concern "to avoid the pitting of one municipality against another, to the profit of the bonus hunter and the loss of the municipal ity," arose as early as 1893, when the communities were mere villages, and repeated condemnation of the rivalry were heard throughout this period.<sup>76</sup> Amalgamation, "for mutual protection" as R.A. Ruttan put it, was the most common answer to the problem: "The old jealousy might with advantage be put aside," wrote W.S. Dingman in 1906, "for one [town] is really the complement of the other."<sup>77</sup> But mutual fear and suspicion overrode reason. In the early 1890s, Port Arthur sought to annex her neighbour to the south primarily, according to a Fort William source, to steal those industries the Fort had so liberally bonused: "Port Arthur is in desperate straits. She has reached the limit of taxation . . . with bankruptcy staring her in the face she sees no other resource [sic] than to turn robber and steal from her neighbours."<sup>78</sup> Amidst such suspicion, bonusing actually became a weapon in the fight for supremacy between Port Arthur and Fort William.<sup>79</sup>

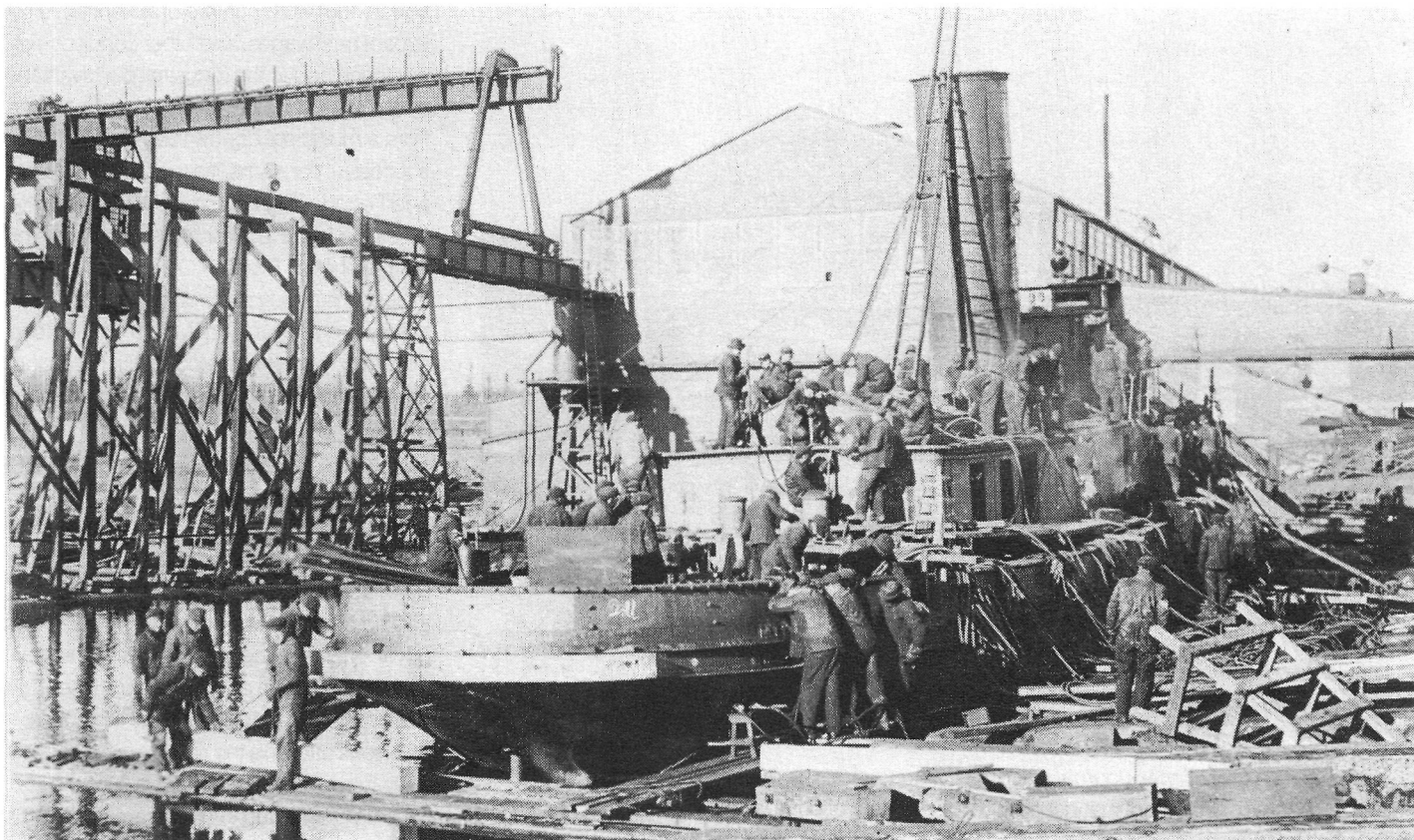
### *Part IV*

Bonusing had a substantial effect on the municipalities on Thunder Bay. In financial terms it was costly. Both towns carried significant debenture debts into the World War I years and beyond. Port Arthur had "extended beyond the wildest hopes of the most sanguine" in the period just prior to the war, but suffered from high taxation when the boom ended.<sup>80</sup> It was "head over ears in debt" due to bonusing according to a 1909 source, and the interest charges on the bonus to the Atikokan Iron Co. alone consumed one out of every twelve dollars raised in taxes by



*The Ogilvie flour mill was one of the first major factories to be bonused at the Lakehead. (Thunder Bay Historical Museum Society, 990.1.705)*

## *The Bonusing of Factories at the Lakehead*



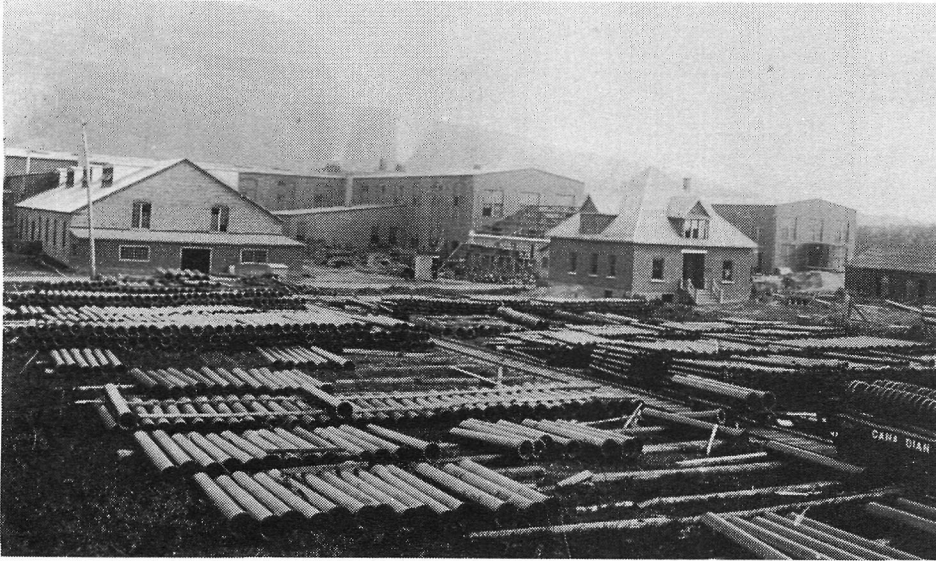
*Shipbuilding was highly labour-intensive. By 1913 the local industry employed over 1,000 men directly and created backward linkages with several small foundries and engineering firms. (Thunder Bay Historical Museum Society, 986.21.63)*

the city in 1911.<sup>81</sup> By 1914 debenture debts, excluding local improvements, had exceeded \$4.1 million in Fort William and \$4.8 million in Port Arthur, a substantial proportion of which was due to industrial bonusing.<sup>82</sup> The people at the Lakehead will soon "soundly curse the bonus hunter and the land shark, the whole race of them," predicted Dingman in 1908, "but cursing will not rid these towns of the load which they hung about their necks in the heyday of their credulous youth nor put them in the healthy condition which would be theirs had a moderate and natural policy been pursued."<sup>83</sup> The social cost of bonusing is harder to access. The evidence suggests that the cities frequently neglected the essentials of cleanliness in favour of bonuses. Conditions of living for factory workers were at

times deplorable, the streets in certain areas were like open cesspools, and, by 1913, smoke so filled the skies from factories located in heavily populated areas that limits had to be placed on smoke emissions.<sup>84</sup> Both cities were squalid yet they flattered themselves as the "Chicago of the North" or the "Geneva of Canada", a point of irony not lost on everyone: perhaps we should "guarantee our own bonds" to clean up our environment, suggested the *Daily News* in 1907.<sup>85</sup> Bonusing also had an impact on the attitudes of the business community. Manufacturers came to expect bonuses as a right. Arguments which pushed bonus by-laws stressed the multitude benefits of industry and the ultimate profitability of bonuses themselves. Industry used such

arguments to avoid paying taxes. The Atikokan Iron Co., as we have seen, repeatedly neglected to pay the interest it owed Port Arthur on the city's investment. The Canadian Pacific Railway spoke for most industries when it stressed that tax demands on its local property would be "unjust", amounting to "evidence of a want of appreciation on the part of the citizens for all the company has done for Fort William" Company improvements, it was argued, "are for the benefit of the town [and] should be exempted from taxation."<sup>86</sup> In 1921, the fifteen-year-old Canada Iron Corporation's foundry, paying only \$700 a year in municipal taxes, argued for a further term of tax exemption solely on the grounds that it had been a good citizen and had paid wages into the

## The Bonusing of Factories at the Lakehead



*The Canadian Iron and Foundry Co. (later part of the Canada Iron Corporation) was bonused in 1906 and in operation by 1907 producing mainly rail car wheels and cast iron pipes for the western Canadian market. (Thunder Bay Historical Museum Society, 977.113.216)*

community.<sup>87</sup> The *Daily Times-Journal* sided with the company, pointing out that none of the Lakehead's manufacturers were paying much tax anyway: "it is all very fine talking about getting full taxes from industries, but from what we can gather it isn't being done, and that is all there is to it." Our industries "would be forced to the wall or to see other fields were they to pay full rates."<sup>88</sup> Despite arguments to the contrary, municipal governments probably never expected much money to flow back into civic coffers from bonused industry.

The high cost of subsidizing industries might not have been so bad had local bonusing been effective. But, by all accounts, it was not. In 1889, 155 southern Ontario communities reported a failure rate of 22.5 percent for companies granted cash bonuses and just over 10 percent for those receiving tax exemptions.<sup>89</sup> At the Lakehead, 62 percent of industries which received cash subsidies folded during the terms of their agreements with the cities and 61 percent of those given tax exemptions similarly failed. Bond

guarantees were especially costly as fully 86 percent of companies receiving such guarantees went out of business in short order. By the 1920s almost the entire, massive manufacturing infrastructure that had been established prior to the war had collapsed, leaving vacant buildings and half-built plants scattered across the landscape like the ruins of a ghost town. Perhaps the *Collingwood Saturday News* was right when in 1910 it criticized the bonusing policies of the Lakehead as "dropping their good money into such a sink, where they will never see it again." The people of Collingwood, the paper added, admire the "courage and enthusiasm" of Lakeheaders, "as we do that of the foolhardy man who stands before the mouth of the cannon."<sup>90</sup> Such a high failure rate was due, in no small part, to the fact that little care was taken to ensure that bonused enterprises could survive at the Lakehead, that a market existed for their products, and that the resources were readily at hand to ensure profitably. Industries on Thunder Bay have a "forced existence," wrote one critic, "their location is yet so remote and almost

solitary that workmen are only kept there by exceptional wages, and other conditions of existence add to the industrial disadvantage which must soon overwhelm the minor gain from a municipal bonus."<sup>91</sup> Every ultimately successful concern like the Canadian Car and Foundry Co. had serious difficulties adjusting to the locational disadvantages of the Lakehead. The Can Car plant managed to stay in production for only five of its first twenty-five years in Fort William and, on one occasion, plans were afoot to dismantle the entire factory and move it to Vladivostok, Russia.<sup>92</sup>

### Conclusion

The economy of the Lakehead has always been dominated by outsiders — national fur trading companies, transcontinental railways, governments in Toronto and Ottawa, and eastern Canadian and American-based manufacturing industries. Most economic decisions affecting the region were made elsewhere. A local editorialist in 1912 was quite right in saying "Fort William [and, by implication, Port Arthur] is one of the few cities on the continent which does not control its own destiny"; it is one, though certainly not the only, exception "to the rule that great cities are made by people living in them."<sup>93</sup> Very few of the cities' manufacturing enterprises were locally owned and almost all inducements were granted to outsiders

In some respect the bonusing of such industries was a means whereby locals could exercise some control over the "foreign" factories in their midst. As time went on, bonusing agreements became more complicated and the municipalities better protected from the self-interested actions of national and international corporations. A \$250,000 bond held by Fort William binding the Canadian Car and Foundry Co. to carry out its agreement with the city, for example, was all that prevented the company dismantling its local plant in 1916 and shipping it to Russia.<sup>94</sup> Ultimately, however, the actions of local boosters and their municipal

councils had only a limited influence over the direction of North-western Ontario's economy or the extent of manufacturing at the Lakehead. Larger factors were at play. Major industries chose Port Arthur or Fort William for a variety of reasons, some because they misread the size and potential of the western market, others because they were part of a network of important and influential industrialists who had substantial interests at the Lakehead, men such as Herbert S. Holt, William Mackenzie, Donald Mann, as well as the Ogilvie and Drummond interests. Most of Fort William's iron and steel industry, for example, can be traced to the same clique of Montreal businessmen who established a hydro-electric power dam on the Kam River. Bonuses were only one factor among many. Inducements may have attracted several manufacturers to the community who might not otherwise have come, but most of these concerns failed within a few years of opening and a number seem to have come only for the bonus. In the long run, what determined the success or failure of any single factory at the Lakehead was the suitability of the region for that specific type of industry — the ready availability of markets, cheap transportation, private capital, labour and raw materials — factors local bonusing policies completely ignored. In this respect, the Lakehead's policy of inducements to manufacturers worked against the region's main strengths as a staple extraction, export and transshipment centre, and thus distorted the local economy. The experience of the Lakehead shows that while it was possible to create a manufacturing economy through bonusing, it was not possible to sustain it when locational factors were unfavourable.

Fort William and Port Arthur are good examples of ambitious cities which made very liberal use of tax dollars to promote manufacturing, succeeded brilliantly for a few years, yet failed miserably in the long run. This failure is not because local boosters were less adept than others at playing the bonus game, but rather because the economic and geographic forces at play in Northwestern

Ontario were far from kind to secondary manufacturing. In a moment of lucidity, the *Daily News*, in 1910, understood this reality: the "natural laws of location, supply of raw materials and transportation facilities," it stated, must "be obeyed" in the long run.<sup>95</sup>

### Notes

<sup>1</sup> *Fort William, The Gateway to the Gold Fields to the Wheat Fields* (Fort William board of trade, 1898), 44.

<sup>2</sup> See, for example, J.J. Carrick's real estate brochures *The Heart of Fort William, Victoria Park* (c. 1910), n.p. and *The Portal to the West, Mariday Park* (1910), n.p. See also *Port Arthur Illustrated* (supplement to the *Manitoba Colonist*, Winnipeg, 1889), n.p. and the annual reports of the Fort William and Port Arthur boards of trade, all on deposit at the Thunder Bay Historical Museum Society (hereafter TBHMS).

<sup>3</sup> Both towns probably had less than 3,000 people in 1898; F. Brent Scollie, "The Population of Thunder Bay, 1884-1901," *Thunder Bay Historical Museum Society Papers and Records*, VII (1979), 21-29.

<sup>4</sup> The combined population of Fort William and Port Arthur in 1901 was 6,847 and by 1911, 17,719; *Ibid.*

<sup>5</sup> See Elizabeth Bloomfield, "Bonusing and Boosterism," *Planning History Bulletin*, 7 No. 2 (1985), 23-29. I am indebted to Dr Bloomfield for providing me with a copy of this article.

<sup>6</sup> See G.A. Stelter and A.F.J. Artibise, eds., *The Canadian City. Essays in Urban History* (Toronto, 1977), 51-53. It should be noted that the larger debate is really one of emphasis. Alan Artibise stated in 1980 that "both sides now recognize the validity of the two approaches"; Bruce M. Stave, "Interview: Urban History in Canada: A Conversation with Alan F.J. Artibise," *Urban History Review*, #3 (1980), 120.

<sup>7</sup> E.J. Noble, "Entrepreneurship and Nineteenth-century Urban Growth: A Case Study of Orillia, Ontario, 1867-1898," *Urban History Review*, IX (1980), 65, et passim.

<sup>8</sup> Dean Beeby, "Industrial Strategy and Manufacturing Growth in Toronto, 1880-1910," *Ontario History*, LXXVI (1984), 199-232.

<sup>9</sup> Elizabeth Bloomfield, "Building the City on a Foundation of Factories. The 'Industrial Policy' in Berlin, Ontario, 1870-1914," *Ontario History*, LXXV (1983), 207-43; *Idem.*, "Bonusing and Boosterism", 23-29; *Idem.*, *Urban Industrial Growth Processes in Southern Ontario, 1870-1930* (Winnipeg, 1986), 10-11; *Idem.*, "Building Industrial Communities: Berlin and Waterloo to 1915", in David F. Walker, ed., *Manufacturing in Kitchener-Waterloo: A Long-Term Perspective* (Waterloo, 1987), 22-28.

<sup>10</sup> Examining of the industrialization of several Maritime cities between 1880 and 1910, T.W. Acheson attributes growth to "human and historical rather than geographic" factors and stresses "the existence in each of a groups of entrepreneurs possessing the enterprise and the capital resources necessary to initiate the new industries"; "The National Policy and the Industrialization of the Maritimes, 1880-1910", in Stelter and Artibise, eds., *Canadian City*, 94. See also L.R. Fisher and F.W. Sager, eds., *Enterprising Canadians. Entrepreneurship and Economic Development in Eastern Canada, 1829-1914* (St. John's, 1979).

<sup>11</sup> John C. Weaver, *Hamilton: An Illustrated History* (Toronto, 1982), pp. 82, 89. See also L.D. McCann, "Urban Growth in a Staple Economy. The Emergence of Vancouver as a REgional Metropolis, 1886-1914", in L.J. Evenden, ed., *Vancouver Western Metropolis* (Victoria, 1978), pp. 17-41. Paul-Andre Linteau, while recognizing the importance of bonusing, stresses the impersonal forces of markets, labour and location as the "primary" factors in determining the location of industry in *Maisonneuve; The Promoters' City: Building the Industrial Town of Maisonneuve 1883-1918* (Toronto, 1981, trans. 1985), 77.

<sup>12</sup> R.T. Naylor, *The History of Canadian Business 1867-1914* vol. 2 (Toronto, 1975), 104, 155-66.

<sup>13</sup> We are concerned here *only* with bonuses given to manufacturers. The Lakehead was very generous to railways and elevator companies granting substantial subsidies to all three transcontinental railways, including \$362,000 worth of cash bonuses to the Grand Trunk Pacific between 1908 and 1910, and considerable sums to local lines.

<sup>14</sup> Bloomfield, "Bonusing and Boosterism".

<sup>15</sup> *Ibid.*; TBHMS, A 47/1/8, Blake McNaughton collection, reports . . . of debenture debts; CTB, Fort William and Port Arthur by-laws. For the purposes of comparison, I am assuming that Bloomfield's definition of a "cash bonus" does not include loans or bond/loan guarantees.

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- <sup>16</sup> City of Thunder Bay Record Centre and Archives (hereafter CTB), Fort William and Port Arthur by-laws, 1885-1914; TBHMS, A 47/1/8, Blake-McNaughten collection, reports to the minister of agriculture of debenture debts of the municipality of Fort William, 1907-1911. These totals include only bonuses that were actually paid to companies and for which debentures were issued. A number of bonus by-laws were passed in both towns, but for a variety of reasons, never paid.
- <sup>17</sup> Linteau, *Maisonneuve*, 74-5.
- <sup>18</sup> Diana J. Middleton and David F. Walker, "Manufacturers and Industrial Development Policy in Hamilton, 1890-1910", *Urban History Review*, 8 (1980), 39-2, 41-6.
- <sup>19</sup> CTB, Fort William by-laws 1046, 9 Jan. 1912, and 1516, 7 July 1914.
- <sup>20</sup> A number of early by-laws are missing, particularly for Fort William. These figures, therefore, represent minimums.
- <sup>21</sup> Elizabeth Bloomfield, "Municipal Bonusing of Industry: The Legislative Framework in Ontario to 1930", *Urban History Review*, IX (1981), 61.
- <sup>22</sup> CTB, Fort William by-law 1369, 5 Dec. 1913; Port Arthur by-law T778, 27 Mar. 1905.
- <sup>23</sup> For the legislation governing bonusing in Ontario see Bloomfield, "Municipal Bonusing of Industry", 59-75.
- <sup>24</sup> Bloomfield, "Bonusing and Boosterism", notes that in southern Ontario, after 1910, bonuses provided only token support. See also Idem., "Building Industrial Communities," 27.
- <sup>25</sup> This is based on a sample of twenty cases between 1905 and 1913, ten from each community, where both the cost estimates of plant construction and the size of bonuses given or promised are known.
- <sup>26</sup> TBHMS, A 47/6/5, Blake-McNaughten collection, Fort William Car Co. file, draft by-law, 1 Dec. 1907. The Fort William Car Co., created by Samuel Carsley, H.H. Sisson, R.W. Morrison, S.H. Ewing and Redpath and Co. all of Montreal, never got off the ground and no bonus was ever actually paid. Fort William, in this case, was willing to pay a bonus totalling \$650,000.
- <sup>27</sup> *Daily News*, 29 May 1906.
- <sup>28</sup> TBHMS, E 1/1/1, Port Arthur board of trade minute book, pp. 89-90, 95-6; Walpole Roland, *Algoma West* (Toronto, 1887) pp. 62-3; *Weekly Sentinel*, 12 Apr. 1889; Fort William board of trade *Annual Report* (1893), pp. 8-9; TBHMS, A 47/6/1-4, Blake-McNaughten collection Fort William city clerk's correspondence files.
- <sup>29</sup> TBHMS, A 47/6/4, Blake-McNaughten collection, J.T. Horne to Fort William council, J. McKellar and William Bell to Fort William council, 23-24 Dec. 1892.
- <sup>30</sup> *Ibid.*, D.F. Burk to Fort William council, 14 Feb. 1894; Burk to Captain Thomas Hooper, 16 Feb. 1894; Burk to Port Arthur council, 16 Feb. 1894; *Weekly Sentinel*, 4 Jan. 1889; *Weekly Herald*, 23 Feb. 1894; *Thunder Bay Sentinel*, 16, 23 Feb., 23, 30 Mar, 6 Apr. 1894. Burk was a major proponent of bonusing. At his insistence Port Arthur's board of trade proposed the town offer \$210,000 in cash grants in 1893 to five different concerns despite the general depression in the town at the time; TBHMS, E 1/1/1, Port Arthur board of trade minute book, p. 142.
- <sup>31</sup> TBHMS, A 47/6/2, Blake-McNaughten collection, King to Fort William council, 18, 30 June 1894; 18 Mar. 1895; James Commee to John McKellar 28 Mar. 1895.
- <sup>32</sup> TBHMS, A 47/6/1, Blake-McNaughten collection, correspondence 31 Jan. 1896 to 6 Apr. 1897. Naylor incorrectly states that this bonus plus two others worth \$75,000 were actually paid; *History of Canadian Business*, 131, 119.
- <sup>33</sup> *Daily Times-Journal*, July 1902 in TBHMS, Industry research files, Copp Stove Works.
- <sup>34</sup> *Daily Times-Journal*, 2 Jan. 1900.
- <sup>35</sup> *Daily News*, 20 Oct. 1908; 14 Nov. 1911; *Daily Times-Journal*, 23 July 1902; TBHMS, E 1/1/1, Port Arthur board of trade minute book, 96, 142, 345, 404, 412, 465, facing 466.
- <sup>36</sup> *Daily Times-Journal*, 22 July 1902.
- <sup>37</sup> *Daily News*, 18 Sept. 1906.
- <sup>38</sup> *Ibid.*, 13 Nov. 1906.
- <sup>39</sup> *Ibid.*, 17-18 Nov. 1911. Port Arthur's council also prepared and endorsed a bonus by-law for the Port Arthur Waggon Works in 1909 before the owners of the company were even known to council; *Ibid.*, 4 Aug. 1909.
- <sup>40</sup> *Ibid.*, 5 Sept 1908; 30 Mar. 1907; 4 Aug. 1909; 3 Jan. 1913; TBHMS, E 1/1/2, Port Arthur board of trade minute book, 95.
- <sup>41</sup> *Daily News*, 30 Mar. 1907.
- <sup>42</sup> Census of Canada, 1911, vol. III, table 11; Census of Canada, 1921, vol. IV, tables 3 and 5; vol. 1, table 10.
- <sup>43</sup> CTB, Fort William and Port Arthur by-laws; TBHMS, A 47/8/7, Blake-McNaughten collection, Alexander McNaughten on municipal elections, 1933. The pulp and paper mills which are today the mainstay of Thunder Bay's manufacturing economy were established after the period under consideration and without substantial bonuses.
- <sup>44</sup> *Daily Times-Journal*, 21 July 1902.
- <sup>45</sup> *Daily News*, 20 Jan. 1910; Fort William board of trade *Annual Report* (1903), 9.
- <sup>46</sup> *Daily Times Journal*, 19 July 1902.
- <sup>47</sup> *Ibid.*, 14 Dec. 1912. See also *Daily News*, 14 May 1912.
- <sup>48</sup> *Daily News*, 9 Dec. 1909; *Weekly Times Journal*, 15 Oct. 1904; TBHMS, A 47/8/11, Blake-McNaughten collection, "Blast Furance, 1905"; *Daily News*, 21 May 1912. See also Lakehead University Library Archives, 228 (n), D.F. Burk papers.
- <sup>49</sup> See, for example, *Daily News*, 6, 8 Nov. 1906; *Daily News*, 12 July, 7 Aug., 9-10 Dec. 1909; 14 May 1912; *Weekly Times-Journal*, 10 Jan. 1903; *Daily Times-Journal*, 14 Dec. 1912; TBHMS, A 47/8/11, Blake-McNaughten collection, "Blast Furnace, 1905".
- <sup>50</sup> TBHMS, A 1/2/1, Clifford Brown collection, *Port Arthur Herald*, 27 Apr. 1889.
- <sup>51</sup> *Daily Times-Journal*, 10, 17 Mar. 1905.
- <sup>52</sup> *Daily News*, 27 Aug. 1908.
- <sup>53</sup> TBHMS, 197.88.10, *Fort William/Port Arthur By Men of the Twin Cities*, speeches given at a banquet honouring L.L. Peltier on his retirement as Mayor of Fort William, 11 Jan. 1911, 17. *Daily News*, 27 Aug. 1908; 19 June 1906; 9 Dec. 1090; *Weekly Times-Journal*, 15 Aug. 1903; *Daily Times-Journal*, 10 Mar. 1905; TBHMS, E 1/1/1, Port Arthur board of trade minute book, 140-2.
- <sup>54</sup> *Daily News*, 18 Sept. 1906; *Daily Times-Journal*, 14 July, 18 Sept. 1899.

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- <sup>55</sup> Both Conmee and Clavet had previously altruistically announced that their support for the by-law was in the interests of the town's labourers; *Daily News*, 6 Nov. 1906.
- <sup>56</sup> *Daily News*, 17 Nov. 1906.
- <sup>57</sup> CTB, Port Arthur by-law T874, 9 Nov. 1906; *Daily News*, 13 Sept. 1906 to 8 July 1907.
- <sup>58</sup> *Daily Times-Journal*, 21 Dec. 1912. For the deplorable living conditions of many of those who worked in the Lakehead's manufacturing industries see TBHMS, Bryce Stewart, *Report of a Preliminary and General Social Survey of Fort William* (Dept. of Temperance and Moral Reform of the Methodist Church and the Board of Social Service and Evangelism of the Presbyterian Church, 1913). Stewart also produced a report for Port Arthur.
- <sup>59</sup> *Daily News*, 27, 30 Mar., 17 June 1907.
- <sup>60</sup> *Ibid.*, 24 Nov. 1909.
- <sup>61</sup> *Ibid.*, 4 Jan. 1913.
- <sup>62</sup> *Daily News*, 4, 7 Jan. 1913. The by-law was defeated by a vote of 553 to 348, this despite a most vigorous promotional campaign in its support; *Ibid.*, 3-4 Jan. 1913.
- <sup>63</sup> See, for example, *Weekly Times-Journal*, 15, 22 Oct. 1904; *Daily Times-Journal*, 2 Jan. 1900; *Daily News*, 29 May 1906; 20 Jan. 1910.
- <sup>64</sup> See, for example, Judge Fitzgerald's criticism of the Atikokan bonus; *Daily Times-Journal*, 10 Mar. 1905.
- <sup>65</sup> *Ibid.*, 12 Dec. 1907 as quoted in Jean F. Morrison, "Community and Conflict", unpublished M.A. thesis, Lakehead University, 1974, 88. See also *Daily News*, 13 Jan. 1910; *Daily Times-Journal*, 4 Jan. 1913; and Naylor, *History of Canadian Business*, 152.
- <sup>66</sup> In 1906 Port Arthur's town council, for example, forged ahead with a bonus to the Burleigh and Hedges Tube Works despite expert opinion that such a plant "would be idle so much of the time as to render the whole investment the act of a madman," and over the strenuous objections of the town's engineer who was promptly fired. The proposal turned out to be a classic case of bonus hunting; *Daily News*, 6, 8 Mar. 1906.
- <sup>67</sup> TBHMS, A 47/8/11, Blake-McNaughten collection, "Blast Furnace, 1905"; *Daily News*, 4 Aug. 1909; 28 Mar. 1911. By the end of 1910 the unpaid interest amounted to over \$53,000.
- <sup>68</sup> Naylor, *History of Canadian Business*, 147-48.
- <sup>69</sup> *Daily News*, 19 June 1906. See also TBHMS, 972.88.10, *Fort William/Port Arthur By Men . . .*, 15.
- <sup>70</sup> *Daily News*, 27 Aug. 1908.
- <sup>71</sup> *Ibid.*, 10 July 1909.
- <sup>72</sup> See *Weekly Times-Journal*, 13 May 1905; *Daily Times-Journal*, 25 Jan., 18 Feb. 1905; TBHMS, A 47/8/11, Blake-McNaughten collection, "Blast Furnace, 1905"; *Daily News*, 10 July 1909; *Weekly Sentinel*, 1 Feb., 10, 17 May, 1889.
- <sup>73</sup> *Daily News*, 13 Jan. 1913.
- <sup>74</sup> *Ibid.*, 18 Oct. 1909.
- <sup>75</sup> *Port Arthur Chronicle*, 8, 11 Apr. 1905; *Weekly Times-Journal*, 15 Apr. 1905. See also TBHMS, E 1/1/2, Port Arthur board of trade minute book, 89.
- <sup>76</sup> TBHMS, E 1/1/1, Port Arthur board of trade minute book, 136, 140-1.
- <sup>77</sup> *Daily News*, 19 June, 1 Dec., 1906. See also *Ibid.*, 20 June 1906, 18 Nov. 1909; *Daily Times-Journal*, 18 Apr. 1916; TBHMS, 972.88.10, *Fort William/Port Arthur By Men . . .*, 15.
- <sup>78</sup> TBHMS, A 48/8/5, Carson Piper collection, [Cummings?], *Fort William Calls a Halt to Port Arthur's Audacious Claims on Her Territory* (c. 1892), 5.
- <sup>79</sup> For an analysis of the rivalry in this period see Elizabeth Arthur, "Intur-urban Rivalry in Port Arthur and Fort William, 1870-1907," in A.W. Rasporich, ed., *Western Canada Past and Present* (Calgary: McClelland and Stewart, 1975) 58-68.
- <sup>80</sup> Helen E. Carthy, "Port Arthur, Ontario; It's Industrial Development," *Thunder Bay Historical Society Papers of 1924-26*, 46.
- <sup>81</sup> *Daily News*, 1 Oct. 1909; 28 Mar. 1911.
- <sup>82</sup> CTB, Fort William and Port Arthur By-laws.
- <sup>83</sup> *Daily News*, 27 Aug. 1908.
- <sup>84</sup> CTB, Port Arthur by-law 1111, 15 Dec. 1913. For living conditions see above, not 46, and Bryce Stewart, "The housing of our immigrant workers," *Papers and Proceedings*, Canadian Political Science Association, I (1913), 98-111, reprinted in Paul Rutherford, ed., *Saving the Canadian City: The First Phase, 1880-1920* (Toronto, 1974), 142-47; *Fort William Herald*, 10 June 1907; *Daily Times-Journal*, 3 Aug. 1909; *Weekly Times-Journal*, 29 July 1905; *Daily News*, 27, 30 Mar.; 17 June, 28 Aug. 1907; 27 Aug. 1908.
- <sup>85</sup> *Daily News*, 27 Mar. 1907.
- <sup>86</sup> *Weekly Times-Journal*, 29 Apr. 1905.
- <sup>87</sup> *Daily Times-Journal*, 15 Mar.; 8 July 1921.
- <sup>88</sup> *Ibid.*, 18 July 1921. Brantford provides perhaps the best example of how the granting of bonuses encouraged manufacturers to seek concessions as a "right"; Naylor, *History of Canadian Business*, 149.
- <sup>89</sup> Bloomfield, "Bonusing and Boosterism".
- <sup>90</sup> As reprinted in *Daily News*, 30 Aug. 1910.
- <sup>91</sup> *Ibid.*, 27 Aug. 1908. See also *Ibid.*, 20 Jan. 1910.
- <sup>92</sup> See *Daily Times-Journal*, 13-24 Apr.; 10 May, 21-25 Aug., 1916; TBHMS, industry research files, Can Car; TBHMS, E/1/6/1, Fort William board of trade minute book, fol. 137.
- <sup>93</sup> *Daily Times-Journal*, 14 Dec. 1912.
- <sup>94</sup> *Ibid.*, 21, 22, 25 Aug. 1916.
- <sup>95</sup> *Daily News*, 20 Jan. 1910.