

# From Coal to Forest Products: The Changing resource Base of Nanaimo, B.C.

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FROM COAL TO FOREST PRODUCTS:  
THE CHANGING RESOURCE BASE  
OF NANAIMO, B.C.

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*Norman Gidney*

Many Canadian cities which are now flourishing urban centres had their origins as single-industry communities. British Columbia had many such communities, at all stages of its history; Cariboo and Kootenay mining towns, the logging camps of the Pacific Coast, the sawmill and pulp mill towns of Vancouver Island and the southwest mainland, the salmon canneries and fishing villages dotted along the coast and major rivers.

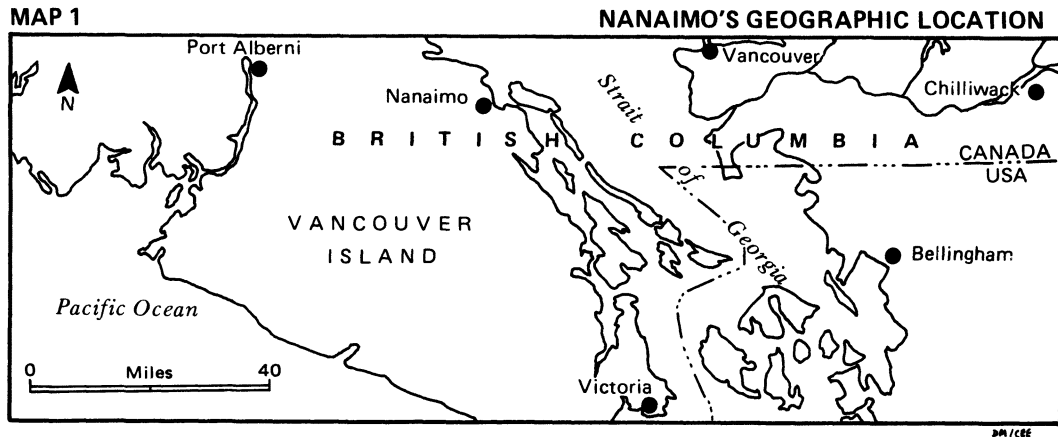
In these communities the soaring shafts of the mills, plants and factories dwarfed into insignificance the men who lived in the neat but identical houses. One by one, the days of the employees passed with a dreadful monotony and with unbroken regularity.... Nothing could compensate for the isolation of the town, or the wearisome sameness of the daily work, or the lack of intellectual stimulus.<sup>1</sup>

Most of these towns had a short lifespan. When the ore body was exhausted, when all the accessible timber had been cut, when the salmon were fished out--the single reason for their existence disappeared. They quickly closed down and miners, loggers, and fishermen moved on to better prospects.

Nanaimo, British Columbia, was for more than seventy years a single-enterprise resource town based on the exploitation of the coal seams which underlay the city and surrounding region. Unlike many resource towns, however, Nanaimo did not disappear when the coal inevitably ran out. It went through a painful and difficult transition period as its resource base withered during the 1920s and 1930s. It suffered more from the effects of the Great Depression than many Canadian towns and stagnated for nearly three decades. Eventually, however, it made the transition from an economy almost wholly based on a non-renewable resource to one that

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<sup>1</sup>Margaret Ormsby, British Columbia: A History (Toronto, 1971), p. 410.



today rests on another primary resource, but one which is renewable-- forest products. How the transformation was achieved, its effects upon the physical development of Nanaimo, and why the small coal-mining town did not go the way of most other single-enterprise communities are the questions to be examined here.

#### Coal as the Resource Base

The Hudson's Bay Company was the first to exploit the coal at Nanaimo, which was brought to the attention of company men at Fort Victoria by local Indians in the late 1840s. Beginning in the 1850s, the deposits were worked on a small scale by Indian labourers and English miners brought out by the HBC. In 1862, mines and related buildings and wharves plus 6,193 acres of land north, south and west of Nanaimo were sold to a British syndicate for \$40,000. The Vancouver Coal Mining and Land Company enjoyed a monopoly on the coal reserves until 1873, when former HBC employee Robert Dunsmuir opened mines at Wellington, three miles north-west of Nanaimo and outside the Vancouver Coal Company's lands, with capital put up by several Royal Navy officers stationed at Esquimalt, near Victoria. In 1883, Dunsmuir's operations were so successful he was able to buy out his partners for \$600,000. Through various reorganizations and financings that brought in San Francisco, British or eastern Canadian interests, these were the two main coal operators in the Nanaimo fields

until 1928, when Canadian Collieries (Dunsmuir) Ltd., the descendant of Robert Dunsmuir's company (the family had sold its interests some twenty years earlier), bought out the American-dominated Western Fuel Company, the other principal coal company and the lineal heir to the Vancouver Coal Mining and Land Company.<sup>2</sup>

By 1874, Nanaimo was the chief coal-producing region on the Pacific coast and the town grew rapidly as the coal was exploited on an ever-increasing scale. The next two decades were Nanaimo's boom years and the rate of growth between 1880 and 1900 was never equalled again. In 1881 the population of the city (incorporated only seven years before with about one square mile of territory) and surrounding area was 2,645. A decade later it was 7,595. In the same period coal production nearly quadrupled to just under a million tons a year, and the number of men employed in the mines went from 819 to 2,609 (see Table I). There was a slower rate of growth in the 1890s, until by 1901 the population was just over 10,000 and coal production topped a million tons a year. After 1900 population levels remained fairly constant for the next forty years. Employment in the mines and coal production both rose, however, and together peaked in the early 1920s. An abrupt decline then began that lasted for the rest of the decade and well into the 1930s. Coal was mined in the area until the 1960s by two- and three-man operations, but the coal mining era effectively ended in 1953 with the closure by Canadian Collieries of its last big mine.<sup>3</sup>

Table I shows the dominance of coal in Nanaimo's early years; the very high proportion of the population employed in the mines is explained by Nanaimo's very high male/female population ratios, as well as by the coal companies' position as the town's sole employer of significance. The mines attracted hundreds of young, single males; a large number were Chinese who by custom and prejudice were prevented from bringing wives out from China. At the 1871 census, the ratio was 1,858

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<sup>2</sup>Patricia M. Johnson, Nanaimo: A Short History (Toronto, 1971), p. 410.

<sup>3</sup>See Annual Reports, British Columbia Minister of Mines; and the B.C. Directory.

TABLE I  
Population Growth and Mining Employment  
in Nanaimo, 1874-1961

Year	Population	Mining Employment	% of population employed in mining
1874	1,000	429	42.9 %
1881	2,645	819	31.0 %
1891	7,595	2,609	34.4 %
1901	10,130	2,104	20.8 %
1911	11,254	2,828	25.1 %
1921	13,266	3,345	25.2 %
1931	11,245	1,516	13.5 %
1941	12,635	783	6.2 %
1951	17,196	196	1.1 %
1961	26,135	13	.05%

males per 1,000 females. In 1881 it had declined to 1,777 but the ratio increased again in 1891 to 1,837. This skewed ratio continued into the twentieth century and was not finally balanced until after the Second World War.

The decade-by-decade employment statistics belie the fact that mining was not a secure occupation for much of the work force. There were frequent and rapid fluctuations in the size of the work force from year to year and sometimes even from month to month. Even in the years of over-all growth and expansion, miners were partly employed or unemployed for months at a time. The companies were dependent entirely on outside sales, mostly to Vancouver and California, and with the onset of the twentieth century they faced increasing competition from other coal fields and from fuel oil.

Though the companies did try to cushion the impact--the Vancouver Coal Company, for example, had a policy of encouraging its employees to settle on five acre farms, leased with an option to purchase, on the

western portion of its lands--conditions made for a sometimes unstable community, subject to periodic upheavals and sudden patches of depression, alternating with periods of prosperity.<sup>4</sup> By the First World War, competition from oil (especially the switch by shipping to bunker fuel) and other coal sources had become a serious threat to the Nanaimo mines. The bitter miners' strike of 1912-13 also had a lasting effect; the mines were shut for months and only reopened with the assistance and continued presence--for nearly a year--of the militia. Vancouver financial circles said the strike "kept the industry tied up while Colorado and Utah coal established itself firmly in the United States Pacific Coast markets."<sup>5</sup>

After 1928, Canadian Collieries was the single major company mining coal at Nanaimo, and some blamed its stodgy, old-fashioned management, its refusal to change and adopt new methods of promotion for the sluggish markets. The company's manager was criticized in a series of newspaper articles because he "has not pursued the market with the energy that is a necessity in modern industry, if one expects to succeed."<sup>6</sup> In its defence, the company replied that the city of Vancouver's smoke nuisance campaign against soft coal and government regulations requiring oil to be burned on the railways were severe handicaps. Ironically, it was the construction of the Canadian Pacific Railway, originally one of the best customers for Nanaimo coal, that in time also ate into its markets. The railway made possible the marketing of Crow's Nest coal, the CPR's own coal, in the Vancouver area. By the Second World War, more than half of Vancouver's coal came via this route.<sup>7</sup>

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<sup>4</sup>Johnson, Nanaimo, pp. 54-55; M.A. Matheson "Some Effects of Coal Mining Upon the Development of Nanaimo," M.A. Thesis (University of British Columbia, 1950), pp. 89, 96.

<sup>5</sup>The Financial Times, 8 May 1936, reprinted in Vancouver Sun, 11 May 1936.

<sup>6</sup>R.D. Bouchette, "Island Coal Baron Defends Policy," Vancouver Sun, 30 March 1930.

<sup>7</sup>Vancouver Province, 21 April 1934; ibid., 3 January 1948.



Photograph #1: *View of Nanaimo in the early 1880s. The landmark bastion is visible in the center of the picture; in the foreground is Commercial Street, still Nanaimo's main business thoroughfare. The shallow inlet at the right was eventually filled in with mine wastes. Across the harbour lies Newcastle Island, once the site of several coal shafts. It is now a provincial park. (Provincial Archives of B.C. photograph).*

Well before October, 1929 Nanaimo knew that the economy was in a severe state of depression. The bad news had begun locally several years earlier. Nanaimo coal hit an all-time peak of production in 1923, and the decline that followed was precipitous. Employment in the six years following dropped off more than forty percent and coal production declined more than sixty percent. In 1920 there had been more than 3,000 men at work; a decade later less than half still had jobs.<sup>8</sup>

Nanaimo in 1930 was compared to a "healthy man being slowly strangled."<sup>9</sup> Conditions grew worse as the depression deepened. By 1932 a total of 666 persons were on relief. A year later that figure had increased nearly 50 percent and by the spring of 1934 more than 1,200 men, women and children were on municipal relief.<sup>10</sup> That year only 500 men worked the two active mines in the district. "Add to these statements the fact that the men are laid off entirely one week in six, and it is quite obvious that those working are faring even worse than those on relief."<sup>11</sup> Wages in the mines were cut and cut again; not until the early 1940s did they again attain pre-1930 levels.<sup>12</sup>

The region just managed to scrape through. Its reactions to the crisis were schizophrenic. Naturally, there were attempts to make the most optimistic interpretation of events, but in print few realistic assessments of Nanaimo's crisis appeared. Short pieces appeared with news that unemployment was high and coal was not selling, but more newspaper space was devoted to "booster" pieces filled with optimism about the city's future prospects for tourism, a possible steel mill, furniture factory, even opening gold mines nearby.

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<sup>8</sup>Annual Reports, B.C. Minister of Mines, 1921 and 1931. See also Matheson, "Nanaimo," p. 91.

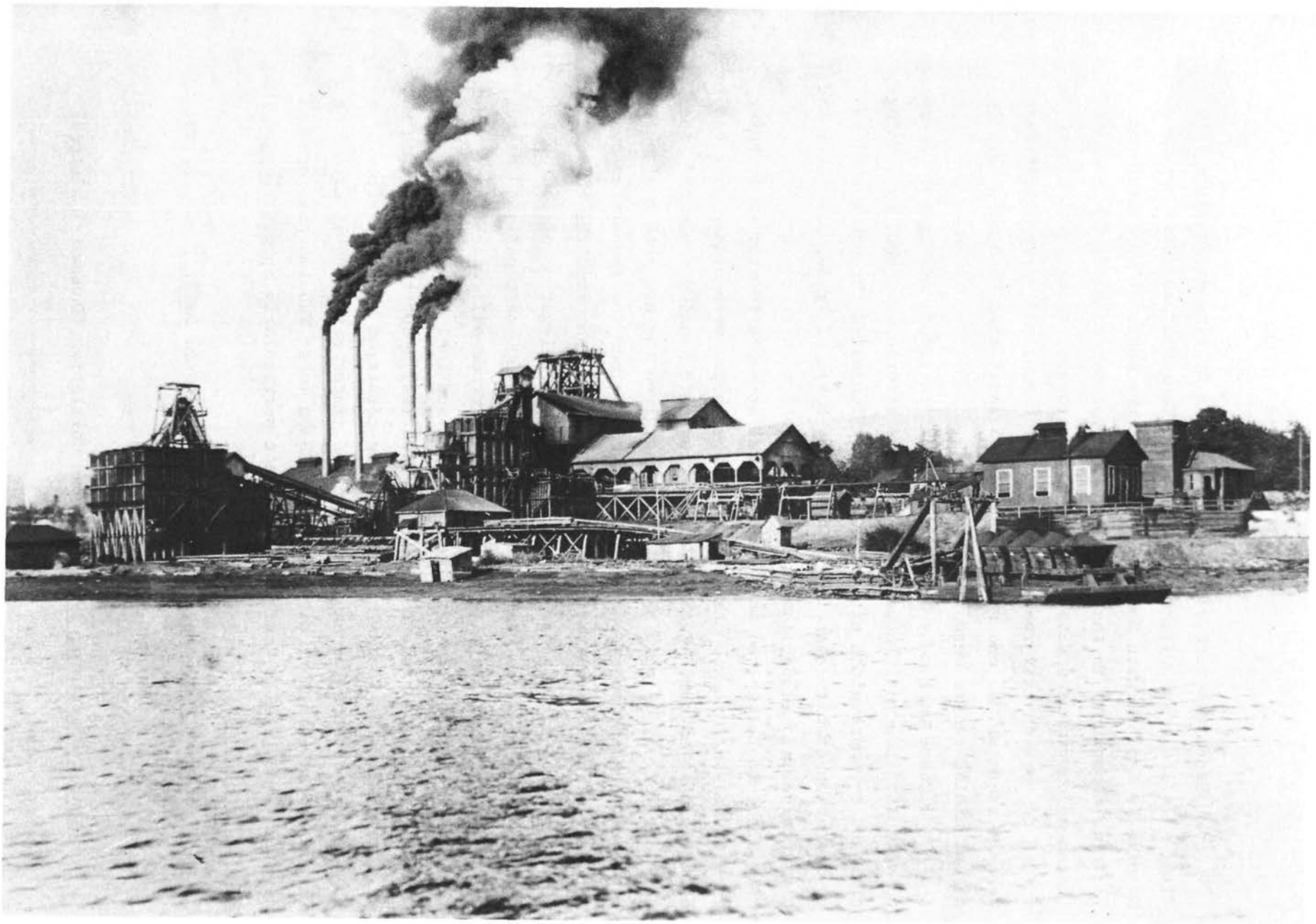
<sup>9</sup>Vancouver Sun, 29 March 1930.

<sup>10</sup>Victoria Daily Colonist, 26 September 1933; Vancouver Province, 21 April 1934.

<sup>11</sup>Ibid.

<sup>12</sup>Interview by author with Nanaimo city clerk Howard Nicholson, 11 August 1977.





*Photograph #2: No. 1 Mine on the waterfront within Nanaimo city limits was the longest producing coal mine in the region, active from 1883 to 1938. The complex of buildings consisted of the power plant, washery, and loading wharves. No trace of the mine remains today. (Provincial Archives of B.C. photograph).*

Headlines such as "A New Nanaimo Is Arising As Tourists Throng City," "Island's Hub Offers Attraction for Tourists" and "History of Nanaimo Is Replete with Romance"<sup>13</sup> crowded the pages of Vancouver and Victoria newspapers in the depths of the Depression, alongside news of the unemployed miners defaulting on their property taxes, coal miners forced to work on city roads to save their homes, and various relief and welfare schemes. No one seemed willing to admit that Nanaimo's days as a coal mining centre were running out.

There were many attempts by local residents during the Depression to stimulate the coal industry. Strenuous efforts were made by leading citizens to improve the situation, usually funnelled through the close co-operation of city council and the local Board of Trade. Business and civic leaders concluded that the town's problems were too big for the city alone to tackle, so they made several attempts to stir up interest in Victoria and Ottawa. At an early stage, hopes were pinned on technology as the mines' savior. Canadian Collieries said Nanaimo could meet the challenge of oil if only a fair trial was given the new method of pulverized coal heating and power generation. It was claimed the new system could reduce the cost of generating electricity 75 percent from the conventional method of coal-fired generation.<sup>14</sup> In 1931, a delegation of Vancouver Island boards of trade went to Ottawa with a 7,500-name petition asking for a tax of two cents a gallon on imported crude oil, which then came into the country duty-free. (Imported gasoline and fuel oil were taxed 2 1/2 cents a gallon, to protect domestic refineries). But the delegation was unsuccessful. The federal administration countered with the offer of a 25 cent a ton bounty on any coal exported (later raised to \$1 a ton), but in the depressed export markets of the 1930s (most Nanaimo coal now was marketed domestically) the bounty was not particularly helpful.<sup>15</sup> In the

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<sup>13</sup> Vancouver Province, 15 June 1930; Victoria Daily Times, 21 May 1932; ibid., 10 December 1933.

<sup>14</sup> Vancouver Sun, 1 April 1930.

<sup>15</sup> Annual Report for 1937, Canadian Collieries (Dunsmuir) Limited.

summer of 1934, the city and local Board of Trade co-operated to form a Bureau of Mines in an attempt to restore the coal trade and to develop other mineral properties. The mining engineer who was the principal promoter and organizer of the bureau said the solution lay in promotion and advertising. It was "his idea to give the Island publicity through mining and industrial magazines...."<sup>16</sup> Publicity was also the city's guiding motive in the spring of 1936 when it voted the sum of \$120 to partially subsidize an Upper Island tourist bureau in Nanaimo that summer, a suggestion of Courtenay and Comox tourist operators farther north to direct traffic to places up-Island before it headed south to the attractions of Victoria.<sup>17</sup>

There is no evidence that any of these promotions were very successful. Coal production continued to decline. Population figures indicate that a steady outward migration began in the mid-1920s and did not end until some 15 years later. The population of the city of Nanaimo remained stable at 6,000-6,500, but the best estimates of the population of the surrounding coal-mining region in unorganized territory indicate that between 2,000 and 4,000 persons had left the area by the end of the 1930s. Even with a huge wartime influx the population recorded in the 1941 census was still below that of twenty years before.<sup>18</sup> The strain on the limited resources of the small municipality thus was eased by hundreds of families simply moving away. Conditions were also alleviated by an inward movement of migrants who had some capital. A 1936 report claimed

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<sup>16</sup> Nanaimo Free Press, 20 August 1934.

<sup>17</sup> Ibid., 11 April 1936

<sup>18</sup> Nanaimo and Area Population, 1921-1941

	<u>1921</u>	<u>1931</u>	<u>1941</u>
City of Nanaimo	6,304	6,745	6,635
Metropolitan Area (estimate)	6,962	4,500	6,000
Total	13,266	11,245	12,635

that Alberta farmers in "considerable numbers" were taking up all available farm land in the district.<sup>19</sup>

Nanaimo pulled out of the Depression only as a result of the outbreak of war in 1939. World War II brought to the city two battalions of troops, some 2,000 men, for pre-combat training. Nanaimo changed overnight.<sup>20</sup> On the southwest fringe of Nanaimo an army camp of 40 buildings was quickly erected, at a cost of \$1.25 million, which provided a shot in the arm for local sawmills and builders.<sup>21</sup> By 1943 Nanaimo was busier than at any time in the previous decade, although coal production was down further and gasoline rationing slowed tourist business. War business took up the slack. A number of wartime establishments were located close to Nanaimo, and men, machinery and supplies for a number of other war projects were obtained from or through the port of Nanaimo.<sup>22</sup>

#### Diversification

In the 1930s, Nanaimo's coal-dominated economy began to undergo a period of accelerated change. Coal, which had been the single predominant influence until the mid-1920s, gave way to a more diversified economy. Fishing, logging, sawmilling, transportation, and distribution--all local activities with origins early in the century and before--assumed greater importance as the mines closed down. The war provided a period of artificially supported prosperity which allowed time to adjust to the disappearance of the area's largest employer. While singly none of these secondary activities approached the importance of the coal mines, together they constituted a significant and, eventually, prevailing force.

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<sup>19</sup>Vancouver News-Herald, 6 May 1932.

<sup>20</sup>Patricia M. Johnson, Nanaimo: Scenes from the Past (Nanaimo, 1966), p. 54.

<sup>21</sup>Vancouver Province, 26 October 1940; ibid., 29 November 1947.

<sup>22</sup>Vancouver News-Herald, 8 March 1943.

Fishing. There were important salmon and herring fisheries centred on Nanaimo. In the months-long herring season each year, as many as 1,500 men might take part. The 1917 season saw 120 million pounds caught, an unusually good year; most years the catch fluctuated between 50 and 80 million pounds, worth between \$300,000 and \$500,000. Salmon was a commercially more valuable species, but there was never enough to match the tonnage of herring, although in some years their dollar value equalled the herring catch's. Besides earning money for locally-resident fishermen and canneries, the salmon and herring attracted boats from as far away as Prince Rupert; the local suppliers did well by their trade. Fishing was depressed during the 1930s, but it returned to greater importance with the increased demand for foodstuffs and resultant higher prices of the Second World War.<sup>23</sup>



Photograph #3: *Fisherman's wharf and a fleet of salmon trollers can be seen in this view of Nanaimo Harbour. Although fishing has in recent years declined in significance, it is still an important sector of the local economy. (Victoria Press Limited photograph).*

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<sup>23</sup> Dominion Bureau of Statistics, Fisheries Statistics of Canada. Detailed figures for Nanaimo after 1946 are not available.

Sawmilling and Logging. From Nanaimo's earliest days, sawmills operated alongside the mines to supply the large quantities of lumber needed for pit props, railway ties, wharves and mine buildings, miners' homes and stores. The 1911 census (the only one for which such figures are available) listed 574 employees in Nanaimo under the category of log products, which was about 20 percent of the total manpower employed in the mines.<sup>24</sup> There were two major sawmills in Nanaimo which together employed several hundred men.<sup>25</sup>



*Photograph #4: Harmac, four miles southeast of Nanaimo, was built in 1949 by the H.R. MacMillan Export Company and is today part of MacMillan Bloedel Limited. The original pulp mill was rapidly expanded and it is now the region's single largest employer. About 1,100 people work in the mill and related operations. (Victoria Press Limited photograph).*

<sup>24</sup>Census of Canada, 1911. In order of significance there were 83 persons employed in foundries and machine shops and 41 in breweries.

<sup>25</sup>Victoria Daily Colonist, 10 July 1927.

"Hub City." Logging, sawmilling and fishing were important industries even at the peak of coal production; in the early years the first two were closely linked with the prosperity of the coal mines, but later a substantial export market for lumber was built up. But by themselves, these other primary activities do not explain the survival of Nanaimo after the closure of the mines. They could not pick up all the slack created by the layoffs of hundreds of mine workers.

The major factor in Nanaimo's continued survival, in preventing its economy from totally collapsing, was its geographical location--on the east coast of Vancouver Island at the centre of an excellent transport net radiating out by rail, sea and highway. Also, it was the closest point on the island to Vancouver (see Map 1).

Nanaimo was founded by Victoria entrepreneurs and in its early years was closely tied to British Columbia's capital city. Ties with Victoria were strengthened with the construction in 1886 of the Esquimalt and Nanaimo Railway (by Dunsmuir with capital put up by the moguls of the Southern Pacific Railway in California, who desired dependable coal supplies for their company). The rapid growth of Vancouver after the completion of the CPR the following year opened up new markets for Nanaimo coal, only 36 miles away across Georgia Strait, establishing new east-west ties between the two in place of the older north-south ties with Victoria. And as Vancouver overtook Victoria in commercial and financial importance, the capital city lost much Vancouver Island business. As Vancouver prospered, so too did Nanaimo.

Nanaimo had an excellent natural harbour, sheltered by several offshore islands. It was busy with up to 2,000 arrivals and departures annually of deepsea ships between the First World War and the Depression, almost all of them loading coal. The coastal trade accounted for another 5,000 to 6,000 ship movements a year.<sup>26</sup> By 1937 lumber exports had become important enough to warrant construction of a deepsea shipping assembly wharf by the federal government. Complementing the harbour was

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<sup>26</sup>British Columbia Manual of Provincial Information (Victoria, 1930), p. 199.

the E and N Railway, which had been extended north and west to the up-island coal mines at Cumberland and the Pacific coast port of Port Alberni, respectively, in 1908 after the CPR purchased it from the Dunsmuir interests. The CPR operated rail and passenger ferries between Vancouver and Nanaimo, making the coal town Vancouver Island's "front door."<sup>27</sup> Its development as an important transshipment point and wholesaling and distributing centre, albeit one controlled by firms in Vancouver, was assured:

As a distributing centre ... the trade is always increasing, especially with regard to supplies for the Northern part of the Island. Many of the commercial travellers representing Mainland and other firms now live in the city.<sup>28</sup>

In 1934 the claim was made that Nanaimo was the distributing centre "for practically all of the island with the exception of the area immediately around Victoria."<sup>29</sup>

The pace of change accelerated after the war. Within two years of VE-Day, Nanaimo had a modern \$2 million passenger-freight terminal on the downtown waterfront built by the CPR, and in five there was a rapidly-expanding pulp mill on the city's outskirts. Opened in 1947, the CPR project provided a new focus for Nanaimo's harbour and central business district, and it was said to have "jolted its economy into an upward spiral."<sup>30</sup> The pulp mill created what was to become in later years "the linchpin of the local economy."<sup>31</sup>

Although the freight terminal was obsolete five years later (the change from ship transport to truck-trailers carried direct on ferries obviated the need for elaborate transshipment facilities), it

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<sup>27</sup>A.E. Planta real estate advertisement in Westward Ho! Magazine, June 1908, pp. 55-59.

<sup>28</sup>Victoria Daily Colonist, 10 July 1927.

<sup>29</sup>Vancouver News-Herald, 8 March 1934.

<sup>30</sup>Victoria Daily Colonist, 1 September 1955.

<sup>31</sup>"Progress Report," Nanaimo Free Press, April 1976.





Photograph #5: *Deepsea Lumber assembly wharf and rail and motor vehicle ferry terminuses are the key to Nanaimo's post war expansion as a trans-shipment point and distribution centre. Most of the complex was built on mine waste fill, much of it from No. 1 mine which was located to the left of the curve in the tracks. Other coal mines were on Newcastle and Protection Islands across the harbour. (Victoria Press Limited photograph).*

was nonetheless a symbol of the time--optimistic, buoyant, forward-looking. At the same time the CPR put into service a new \$2 million auto ferry on the Nanaimo-Vancouver run. Thus with the corporation's example "considerable reticence regarding spending was overcome."<sup>32</sup>

#### Forest Products as the New Resource Base

The same year the CPR terminal opened, the H.R. MacMillan Export Company of Vancouver announced its plans for a pulp mill on the southeast coast of Vancouver Island. The firm (which later became part of the

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<sup>32</sup>Victoria Daily Colonist, 1 September 1955.

MacMillan Bloedel Company, Canada's largest forest products company) had consolidated and expanded its timber holdings on the island, and wanted to diversify. Several sites were chosen for consideration, but a location near Nanaimo was finally selected. Proximity to an established community, copious supplies of fresh water for the pulp process, and access to tide-water for deepsea vessels and supply ships were the three principal factors in the firm's decision.

It was one of immense long term importance to Nanaimo, and the significance was not overlooked at the time. The comments of H.R. MacMillan himself, former chief forester of B.C., when he came to Nanaimo shortly before the \$17.5 million pulp mill was opened, received considerable prominence:

I visualize for Nanaimo with confidence that it will become a great city serving several pulp mills. Pulp will become the mainstay of your assurance and your livelihood and your prosperity.... It will pay you more than the shareholders.<sup>33</sup>

The new mill began operating with only 200 men employed in pulp production and in the "woodrooms" that manufactured lumber for export and chips and sawdust for the pulp process. Rapid expansion followed; by 1958 there were 475 employees at "Harmac." Six years later that had increased to 1,090 and today there are about 1,200 persons directly employed at the mill. Additionally, the company established its Vancouver Island headquarters in Nanaimo, from which it directs more than 300 loggers who live in the city but work in stands of timber 30 or 40 miles away. Other sawmills and logging companies account for about 750 jobs in Nanaimo.<sup>34</sup> Indeed, nearly one in four persons employed in Nanaimo today works in the forest products sector, while one in seven works for MacMillan Bloedel Limited. A 1973 study found that the forest products sector accounted for 23 percent of all employment in Nanaimo. An exactly equal proportion was employed in public administration; by

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<sup>33</sup> Nanaimo Free Press, 29 June 1950.

<sup>34</sup> Vancouver Sun, 9 April 1961; Nanaimo Free Press, 13 May 1958.

governments, their agencies and other public services such as schools and hospitals.<sup>35</sup> By the 1970s, Nanaimo had become an administrative centre of some importance.

The provincial government created the regional district form of local government in the late 1960s, and Nanaimo became a regional education centre in 1969 when a two-year community college opened there. Amalgamation of Nanaimo and suburbs in 1975 increased the city's physical area more than tenfold to 33 square miles (Vancouver is 44 square miles), with a corresponding increase in demand for municipal services. There is a provincial courthouse in Nanaimo, with many agencies maintaining offices there, and the federal government has a fisheries research station (now employing more than 100 persons). The provincial ferry system has its central Vancouver Island terminus located within city limits at Departure Bay.

#### Physical development

Although there are very few physical remains of Nanaimo's coal mining era today, the period had considerable influence on the development of spatial growth patterns. Urban development in Nanaimo and environs has followed closely the patterns established by the mining companies by the turn of the century. The scattered development and eccentric road network are the two most notable legacies.

The first Hudson's Bay Company settlement clustered along the waterfront, near the original coal discoveries along the steep bank below what is now Front Street, between Bastion Street and Comox Road. In the 1850s more shafts were sunk into the bank and slopes extended in under the community (some were so shallow they later caused cave-ins on Bastion Street). About a mile south of these diggings, further shafts were sunk, between what is today Nicol and Haliburton Streets, near Farquhar Street. Mines were also opened on the banks of the Chase River one and a half miles south of the settlement.

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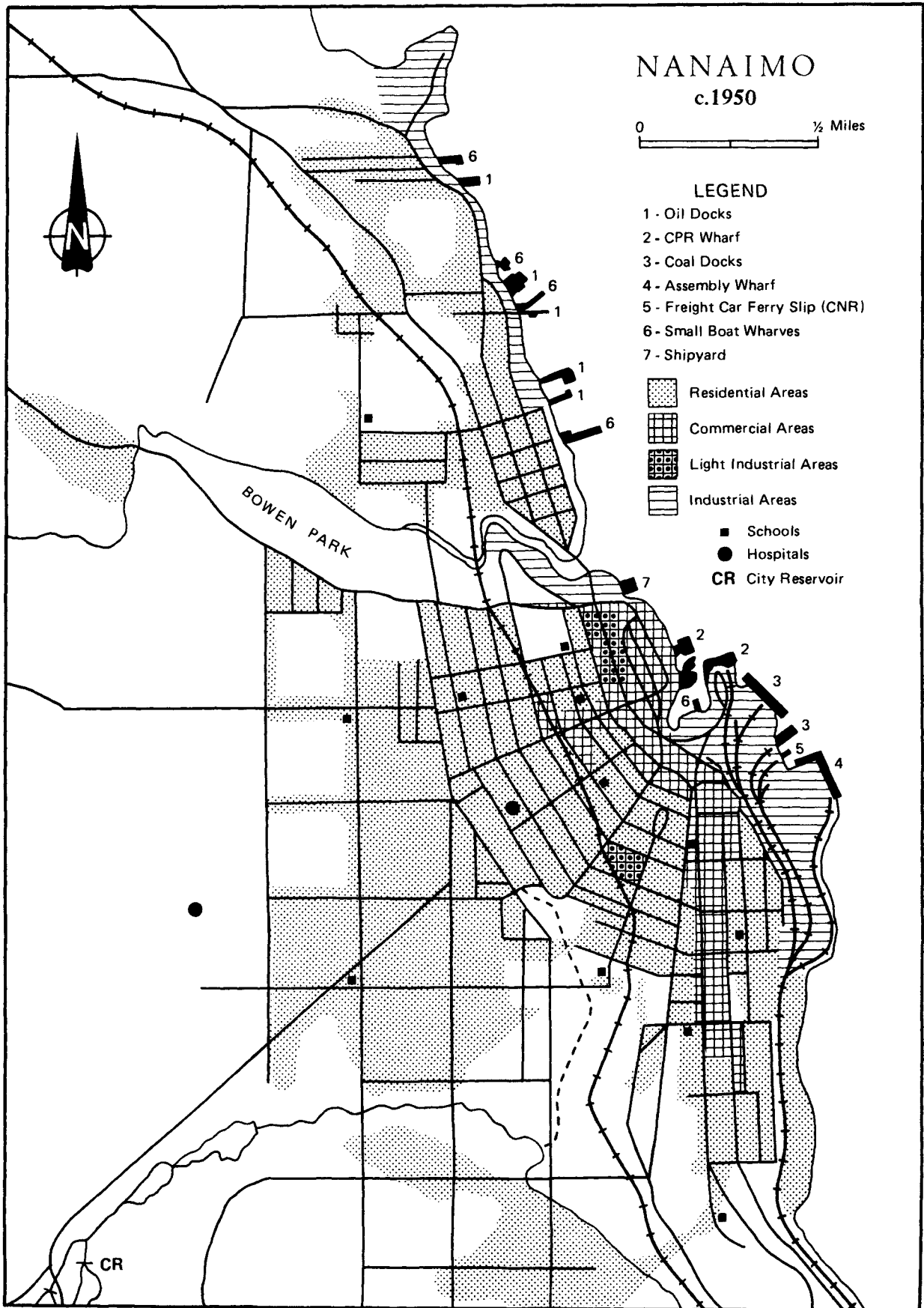
<sup>35</sup>AVG Management Science Limited, Economic Analysis of the Regional District of Nanaimo, B.C. (Vancouver, 1973).

Nanaimo then consisted of only a few hundred people and a collection of log buildings. When an English consortium bought the HBC's holdings in 1862 it was decided to lay out a proper townsite. The Vancouver Coal Mining and Land Company, as its title implied, gave equal importance to the sale of lots and to coal extraction. In London, a web-shaped plan of streets was drafted for the area in which the streets radiated out from a centre point at Bastion and Commercial Streets. The topography of Nanaimo, a steep-sloped bowl like an amphitheatre, favored the design. This original townsite plan is easily picked out in modern Nanaimo; the scheme devised by the London draughtsman of the company was not elaborated or extended. But no matter--it served for nearly half a century. It is the area bounded by Commercial Street (then the edge of the waterfront) on the east, on the north by Comox Road and on the west and south by Pine Street. Most of the streets were named for directors and shareholders, and by 1864 lots were on sale in Victoria (see Map 2).

Nanaimo was not yet an incorporated city. Until incorporation in 1874 the Vancouver Coal Company was responsible for roads and bridges. The citizens were hostile to incorporation for just this reason; they would have to assume the expense of these items. It was a significant burden, for what was then and still is the central business district was isolated in the early days on a high, rocky peninsula. Almost an island, it was cut off by a tidal inlet half a mile long (now filled in as Terminal Avenue) that extended nearly as far as Comox Road. Alex Dunsmuir, son of Robert Dunsmuir, circulated a petition favoring incorporation, but not until the provincial government agreed to build a bridge across the inlet at Bastion Street and a new Commercial Street crossing was opposition overcome.

By this time the Dunsmuir interests were competing with the Vancouver Coal Company, having established mines at a spot three miles northwest of Nanaimo, outside the large land holdings of the latter. Dunsmuir founded the settlement of Wellington near the mines; by the mid-1880s it had grown into an incorporated town of 3,000 people, rivalling Nanaimo itself in size and grandeur. Wellington coal was shipped by a

MAP 2



shot railway to Departure Bay, so Dunsmuir was largely independent of the Vancouver Coal Company and the city and port of Nanaimo.

The Vancouver Coal Company had mines almost as distant as Wellington--on Newcastle Island for example--but its policy was to establish the miners in town and transport them by train to the pit-head. Its principal mine, No. 1 on the waterfront at the foot of Milton Street on the Esplanade, went into production in 1881 and the area directly west of it became a miners' neighborhood. No. 1 operated continuously until 1938, and much of the small wooden frame housing built for the company's employees remains.

Except for the No. 1 shaft, none of either company's mines operated in any one place for more than 15 or 20 years. As the coal seams were exhausted in one area, the companies closed down and moved equipment, houses and miners elsewhere. Before 1900 the more accessible coal in and around Nanaimo itself, and northwest of town at Wellington, was worked but at the turn of the century there began a rapid shift to the southern part of the region. The Wellington mines were closed because the coal had run out, and Dunsmuir moved his main base of operations to Extension, five miles south of Nanaimo up in the hills, in the year 1900. Extension swelled in a year to a population of 2,500, but the isolation and rawness of the area led many to move in 1902 to the more attractive community of Ladysmith, 11 miles farther south. At this time, most of the buildings in Wellington were relocated to this new site, on a hillside overlooking salt water and on the E and N main line. Wellington's houses, stores and churches were put aboard flatcars and hauled by rail to Ladysmith; its principal hotel was sawn in half for the big move.

Ladysmith became the shipping point for Extension coal, and was a residence for many of the Dunsmuir company's employees. In 1904 it was incorporated as a city and by 1911 had a population of 2,500. Seven hundred miners commuted daily by special train to the mines at Extension. Though some 15 miles distant from the city of Nanaimo, Ladysmith "functioned as part of the Nanaimo area as a shipping point, residential area and transfer point between rail and water transportation routes."<sup>36</sup>

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<sup>36</sup> Matheson, "Nanaimo," p. 186.

But the coal deposits at Extension were not as productive as those at Wellington; the active life of the Extension mines was perhaps 15 years, although coal continued to be mined there until 1929. It was the flashpoint for the bitter miners' strike of 1912-13, and the last holdout in the return to work--its mines were closed well over a year. By this time, too, the Dunsmuir company had bought and reorganized the Alexandra mines at South Wellington and shifted employees and equipment here. The Alexandra field was opened in the 1880s and mines there produced coal until 1952. As a result, Ladysmith's population declined, but by the time the Extension mines closed, logging and fishing and transportation were important employers in the area and its population began to turn up again, even as Nanaimo was suffering an exodus. Today, Ladysmith's economic existence is almost completely separate from that of Nanaimo.

At Cassidy, between Ladysmith and South Wellington, the Granby Consolidated Mining, Smelting and Power Company operated a mine from 1920 to 1932, to supply coking coal for its copper smelter up the B.C. coast at Anyox, north of Prince Rupert, "and the company took great pains to lay out a model townsite." Nothing remains of the Granby settlement though contemporary accounts attested to "careful planning and elaborate building.... the fantastic boarding house which resembled a ruined Moorish palace.... [with] 80 rooms each on a veranda and each provided with steam heat, electric light and hot and cold water." The company laid out pleasant lawns, athletic grounds, "bought the entire stock of a nursery and planted trees and shrubs everywhere."<sup>37</sup> It was the exception among the rough and ready coal mining settlements of the region. More typical were the "dingy dwellings of Frye and Strickland Streets that become known as Nanaimo's 'Poverty Row'.... the stark frame company houses of Wellington, Extension and Cumberland," as one harsh critic wrote.<sup>38</sup> The

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<sup>37</sup>Johnson, Nanaimo: A Short History, p. 68.

<sup>38</sup>Harold Griffin, British Columbia: The People's Early Story (Vancouver, 1958), p. 117.

southeastern section of Nanaimo still retains many of these small old homes, situated on cramped, narrow lots.

In the nineteenth century, the Dunsmuir family and other senior officials of the coal companies, local merchants and businessmen, lumbermen and others built large homes on the slope west of the ravine in Nanaimo, but by the mid-1880s the Dunsmuir family had moved to the more pleasant surroundings of Victoria where Robert Dunsmuir and his heirs built lavish mansions out of the coal profits. The Dunsmuir family is a symbol of what happened to Nanaimo, of what happens to most resource communities. They and other distant corporate entities organized the large-scale exploitation of the area's valuable coal reserves, and made great profits in the process. But proportionately little came back to Nanaimo except as necessary capital investments to expedite the mining process.

Immense amounts of money were made in the Nanaimo coal trade. So profitable was the Dunsmuir company that in 1910 it was sold for \$11 million to the Mackenzie-Mann railway and construction syndicate, an organization capitalized at \$25 million with eastern Canadian backing. From that day forward, the Nanaimo mines were directed by absentee owners in Montreal and San Francisco; control was removed even from Vancouver Island. Before or since, few of the profits were reinvested in Nanaimo; some of Dunsmuir's descendants spent their inheritances, earned in the coal mines, in the casinos and restaurants of Monte Carlo and Paris.<sup>39</sup>

If coal companies with capital raised in London, eastern Canada or California dominated the Nanaimo economy, other large corporations controlled smaller shares. The CPR had a near monopoly on transportation for several decades. It had bought the Esquimalt and Nanaimo Railway from the Dunsmuir interests in 1908, thus complementing its rail and passenger ferries that provided the vital link with the B.C. mainland. It often acted in Nanaimo's interests, sometimes not; Nanaimo was rarely consulted.<sup>40</sup> In the Depression, Nanaimo's local newspaper wrote with weary resignation of the town's inferior position:

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<sup>39</sup>James Audain, From Coalmine to Castle.

<sup>40</sup>Victoria Daily Colonist, 17 September 1946.



Over here on the island we are providing one-third of the revenues of the province, and getting considerably less in return. It is not much use, we have found in the past, going to official Victoria, since that which official Victoria does, for the most part, is dictated by Vancouver.

Our natural resources are aiding the mainland. Money is spent for much of our produce which comes from the mainland. The men who work in our woods are hired on the mainland. It's one of our biggest markets, but it exacts a terrific bonus for favors received.

And that, as [Premier] Patullo said in effect, not so long ago, is just what we should take pleasure in accepting.

Certainly we'll tell our troubles to Vancouver. We have many of them, all well documented. But we don't think Vancouver will do very much about it. Under the present set-up we doubt very much if there is much they can do.<sup>41</sup>

There were more directly-felt effects, both beneficial and detrimental, of the coal companies' domination of the region. While in some quarters Canadian Collieries was criticized for "holding tightly to thousands of acres of fine land both on the waterfront and inland" thus preventing any independent mining or other development,<sup>42</sup> the coal companies on several occasions deeded to Nanaimo most of the parks they have today. The purchase by the city of Newcastle Island in the late 1940s for a park would have been difficult if it had not been wholly held by a single owner.

The succession of coal companies operating in and near the city itself, first the Vancouver Coal Company, then the Western Fuel Company and ultimately Canadian Collieries (Dunsmuir) Limited, also physically altered the Nanaimo topography to a considerable degree. Over a period of more than 70 years they created several hundred acres of new land on former tidal flats, manufacturing valuable real estate for themselves, disposing of useless mine wastes and performing a "public service" at one and the same time. It was a major undertaking; what is now Terminal Avenue, the main highway through Nanaimo, used to be an inlet of the sea.

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<sup>41</sup>Nanaimo Free Press, 25 August 1936.

<sup>42</sup>Vancouver Sun, 29 March 1930.

The original high water mark followed a line that roughly corresponds today to Commercial Avenue and the Esplanade. The lumber assembly wharf, the CPR rail and passenger ferry slips, the bus depot, the major downtown shopping centre were all built upon coal mine fill.<sup>43</sup>

Physical development of the Nanaimo area closely followed the activities of the coal companies. In the period before 1900, mining was exclusively on a Nanaimo-Wellington axis and population was concentrated in this sector. When mining shifted in the period 1900-1930 to the southern part of the region, the villages of Ladysmith, Extension, and South Wellington jumped to prominence with the influx of miners. With the coal deposits exhausted, there was a return of population to the northern part. The reasons for this latest shift are diverse but probably it is partly due to the area's more attractive topography--lakes, seashore, hills--as a better residential setting than the cramped and ugly mining villages. And by the time the mines in the southern region closed, few traces remained of the earlier mining activity in the northern region. The pulp mill provided a new base of prosperity and greater security than the mines; the postwar mobility provided by the automobile meant that few who worked at Harmac had to live there as well.

In the period since the coal mines closed, local developers and real estate firms have actively promoted the shift of population to the sector between Wellington and Departure Bay. One reason was that until 1975 this was unorganized territory, outside the city boundaries, and thus taxed at a much lower rate. One company alone, headed by Frank Ney, a Nanaimo alderman and later mayor of the city, was responsible for most of this development. By 1964 it had brought onto the market 10 residential

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<sup>43</sup>See J.R. Honeyman and A.R. Heyland, "Map of the City of Nanaimo, B.C." (New Vancouver Coal Mining and Land Company, Montreal, 1891); Joseph Davenport, "Nanaimo City and Surrounding Area, B.C." (Island Blueprint and Map Company, Victoria, 1970). Also, city clerk Howard Nicholson stated in August 1977 that the coal company filled waterfront areas with coal waste, then filed quit claims to gain title. During the 1930s, some of the fill containing coal caught fire and smoldered for several years, polluting the downtown business district with smoke and fumes.

subdivisions and five resort developments,<sup>44</sup> free from control or restraint by the municipality of Nanaimo, which remained the commercial centre of the region but did not benefit from an increased tax base. The scattered patchwork nature of this development pattern, though it confirms to a much earlier framework set by the coal companies, is shown on Map 2. It may have been sufficient, even necessary, for coal mining, but as the area's population increased and its economy grew more diversified and sophisticated, the shortcomings and faults came into sharp focus.

When development bypassed the city of Nanaimo, and the new industrial facility at Harmac remained outside its boundaries, the central city languished. Few improvements were made during the period of coal's decline, and in the postwar decades the city's small tax base was sorely overloaded. One alderman said in 1954 that there was "scarcely a block... which could be paved for fear of having to dig up and renew old water mains," when asked why Nanaimo couldn't build more sidewalks and pave more of its streets.<sup>45</sup> George Muir, retiring as mayor of Nanaimo in 1955, said at his farewell banquet that "selfish business individuals" were to blame for the "slummy eyesore" of downtown Nanaimo. The committee of city council Muir organized to clean up Commercial Street was frustrated at every turn.<sup>46</sup> The situation did not improve much in the next decade. A 1968 report by outside consultants noted that much of the city's storm drains, sanitary sewers and water lines were old and needed replacing:

Allied with this age problem we find poor and inadequate use of land--tumbledown houses that have not yet been squeezed out by shops, extensive industries where apartments are now more appropriate.... Mixtures of incompatible uses have been allowed to develop.<sup>47</sup>

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<sup>44</sup> Nanaimo Free Press, 29 February 1964.

<sup>45</sup> Victoria Daily Colonist, 1 September 1954.

<sup>46</sup> Ibid., 1 January 1956.

<sup>47</sup> Rawson and Wiles, Nanaimo--Where Is it Going? (Vancouver, 1968), p. 6.

A 1970 study which formed the basis for the amalgamation five years later of the central city and outlying areas criticized the sprawling hodge podge which resulted from the haphazard unplanned development. There were minimal planning controls and random arrangements of land uses. Piecemeal subdivision was characteristic, lakes and beaches with fine recreation potential were being almost entirely hemmed in by private development. Incompatible activities were bunched together, schoolyards next to industrial areas, junkyards adjacent to lakeshore residential neighborhoods.<sup>48</sup>

The Nanaimo street pattern, laid out more than a century ago in London, and the roads which were built to the outlying coal fields, were and are the source of other problems. The planners who reported to the city in 1968 said Nanaimo suffered problems of "strangulation and dilapidation."<sup>49</sup> The traffic problem could be blamed on the Victoria coal barons who laid out a spider's web pattern of streets with such little regard for local topography that its "unusual number of jogs, skews, multiple intersections.... combine to make the overall situation one of unusual difficulty."<sup>50</sup>

Today, urban growth has "penetrated every district, producing a widely scattered development pattern. At the same time substantial tracts of vacant land are found in all wards but the old city.... about 10,000 acres are vacant--just under half of the mainland area of the city."<sup>51</sup> The present enlarged city comprises 33.3 square miles, and for most of the coal mining era the city was just under a square mile. The integral coal mining region centred on Nanaimo was about 150 square miles in area.

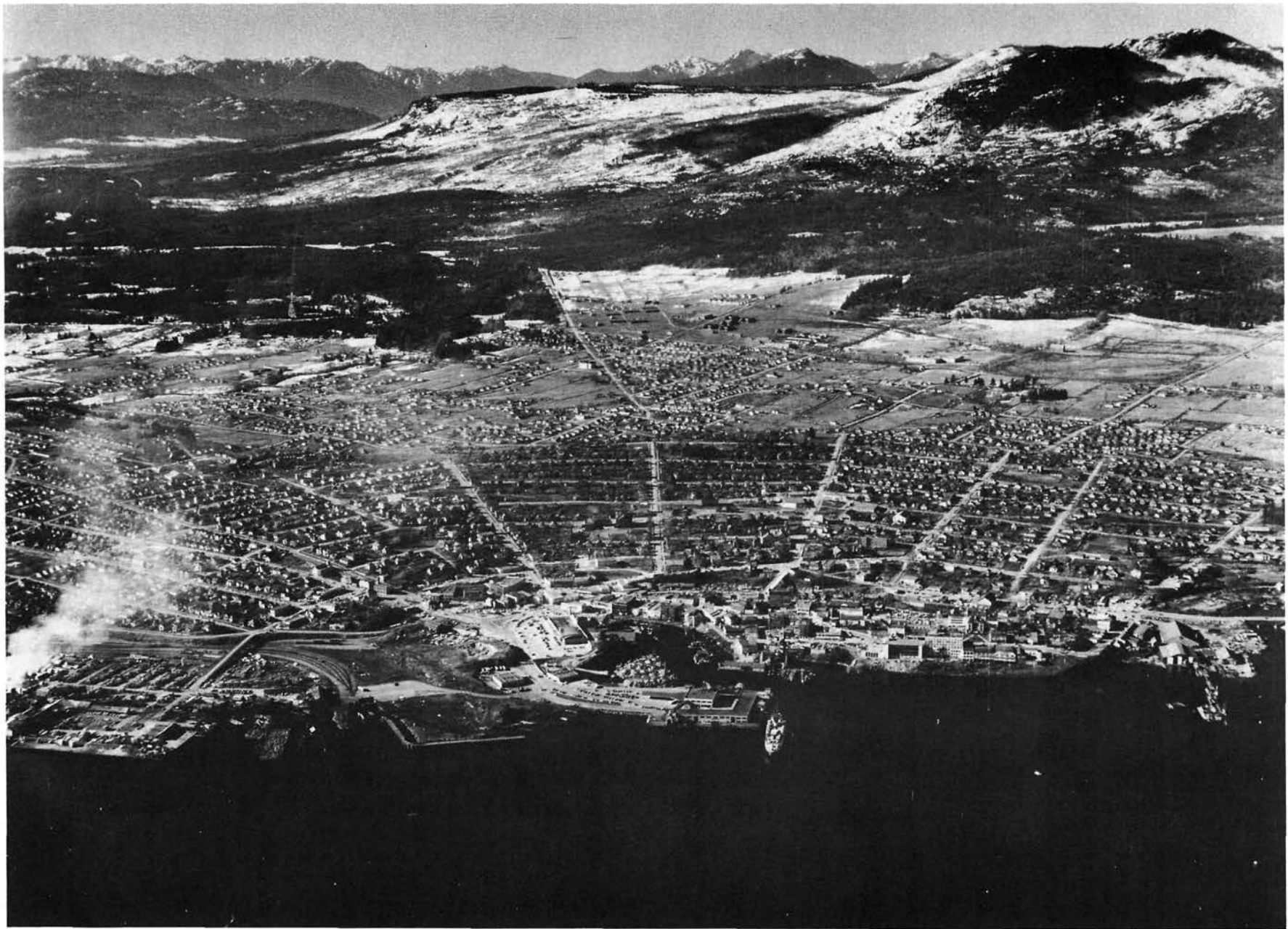
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<sup>48</sup> A Study in Local Government (Nanaimo, 1970), pp. 14-16.

<sup>49</sup> Ibid., p. 8.

<sup>50</sup> Lyle G. Trorey, Design for the Nanaimo Regional Planning Area (Vancouver, 1957), p. 36. See also Patricia M. Johnson, A Short History of Nanaimo (Nanaimo, 1958), p. 17.

<sup>51</sup> William Graham Consultants, City of Nanaimo Planning Guidelines 1976-1986 (Vancouver, 1976), pp. 13-14.



*Photograph #6: This 1958 aerial photograph shows Nanaimo's century-old radial pattern of streets converging on the waterfront and central business district, and traditional grid development which took place later on the outskirts. It also illustrates the development limiting Vancouver Island Mountains, which dictated a north-south expansion in a relatively narrow strip of coastal plane. (Victoria Press Limited photograph).*

The change to an economy based on forest products has had a minimal impact upon physical development in Nanaimo, as compared to the effects of coal mining. Except for the pulp mill and sawmills at Harmac, several miles from the city and largely out of sight (except for the tall smoke stacks and occasional whiff of sulphite), MacMillan Bloedel has only indirectly affected urban growth patterns. Because Indian reserves occupy much of the land between Harmac and Nanaimo, and because of the lack of water and sewer services, there has been little build-up of housing and commercial development in the area adjacent to the mill. Its employees are scattered throughout the region. Since expansion of the city's boundaries in 1975, Harmac is now inside Nanaimo subject to direct taxation by the city; previously it paid only school and provincial taxes. There are other sawmills located on the waterfront fill in the southeastern part of the old city, and the lumber assembly wharf occupies a large area of the waterfront as well.

While Nanaimo has a large public service employment sector, it is still heavily dependent on the jobs created by the processing of forest products. And the prosperity of the latter is dependent upon factors largely out of Nanaimo's control, as it was during the coal era when the town was just an extension of Victoria and later London, Montreal and San Francisco. Today, Nanaimo is part of the metropolitan hinterland of Vancouver, where MacMillan Bloedel and the numerous wholesaling and distributing firms active in Nanaimo have their headquarters. Gilbert Stelter's description of Sudbury, Ontario is applicable. Like Sudbury, Nanaimo became dependent

on the company for its economic existence. Decisions which affected the expansion or decline of the community were not made locally. The nickel industry's development involved a complex series of national and international conditions and decisions and Sudbury was merely a passive recipient.<sup>52</sup>

In the three decades since the coal mines closed, Nanaimo has outgrown some of the characteristics of a single enterprise town, but it clearly has not been completely transformed into a diversified economic

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<sup>52</sup>Gilbert A. Stelter, "The Origins of a Company Town: Sudbury in the Nineteenth Century," Laurentian University Review, Vol. 3, No. 3 (February 1971), pp. 3-4.

base. Forest products are the main engine of the local economy; the pulp mill at Harmac and sawmills provide local employment while the pulp mills in the northern part of Vancouver Island and south of Nanaimo around Duncan are dependent on Nanaimo's truck and rail ferries for transport of the bulk of their supplies and products. Perhaps Nanaimo could best be defined as a second-generation resource town, in a transitional state between the small, single-industry community where most people depend directly on one or two companies for their livelihood and the metropolitan centre with better-developed secondary and tertiary industrial spheres. For this transformation so far, Nanaimo has its geographical position to credit, first, as the closest point on Vancouver Island to Vancouver, and second, in the centre of population distribution along the island's east coast. Roads, railways and ferry routes converge on Nanaimo. If coal had never been discovered there, Nanaimo probably still would have developed as a distribution centre. Located elsewhere (like Fort Rupert, now Port Hardy, a coal mining village that predates even Nanaimo on the island and has remained a village) even the coal mines alone would not have been sufficient to ensure Nanaimo's transformation.

Today, it is perhaps an atypical resource town, a community dependent upon a primary resource, yet not dependent. It is the one resource town in a hundred that achieves the transformation to a diversified regional centre, and as such can be the subject for useful study and examination of the ways in which a type of urban community has evolved.