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The Esquimalt and Nanaimo Railway and Robert Dunsmuir



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Part 1:	Fall	2002	Vol. 11, No. 3	Part 5:	Winter	2006	Vol. 15, No. 4
Part 2:	Fall	2003	Vol. 12, No. 3	Part 6:	Summer	2007	Vol. 16, No. 2
Part 3:	Winter	2003	Vol. 12, No. 4	Part 7:1	Fall	2007	Vol. 16, No. 3
Part 4:	Winter	2004	Vol. 13, No. 4	Part 7:2	Winter	2007	Vol. 16, No. 4
Part 4A:	Spring	2005	Vol. 14, No. 1	Part 7:3	Spring	2008	Vol. 17, No. 1

When Sir John A. Macdonald and his Conservative government were returned to power in the 1878 election, Victoria had high expectations that once again it would become the western terminus of the transcontinental railway.

After all, Victoria had elected Sir John A. Macdonald when he was defeated in his own riding of Kingston, Ontario. But Victoria's hopes were fated to fail; there were too many factors stacked against its happening.

The Island route down the steep cliffs of Bute Inlet and across the surging tidal waters of Seymour Narrows posed too high a financial risk. And the construction of the Northern Pacific Railway from St. Paul, Minnesota, to Tacoma in the Puget Sound area, raised fears of future American economic expansion into the Lower Mainland region.

Ironically, it was the cost of construction of this railway that drove Jay Cooke into bankruptcy and caused the Great Depression of 1873.

But the Islanders refused to give up. With the fall of Andrew C. Elliott's government in 1878, George Walkem again became Premier on his promise to get "tough" with the Dominion. Walkem journeyed to Ottawa in 1879 to pressure Macdonald for the "Island" section of the CPR.

And Walkem appointed Amor De Cosmos, once the strong proponent for Confederation who later introduced a resolution for British Columbia to secede from Canada, as the province's special agent to lobby the Conservative government for the inclusion of the Island portion of the transcontinental railway.

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In 1880, Macdonald completed the contract with the syndicate formed to build the transcontinental railway—the Canadian Pacific Railway. The terms provided for the Canadian Pacific Railway to be built within 10 years from Lake Nipissing in Ontario to Burrard Inlet, and the British Columbia portion of the railway to be completed within 5 years.

The original terms upon which British Columbia joined Confederation stipulated the railway would be completed by 1881. Now the transcontinental railway might not be completed until 1890 and its route in British Columbia excluded Victoria; it would follow the Fraser River to Burrard Inlet.

These terms were unacceptable to the province, especially to the Island members of the Legislature. A resolution was introduced and passed in the Legislature by a large majority to petition the Queen, demanding the terms proposed by Lord Carnarvon be fulfilled and that construction commence immediately on the railway. The British Government took the threat of secession by British Columbia from Confederation seriously, even if Macdonald did not.

Its imperial interests influenced Great Britain's concern in the matter. Now that the days of sail were ending, the Royal Navy, to protect the lifelines of the British Empire, needed the secure naval base at Esquimalt with its drydock and the nearby coal fields at Nanaimo.

Moreover, a transcontinental railway would provide an all-red route to the Orient. So London pressured Ottawa to appease British Columbia.

In 1881, Macdonald, Walkem, and De Cosmos met in London with Lord Kimberley, the Colonial Secretary in Gladstone's Liberal government. The "Kimberley Terms" included measures agreed by Macdonald that it was hoped would mollify the clamour for secession.

The Dominion would build a railway line from Esquimalt to

Nanaimo and pay the \$750,000 already agreed as compensation for breach of the time limit in the Terms of Union “to commence construction within 2 years” of British Columbia entering Confederation.

Macdonald could afford to be munificent, for prosperity had returned to Canada after the Conservatives were re-elected in 1878. The federal government faced few financial problems—even though the Canadian Pacific Railway had been promised a money subsidy of \$25 million, a land grant of 25 million acres, and a gift of the railway works built by the Mackenzie administration—the last valued at about \$38 million.

But Macdonald’s promises did not placate Victoria because the Esquimalt and Nanaimo line was not an extension of the main CPR line; the transcontinental terminus remained on the Mainland.

Under pressure from his constituents in Victoria, Macdonald agreed to have George Stephen, a director of the CPR syndicate and later 1st Baron Mount Stephen, review the decision not to extend the terminus to Victoria. But after a review of the proposed Island route, Stephen informed Macdonald the CPR would not reconsider its earlier decision that the terminus be on the Mainland.

In Victoria, this decision did not appease Walkem’s government and it expressed its displeasure by becoming even more obstructive in its relations with the Dominion. It refused to meet with Joseph Trutch, who had been Lieutenant Governor of British Columbia from 1871 to 1876, and who had been appointed the Dominion’s agent to supervise the transfer of railway lands to federal authority.

It re-enacted legislation concerning tolls on the Cariboo Road previously disallowed by the Dominion, and refused to assist the Dominion in facilitating the immigration of Chinese labour needed to build the railway in the Fraser Canyon.

But within British Columbia, Walkem became increasingly unpopular as the fight with Ottawa over the

railway and other matters dragged on. And as his prospects of re-election dimmed, Macdonald astutely removed Walkem from the political scene by elevating him to the Bench of the Supreme Court of British Columbia, to replace Mr. Justice Rocke Robertson who had died.

This was Walkem’s political reward for finding Sir John his Victoria seat after he had been defeated in Ontario. Walkem sat on the Bench until 1904 and was a respected jurist when he retired. With his fellow justices Crease and Drake, Walkem established the Rules of Practice for the Supreme Court of British Columbia. He fared better as a judge than as a politician. Walkem died in Victoria in 1908 and is buried at Ross Bay cemetery.

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In June 1882, Robert Beaven became Premier when Walkem was elevated to the Bench. His was a short-lived government; he lost a vote of confidence in January 1883.

Beaven had come to British Columbia from Toronto during the gold rush. Not finding any gold, he settled in Victoria and became a clothier and general outfitter. Beaven was elected to the Legislature in 1871 and served in both of Walkem’s administrations.

After his defeat, Beaven continued to serve in the Legislature as a representative from Victoria until 1894, when he lost his seat after serving for 23 years. In the 1890s, he was elected Mayor of Victoria for three terms.

In 1898, even though Beaven had been out of the Legislature for 4 years, the Lieutenant Governor asked Beaven to form a government. He failed to gain the necessary support. He died in 1920 and is buried in Ross Bay cemetery near many of his contemporaries.

A weak provincial government in British Columbia enabled

Macdonald to continue his habit of procrastination when faced with a difficult decision. So in 1882, he continued to ignore the demands emanating from British Columbia for the Island railway to be the western portion of the transcontinental railway.

This deadlock between the Dominion and the province made up the mind of the Governor General to act. He arranged to visit the province, determined to use his prestige and influence to advance the resolution of the controversy and lessen the threat of secession.

The Governor General, the Marquis of Lorne (John Campbell, later 9th Duke of Argyll) and his wife, the Princess Louise, daughter of Queen Victoria, arrived in Victoria in September 1882, to a loyal and patriotic welcome. Although only 6 years had passed since the previous visit of a Governor General, Victoria was becoming as modern a city as those in Eastern Canada. Electric lights were now in operation.

In 1882, Parliament named 1 of the 4 districts of the Northwest Territories *Alberta*, in honour of Princess Louise’s father. And in 1884, Lake Louise was named in her honour.

On arrival in Victoria, the Governor General was made fully aware of the intense feelings of betrayal felt by Islanders when he passed on the news to a Victoria audience that the Kicking Horse Pass was to be the route through the Rockies and that Port Moody would be the western terminus of the Canadian Pacific Railway.

In addition, he quickly became aware of the deep antagonism between the Island and the Mainland when Beaven responded to the news by asking Princess Louise to be Queen of the Kingdom of Vancouver Island.

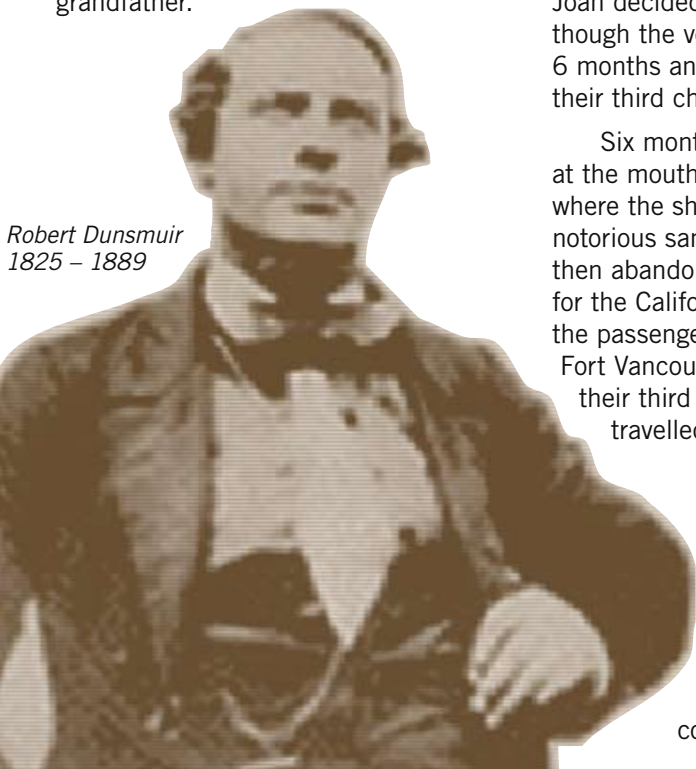
The Marquis of Lorne realized that special concessions were needed to placate the Islanders and that it was imperative an Island railway be built, even if Victoria would not be the western terminus of the Canadian Pacific Railway.

So the Governor General set out to convince the one man in the province who possessed the wealth to build that railway—Robert Dunsmuir, British Columbia's first millionaire and a man who even today is a figure of controversy. A wee, canny Scot, as my Scottish aunties would say.

To many he was a ruthless, anti-union capitalist who became wealthy on the backs of his workers he treated shabbily. See Jean Barman's account of Dunsmuir's rise to wealth and power in her history of British Columbia. To others he was an enterprising entrepreneur, a self-made man who rose from humble beginnings to become the richest man in British Columbia.

Robert Dunsmuir was born in Scotland in 1825 to a well-to-do coal-mining family. His grandfather became prosperous by leasing coal fields from their wealthy landowners. Tragedy struck when Robert was 7 years old, however; his parents and three others in his family all died, leaving his widowed grandfather to raise him and his sister.

Three years later, his grandfather died but left sufficient money to educate his grandchildren. Robert trained under the tutelage of his aunt's husband Boyd Gilmour to become a coal master like his father and grandfather.



Robert Dunsmuir
1825 – 1889

Questions have been raised about whether Robert was born out of wedlock, although his parents did marry. Whatever the circumstances of his birth, his own marriage was not without controversy. At age 22, he married his 19-year-old sweetheart Joan, who gave birth to their daughter Elizabeth 8 days later.

Under the strict rules of the Presbyterian Church, Robert and Joanna were required to confess their sin of sex prior to marriage before the whole congregation to have their daughter baptized in the Kirk.

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A world away in the Colony of Vancouver Island, the Hudson's Bay Company was looking for Scottish miners to mine its coal on Vancouver Island. The company hired Robert's uncle Boyd Gilmour to be the coal master of its coal property at Fort Rupert on the northern tip of Vancouver Island.

At the last moment, Robert and Joan decided to join them, even though the voyage would take over 6 months and Joan was expecting their third child. In 1851, they set sail.

Six months later, they arrived at the mouth of the Columbia River where the ship ran aground on the notorious sandbars. The entire crew then abandoned ship and headed for the California gold fields. When the passengers eventually reached Fort Vancouver, Joan gave birth to their third child, James. Then they travelled on to Fort Rupert.

Living conditions at Fort Rupert were dismal and primitive. Gilmour encountered labour troubles and was unable to find a workable seam of coal that would support a mine. A year later, large coal deposits were found at

Nanaimo and the HBC established a fort there. After their fourth child Alexander was born, the Gilmours moved south to Nanaimo, followed by the Dunsmuir the next year.

Living conditions were only slightly better at Nanaimo and Jean Gilmour refused to live there. She moved to Victoria and when his contract with the HBC ended, the Gilmours returned to Scotland. But Dunsmuir stayed on, even though the labour problems continued as men deserted to work at other jobs or to chase the lure of gold.

According to a census taken in 1854, the white population of Nanaimo was 151. There were 52 dwelling houses, 3 shops, and 1 school with 29 students, including the Dunsmuir children.

Dunsmuir impressed James Douglas, the Colonial Governor and Chief Factor of the HBC, as a stable and hardworking man who could be relied on to complete a task with a minimum of trouble. Dunsmuir was given a longterm contract with the HBC's coal company. Jean Barman, in her book about the history of British Columbia, states Dunsmuir was rewarded by the HBC because of "his willingness to side with the company against the workers."

In 1859, the HBC's rights to all the coal on Vancouver Island expired and it bought the 6193 acres that comprised its coal operations at Nanaimo, including the town. Then in 1862, it sold the operation—lock, stock, and barrel—to the Vancouver Coal Mining and Land Company, owned by London investors. Dunsmuir became the superintendent of the new company.

By 1863, development at Nanaimo proceeded at a fast pace as the coal-mining operations expanded. New wharves were constructed for ships to be loaded with coal, which was transported from the mine to the wharves by a small steam locomotive. New shafts were dug. Dunsmuir oversaw it all.

The Dunsmuirs were prospering. Robert and Joan now had six children, ranging from Elizabeth, 17, to newly born baby Mary.

Dunsmuir became active in the community affairs of the burgeoning town of Nanaimo. He became a founding member of a Total Abstinence Society, even though he continued to enjoy strong drink himself and had a reputation for being a hard drinker.

But Dunsmuir remained ambitious to own and control his own company instead of working for other men.

In 1864, he left the Vancouver Coal Mining and Land Company to become a partner in a new coal mining company. Dr. Alfred Benson, a friend of Dunsmuir, had located coal outcrops in the Nanaimo region outside of the land owned by the Vancouver Coal Mining and Land Company.

And, most important, Benson had found a wealthy investor—a naval officer stationed at Esquimalt—the Honourable Horace Douglas Lascelles, the 7th son of the Earl of Harewood. Dunsmuir joined the new Harewood Coal Company, lured by a promise of a share in future profits.

But the new company faced one very serious problem—their 3000 acres were land-locked. And Dunsmuir's old company obstructed attempts by the Harewood Coal Company to gain access to the sea—the only means for transporting the coal to market. The provincial Legislature did grant a corridor but it was too late. The new company was broke and the Harewood Coal Company went out of business. Dunsmuir rejoined his old company.

But Dunsmuir had learned some valuable lessons.

- It was not sufficient to have plentiful coal reserves if there was no way to get the coal to market.
- A source of funds could be raised from wealthy naval officers based at Esquimalt.
- Most important, if he was to succeed, he needed to control the entire operation.

But even if he could satisfy those conditions, to develop a producing mine was a daunting task.

First, he had to find a coal field. In his spare time, Dunsmuir would go “fishing” with a friend in the areas surrounding Nanaimo. While his friend fished, Dunsmuir looked for signs of coal. In 1869, he found what would become one of the richest coal fields on Vancouver Island.

It was located outside the area owned by the Vancouver Coal Mining and Land Company. Dunsmuir staked a mineral claim to a 1600-acre tract of land that ended near Departure Bay where Dunsmuir had water access.

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Under the legislation in effect at the time, Dunsmuir was given the rights to his claim for only 2 years, after which he would have the right to purchase the land at \$1 per acre. But during the 2-year period, he had to keep a minimum of four men employed. He also had to have the land surveyed.

He delayed the registration of his claim and the survey as he continued to search the area under claim for the best site to construct a mine.

In July 1870, he found it. There are many different reports of how he discovered what eventually became the Wellington mine, including various versions told by Dunsmuir himself. But however he found it, he now needed money to develop the mine.

Initially, he borrowed money from San Francisco moneylenders at an extortionate rate of interest to enable him to build a wagon road to water access at Departure Bay, where he built a wharf and storage sheds.

And in September 1870, he made his first sale to the Royal Navy on the basis that his coal was superior to that mined by his old employer, the Vancouver Coal Mining and Land Company. A young officer aboard that

ship, Wadham Diggle, recognized the potential of Dunsmuir's enterprise and invested \$8000 in it—an investment that made Diggle a very wealthy man.

Just as Dunsmuir was getting started, a new mineral Act came into effect. If he chose to apply under the new Act, he would have to relinquish the 1600 acres he had claimed and reapply. But the new Act permitted a company of 10 men to claim 2500 acres; it also ensured mine operators a corridor to the sea by legislating a forced sale from property owners on the access route.

Dunsmuir hesitated over creating a company because he wanted to retain control over the enterprise. Diggle, on the other hand, was quite willing to leave matters in Dunsmuir's hands. But Dunsmuir's need for additional capital and the advantages offered under the new mineral Act led him to create a company, but one in which he alone would retain control.

In 1871, the Dunsmuir, Diggle and Company was established; its members consisted of Dunsmuir, his sons James and Alexander, his new son-in-law James Harvey, and six officers of the Royal Navy. Besides his original investor Wadham Diggle, Dunsmuir raised \$12,000 from Rear Admiral Arthur Farquhar, Commander of the Pacific Fleet, who then arranged for four other naval officers to become nominal partners to satisfy the requirements in the mineral Act.

Soon after receiving government approval, the paper partners relinquished any interest in the company, leaving only Dunsmuir, Diggle, and Farquhar. And Dunsmuir was left in complete control of the operations and management of the mine. He had not only increased the size of the mineral claim, he also raised the necessary capital to operate a colliery.

Dunsmuir now sought to control his access to water at Departure Bay. William Hughes owned the land at Departure Bay and was willing to lease it to his old friend Robert Dunsmuir, but did not want to sell because he wanted to leave the property to his children.

Once Dunsmuir established his company and had registered the claim to his coal mining operation, he used the new mineral Act to have the government expropriate water access through Hughes' property.

The year 1872 witnessed the beginnings of a massive enterprise—forests were cleared, housing was built for miners and their families with boarding houses for single men, and a company store was completed—an entire village was constructed at the Wellington mine site.

Tracks were built for steam engines, later replaced by locomotives, to transport the coal to Departure Bay where it would be shipped to the two principal markets—the Royal Navy at Esquimalt and San Francisco.

Dunsmuir established a partnership in San Francisco with Henry Berryman to market the Wellington mine's coal to the California market. Berryman also chartered the ships to carry the coal. The Pacific Mail Steamship Company agreed to a 5-year contract in which it guaranteed to buy 4000 tons a month at a set price.

This contract witnessed a growing demand for more coal and witnessed a rapid expansion at the mine. More miners were hired, a new wharf was built, and a new railway was constructed, with steam locomotives to transport the coal from the mine to Departure Bay.

In 1872, Joan Dunsmuir gave birth at age 45 to her 10th and last child, Henrietta Maude. As both the family and business expanded, the Dunsmuir family home in Nanaimo was torn down to build a more suitable two-storey home—Ardoon.

Joan Dunsmuir, as hard-headed and ambitious as her husband, played a major role in her husband's business and in many ways was his only real business partner. She had endured the hardships at Fort Rupert and the early days at Nanaimo. Now she had servants—a gardener, a parlour maid, and a cook.

Initially, Dunsmuir had a reputation as a good employer

and as an honourable businessman. Later events, however, were to tarnish his reputation such that even to this day, working men and women speak his name with antipathy.

The trouble started in 1876 when the Pacific Mail and Steamship Company reneged on its contract to purchase coal at the set price after the price for coal dropped significantly. Dunsmuir's mine was now producing more coal than could be sold. Dunsmuir made the fateful decision to keep the mine working at full production and to "bin" the coal, hoping to sell it when prices improved.

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To pay for storing the coal, he demanded a one-third wage cut from his men. When the men refused, Dunsmuir cut production and laid off 70 miners. After a few weeks, the desperate men capitulated and accepted a lower pay rate per ton of coal mined. But the miners were now determined to protect their rights.

Matters might not have spiralled out of control if Dunsmuir had not put his eldest son James in charge of the mine. He took control immediately after the men had returned to work at lower wages. Just past his 25th birthday, he was young and inexperienced and completely out of his depth. But it could not have been an easy task for James with his forceful father in the background, ready to question his decisions.

What precipitated the trouble was the accuracy of the scales used to weigh the coal the men had dug. A man was paid according to the amount of coal he mined. This problem could have been easily resolved but was allowed to fester. By early 1877, the miners not only demanded the scales be fixed but that the old rate per ton be restored.

Robert Dunsmuir now took charge and refused the miners' demands. He

could not abide anyone challenging his authority. The miners formed a union and went out on strike.

Dunsmuir struck back. He sent to San Francisco for new workers and gave the striking miners 1 month to vacate the company's houses at the Wellington mine site. He also published a notice in the local newspaper that none of the strikers would ever work for his company again at any price.

As can be imagined, matters deteriorated quickly. Dunsmuir then made life difficult for the strikers and their families. He shut down access to the company's housing and cut off all food supplies from the company's store to workers who refused to vacate their homes.

When the strikebreakers arrived, the striking miners harassed them on their way from the dock at Nanaimo to the Wellington colliery—a distance of 6 miles. Most of them quit after the strikers explained their grievances. The strikers wanted to avoid violence.

And even though there had been no bloodshed or damage to property, Dunsmuir sought help from the authorities to teach the strikers a lesson. The local magistrate Captain Warner Spalding was in his unofficial capacity the legal representative of Admiral Farquhar, a major investor of the mining company. Instead of attempting to keep the peace, Spalding sought help from the provincial government on the grounds the miners had committed acts of violence.

Dunsmuir knew there would be violence when he attempted to evict the miners from their company homes. He relied on his political contacts for government support. A proposal to resolve the issues by arbitration was met by a threat from Dunsmuir to close down his mines for a year.

The government, faced with this ultimatum in a time of economic downturn, called out the militia to protect the local authorities as they evicted the miners and their families. This ended the strike.

After 4 months, Dunsmuir had won; the strikers lost. Dunsmuir soon had the mine running all three shifts—at a lesser wage and with outside workers. By 1879, the Wellington colliery was the largest coal producer on the Island. But this incident marked the start of many labour disputes and strikes. These, added to issues of mine safety and the loss of lives in mine disasters, forever tarnished Dunsmuir's name in British Columbia.

In less than a decade, Robert Dunsmuir became a very wealthy man. By 1879, he was able to buy out the interest of Admiral Farquhar and, in 1883, paid Wadham Diggle \$600,000 (for an original investment of \$8000) to gain absolute control of the company, which was renamed R. Dunsmuir and Sons.

Dunsmuir also ended his arrangement with Henry Berryman and installed his second son Alex to run the San Francisco operation. He appointed his son-in-law John Bryden to replace his son James as manager at the Wellington colliery. Of his eight sons-in-law, Bryden was the only one he ever hired.

By 1883, the profits amounted to \$500,000 a year. And as Dunsmuir became richer and more powerful, he decided to enter politics. In 1882, he ran for the provincial Legislature as 1 of 2 members from Nanaimo.

During the election, he and Joan were abroad, travelling in Scotland and Europe. He won—even though it was no longer a requirement to be a property owner to vote.

Apparently, his labour problems had not made him too unpopular with the working class. He was often referred to as the “old man” and respected for what he had accomplished on his own merits. After winning the election, he made plans to move to Victoria where he could advance his plans to build the Island railway.

Dunsmuir was no stranger to railway construction. The coal from the Wellington colliery was transported to Departure Bay by five locomotives. But

most enticingly, in 1875 the province in the *Esquimalt and Nanaimo Railway Act* set aside a large tract of land to be granted to the Dominion as a subsidy for an Island railway; Dunsmuir believed much of that land contained rich coal beds.

This tract of land was now to be granted to whomever built the Island railway. Moreover, a railway could link his colliery at Wellington to the Royal Navy at Esquimalt and allow him to ship coal more cheaply.

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In 1881, Sir Charles Tupper, the minister of railways in Macdonald's Conservative government, visited Dunsmuir at Ardoon. Only tentative discussions took place at that time; it was not yet absolutely definite that the CPR would not build the Island railway. Dunsmuir realized fully that he was the only person in British Columbia with the money and influence to build that railway.

In 1882, Dunsmuir stopped in Ottawa prior to proceeding on his European travel. He arrived with letters of introduction to the Prime Minister. One was from Joseph Trutch who told Macdonald that Dunsmuir would make a proposal to construct the Island railway and that he, Trutch, could “see no prospect of any one coming forward...more likely to carry it to a successful result than Mr. Dunsmuir.”

Dunsmuir left Ottawa feeling confident he would be awarded the contract to construct the Island railway. His confidence was soon tested.

When he was in Scotland, the provincial Legislature passed a bill granting a provincial charter to build the Island railway to a San Francisco syndicate headed by Lewis Clements.

This syndicate proposed to build the Island railway from the Seymour Narrows without a cash subsidy.

Clements' syndicate, however, did not have secure financial backing and was unable to put up the performance bond. Clements later attempted to sell his charter to Dunsmuir but the latter astutely refused to buy.

By October 1882, Dunsmuir had returned to Nanaimo where he entertained the Marquis of Lorne, Governor General of Canada, at Ardoon. It was a grand occasion, but the real purpose of the visit by his fellow Scot was to convince Dunsmuir to build the Island railway.

Dunsmuir played coy with the Governor General, claiming he was too old and did not want the trouble of building the railway. But he had recently purchased the Albion Iron Works near Victoria to ensure he would have a secure supply of rails. There was no question Robert Dunsmuir intended to build the Island railway.

The problem was that Dunsmuir wanted the land grant of 1,900,000 acres and the \$750,000 subsidy that had been offered to the CPR if it would build the Island railway as part of the transcontinental line with Victoria as the western terminus—plus other concessions, including freedom from taxation for the railway lands.

For all this, he only proposed building a 75-mile line from Nanaimo to Esquimalt. But the land grant would extend to the Seymour Narrows, some 85 miles north from Nanaimo. The money subsidy would be \$10,000 a mile. And since Dunsmuir estimated the cost of constructing the line would be \$1.5 million, the taxpayers would be paying for half the expense to build the railway.

Why did the land grant extend to the Seymour Narrows—the 3-mile section of the Discovery Passage known for its tidal currents between Campbell River and Quadra Island? If the transcontinental railway route had chosen the Bute Inlet route, the line would have crossed from Quadra Island to Vancouver Island by a bridge across the Seymour Narrows.

Therefore, when the province set aside the land grant for what it hoped would be a transcontinental railway with its western terminus in Victoria, it extended northward to the Seymour Narrows.

Dunsmuir told the Governor General that he would deal only with the federal government and not the province. Not only had the province granted a charter to Clements' syndicate in preference to his company, the construction of the drydock at Esquimalt was draining provincial coffers.

The provincial government's involvement became limited to enacting the legislation, the *Settlement Act*, to transfer the land grant for the Island railway to the federal government, who would then transfer it to the Esquimalt and Nanaimo Railway.

The Marquis of Lorne returned to Ottawa hoping to convince Macdonald to allow Dunsmuir to build the Island railway and relieve the province of the financial burden of the drydock. But Macdonald was reluctant to come to any arrangement on these issues until the province transferred to the Dominion another 3,500,000 acres of good agricultural land in the Peace River.

Much of the good agricultural land transferred in the Railway Belt lands (the 20 miles either side of the track from the Kicking Horse Pass to Burrard Inlet) that the Dominion expected to sell to settlers had been alienated already and much of the remainder was unsuitable for settlement.

So 1883 came and went, with no resolution of the differences between the two governments. After Beaven resigned as Premier in January, Lieutenant General Clement Cornwall asked William Smithe to become the province's 6th Premier.

As was the custom in those days, Smithe and his cabinet members stood for re-election and were successful. Smithe quickly moved to restore some degree of harmony between Victoria and Ottawa. And after some initial scrimmaging with Ottawa, Smithe did manage to get the Dominion to take over the drydock at Esquimalt and to complete it.

Smithe's time in office as Premier was the longest and most successful since British Columbia joined Confederation. He resolved the difficulties surrounding the construction of the railway and the drydock, and embarked on a program of public works that was financed by the sale of public lands and natural resources. Smithe died unexpectedly in 1887. He is buried at Somenos, north of Duncan, in the Cowichan Valley.

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Further delays occurred in resolving the differences when the Dominion took objection to the wording in the preamble to the legislation introduced in the provincial Legislature to allow Robert Dunsmuir to build the Island railway. It included a statement repeating the claim that the Island railway had been included in the Terms of Union at the time of British Columbia's entering Confederation. But eventually the differences were resolved.

The province transferred to the Dominion additional lands in the Peace River region of the province. And the Dominion enacted the legislation entitling the sums of \$750,000 to be paid as a subsidy for the building of the Island railway, and a further \$250,000 to complete the drydock at Esquimalt.

In March 1884, Sir Charles Tupper introduced in the House of Commons the *Settlement Act* (a similar Act had been introduced and passed by the provincial Legislature).

Objections were raised by members of the House from the Mainland as to the munificence of the land and subsidy granted to build the Island railway, especially the coal fields contained in the railway belt. Members from the Island, well aware of the fierce determination of Islanders to have a railway, spoke in favour of the Act, which was speedily enacted.

By 1884, relations between Victoria and Ottawa were for once harmonious. The Marquis of Lorne's term as Governor General ended before the final agreements for the Island railway were completed but, when he departed in 1883, he left knowing his efforts to resolve the problem had been successful.

Robert Dunsmuir, although he was the main figure, was not the sole person involved in constructing the Island railway. In 1884, a provisional contract was entered into between the federal government and the Esquimalt and Nanaimo Railway, a "body corporate and politic" of the following men: Robert and James Dunsmuir and John Bryden of Nanaimo, and three California railway magnates: Collis P. Huntington, Leland Stanford, and Charles Croker.

These last three men, with their partner Mark Hopkins, who died in 1878, were known as "the Associates." They had built the Central Pacific Railway, the western portion of the first transcontinental railway in the United States. The first rails of the Central Pacific were laid in 1863 and the golden spike was hammered in 1869 at Promontory Summit, Utah, linking the Central Pacific with the Union Pacific.

History was made and the journey of transcontinental travel across the United States was shortened to 8 days, instead of weeks of travel by wagon trains or months-long sea voyages. In 1870, the colonial delegates representing British Columbia had travelled across the United States on these railways on their journey to Ottawa.

Huntington, Stanford, and Croker were customers of Dunsmuir's coal and he knew they would be interested in investing in the Island railway, to ensure the rich coal fields in the land grant did not end up in the control of competing railways. The rival Northern Pacific Railway had expressed an interest in building the Island railway.

Although the Californians had a reputation for being ruthless and

unscrupulous, Dunsmuir did not shy away from doing business with them because he ensured he maintained control of the company and he had great faith in his own abilities as a businessman.

The Island railway issue was finally resolved even if the answer did not totally satisfy the Islanders. But the resolution came at great cost to the province. Land and natural resources were the commodities the province had in abundance—that is, if the proprietary rights of First Nations were ignored, which they were.

Public works and services were paid for by the sale of both land and resources, a practice that continued well into the next century. History has shown this practice did not always prove to be in the best longterm interests of the province.

The price to the province was a land grant of 1,900,000 million acres (800,000 hectares), including all mineral rights 20 miles (32 kilometres) on either side of the railway from Esquimalt to Seymour Narrows, and an amount of \$750,000 from the Dominion to build it.

The *Settlement Act* of 1884 that finalized the land grant gave Dunsmuir and his partners the rights to almost 20 percent of the best land on the Island, including all the coal, coal oil, ore, stones, clay, marble, slate, mines, minerals, and

substances whatsoever in, or under the lands so granted”; the foreshore rights in all its lands; the privilege of mining under the foreshore and the sea opposite and of retaining for their own use all coal and minerals under the foreshore; all the timber, and exemption from taxation until alienated.

And Dunsmuir only had to build a railway of 75 miles (121 kilometres) from Nanaimo to Esquimalt, less than half the length of the line the land grant was intended to encourage. According to the *Settlement Act*, settlers could pre-empt land up to 160 acres for \$1 an acre within the railway belt until the line was completed.

Then they had to deal directly with the railway company, which was free to set its own price.

Notwithstanding the criticism about some of the generosity of the deal, the *Settlement Act* quickly passed both in Parliament and in the Legislature; Premier Smithe who represented Cowichan was a great supporter of the Island railway.

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Even though there was opposition to it in Nanaimo, Robert Dunsmuir topped the polls in Nanaimo in the 1886 election, although he now lived in Victoria. His re-election surprised many because the 1886 election was held for the first time in the province by secret ballot; the voters in Nanaimo, including the miners at the Wellington colliery, were able to cast their votes without fear of retribution. The opposition claimed the election had been bought and paid for by Dunsmuir and his supporters.

The construction of the Island railway took 3.5 years. On August 13, 1886, Prime Minister Macdonald hammered the last spike, a silver one, at Cliffside, some 25 miles north of Victoria at Shawnigan Lake. This was his only visit to British Columbia, although he had been elected as a Member of Parliament from Victoria in 1878.

Macdonald and Dunsmuir had much in common—their Scottish heritage and their love of good whisky—and they enjoyed each other's company. Dunsmuir made certain that his private railcar, the Maude, was well equipped with refreshments and other comforts.

Because of their wives' aversion to strong drink, however, Dunsmuir arranged for Macdonald to visit the deepest pit at the Wellington colliery,

where they could more appropriately toast the completion of the Island railway with Scotland's water of life.

In 1887, the railway was extended to the Wellington mine site and, in 1888, into Victoria itself. In 1914, it was extended to Courtenay on the northern Island and was to have been extended to Campbell River, but World War I intervened.

In 1883, Robert Dunsmuir moved his family to Victoria where he bought a home, Fairview, at the corner of Quebec and Menzies streets in James Bay. It was one of the most expensive homes in Victoria. But it was not grand enough and he bought up 28 acres of land that included the highest point in Victoria. There he started construction of a grand castle that would dominate the city.

According to legend, he had promised Joan he would build her a castle in the New World. But he would not see its completion; he died in 1889, age 63. Joan and her three unmarried daughters moved into Craigdarroch Castle, named after the castle of the legendary Annie Laurie, the next year and she lived there until her death in 1908 at age 80. In 1905, the Esquimalt and Nanaimo Railway was sold to the Canadian Pacific Railway.

And in 1911, all the Dunsmuir coal mining operations were sold.

Robert Dunsmuir, for all his wealth and political connections, never received a knighthood. In 1887, Queen Victoria was celebrating her Golden Jubilee. A recommendation by the executive council—signed by Lieutenant Governor Hugh Nelson, that Robert Dunsmuir be considered for a knighthood—was sent to Prime Minister John A. Macdonald.

These efforts floundered when Dunsmuir's enemies discovered an article in a Portland, Oregon, newspaper in which he apparently regretted that Vancouver Island was not part of the United States. Dunsmuir made the comment in the context of discussing the disadvantage of paying duties on the coal he sold in San Francisco.



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Craigdarroch Castle, Victoria

Today most British Columbians realize the province's trade interests run on a north-south axis rather than an east-west one. In 1887, however, his comments caused a sensation in Victoria and his opponents in the Legislature introduced a motion alleging Dunsmuir had committed treason.

Although a select committee of the Legislature cleared his name of any alleged disloyalty to the Queen, his critics won. Newspapers in central Canada and Britain repeated the story; any hope for a knighthood melted away.

Apparently prior to his death, Dunsmuir had a premonition of his early demise. He met with a spiritualist who told him he would die in April. On April 10, he was found unconscious in his bed. Three doctors, including Dr. John Helmcken, revived him and Dunsmuir asked them if he was in danger of dying. His doctors assured him he was not. The reason he asked was because he had been in the process of preparing a new Will, dividing his estate between his two sons James and Alex. But Dunsmuir died 2 days later without signing it. His wife Joan inherited his estate under an earlier Will.

His funeral proved a grand occasion. Flags in the city of Victoria flew at half-mast. Stores were draped in black and closed for the funeral procession, which

was witnessed by almost the entire population of the city.

His entire estate, worth some \$15 million, was left to his wife Joan, under the provisions of his old Will. James went on to become Premier and Lieutenant Governor of British Columbia. Alex died tragically of alcoholism.

According to Lynne Bowen in her biography of Robert Dunsmuir, "The third generation of Dunsmuirs were more adept at spending money than making it and squandered the fortune on Paris fashions and Monte Carlo games of chance."

How should history view Robert Dunsmuir? An evil, anti-union, selfish capitalist? Or, a self-made man who worked hard to achieve what he accomplished—a great entrepreneur who made a fortune by taking risks and investing his money.

Dunsmuir had arrived on Vancouver Island as an indentured miner earning \$5 a day from the Hudson's Bay Company. He died the province's richest man. Dunsmuir boasted that "A capitalist is a man who lives on *less* than he earns."

According to Terry Reksten in her book, *The Dunsmuir Saga*,

He was not a mean-spirited or grasping man. In fact, some found him to be genial, kind-hearted, and generous. But he had no

sense of proportion. When he made his proud boast..., he did not stop to think that even as he spoke there was rising on his hill above the city a house that was a symbol of uncounted wealth, of profit and power rather than perseverance and pluck. ▲

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