

JUL 14 1975

THE GALTS AND IRRIGATION IN ALBERTA:
AN EXAMINATION OF THE ENTREPRENEURIAL ROLE IN FRONTIER DEVELOPMENT

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PRESENTED TO
THE CANADIAN HISTORICAL ASSOCIATION ©
EDMONTON, JUNE 1975

To a large extent Canada's drive for western expansion during the latter part of the nineteenth century was motivated by a desire to revitalize the lagging central Canadian economy. Various eastern commercial and financial interests saw in the development of the western frontier almost limitless opportunities for investments in transportation, farm implements, housing and marketing facilities.¹ Yet, despite the enormous potential of western resources, the generation of capital to finance these essential services was not an automatic process but required the skill and persistence of Canadian entrepreneurs, men who were able to overcome the disinterest among British investors for western Canadian enterprises. Two such influential promoters were Sir Alexander Tilloch Galt and his son, Elliot Torrance. Their zeal for western development and their willingness to assume financial risks inspired a number of prominent London bankers to back several enterprises in the Northwest. In addition to their enthusiasm and a keen sense of profit, the Galts were innovative; they could easily shift their bearings and try new ways when circumstances warranted.² This

¹See especially Vernon C. Fowke, Canadian Agricultural Policy: The Historical Pattern (Toronto: The University of Toronto Press, 1946), pp. 107-8, 118 for the thesis that Canadians viewed the settlement of the Northwest essentially in terms of new investment opportunities. Kenneth Buckley has shown that the development of the new wheat economy required tremendous investments in several sectors of the economy. See his Capital Formation in Canada, 1896-1930 (Toronto: University of Toronto Press, 1955). Neither of these studies, however, looked at the role of the entrepreneur as the promoter of western investment opportunities.

²The word innovation is crucial to most scholarly definitions of entrepreneurship. See for example Arthur H. Cole, "An Approach to the Study of Entrepreneurship" and Joseph A. Schumpeter, "Economic Theory and Entrepreneurial History", both in Explorations in Entrepreneurship, ed. by Hugh G.J. Aitken (Cambridge, Massachusetts: Harvard University Press, 1965).

creativity, linked to an extra-ordinary insight into business affairs, brought irrigation to southern Alberta and prepared the way for the agricultural settlement of the area.

I

Alexander Galt's great interest in the Northwest was a natural outgrowth of a very successful career in central Canadian land and transportation schemes. As the young resident commissioner of the ailing British American Land Company, Galt had instituted a policy of relaxed credit terms, vigorous advertising, and an energetic program of road, bridge and mill construction. In 1849, at the age of thirty-two, Galt became the president of the St. Lawrence and Atlantic Railway charged with saving the partially constructed road from bankruptcy. He was instrumental in securing the passage of the Guarantee Act of 1849 which permitted the Canadian government to guarantee railway construction bonds, a piece of legislation which saved Galt's company from financial disaster. The St. Lawrence and Atlantic experience taught the young entrepreneur and his associates that large profits were earned, not in the ownership or management of railways, but in their construction, a lesson cunningly applied in 1854 when Galt virtually blackmailed the Grand Trunk Railway into placing large and lucrative contracts with his construction firm, Gzowski and Company.³

³A sympathetic account of Galt's financial activities is given by Oscar Douglas Skelton, Life and Times of Sir Alexander Tilloch Galt, Carleton Library, No. 26 (Toronto: McClelland and

Galt was very much a product of the heady expansionism of the 1850s; like so many contemporary businessmen and politicians, he helped to foster the relentless drive to expand the St. Lawrence and Great Lakes frontier and then reaped maximum profits from its development.

Galt's preoccupation with economic growth was logically transferred to his political career. "I consider the interests of the Company and of the country to be identical," he wrote upon entering politics in 1849;⁴ and, while his political label changed several times, ideologically he remained committed to the business concerns of his constituency of Sherbrooke and his friends in Montreal. His political stature grew quickly and in 1858, after refusing to accept the prime ministership, he became the inspector-general in George Etienne Cartier's administration. Galt assumed the finance ministry on the condition that the government consider his proposal for a federation of the British North American colonies, a scheme he hoped would not only rectify the existing constitutional and political chaos of mid-century Canada, but would produce a free flow of complimentary resources among the various colonies, facilitated by an intercolonial railway. Integral to his notion was the role of the Northwest whose

Stewart, 1966, org. ed., 1920). An unfavourable interpretation of his dealings with the Grand Trunk is presented by the Globe (Toronto), February 5, 1851; A.W. Currie, The Grand Trunk Railway of Canada (Toronto: University of Toronto Press, 1957), pp. 11-15, 116, 171; Edward Chase Kirkland, Men, Cities and Transportation: A Study of New England History, 1820-1900 (New York: Russell and Russell, 1945), pp. 208-212, 478; and especially, G.R. Stevens, Canadian National Railways, I, Sixty Years of Trail and Error, 1836-1896 (Toronto: Clarke, Irwin and Company, 1959), pp. 82-89, 179-185, 241-258.

⁴Cited in Skelton, Galt, p. 64.

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rich natural resources could ensure prosperity for Canada. In a passionately imperialistic flourish, he exclaimed in the Assembly:

The House ought to assume the responsibility of occupying that great empire ... that region ten times as large as the settled heart of Canada, a thousand miles long by seven hundred broad and capable of sustaining thirty millions of souls. Such a thing has never yet occurred to any people as to have the offer of half a continent.... The door should be opened for the young men of Canada to go into that country....⁵

While his creative design of a federal union found little support at the time, subsequent events ultimately forced colonial leaders to consider such an arrangement, and Galt's financial genius played a crucial role in the negotiations. At the Charlottetown and Quebec conferences, the forty-eight year old Galt, portly, balding slightly and wearing a wisp of a beard, devised and promoted the intricate fiscal details of his largest business merger yet, confederation; his enthusiastic and authoritative speeches, eloquently delivered, disarmed the reluctant and suspicious Maritimers and made the union possible.⁶

Galt did not become actively involved in Canada's plans for western expansion until 1879 when Prime Minister Macdonald appointed him to the new post of high commissioner in London, a position designed largely to encourage massive immigration to Canada, and seemingly tailor-made for Galt's abilities. Settlement was the key to Macdonald's national

⁵Ibid., p. 81.

⁶See D.G. Creighton, Road to Confederation: The Emergence of Canada, 1863-1867 (Toronto: Macmillan of Canada, 1964), pp. 114-115, 167-169, 236.

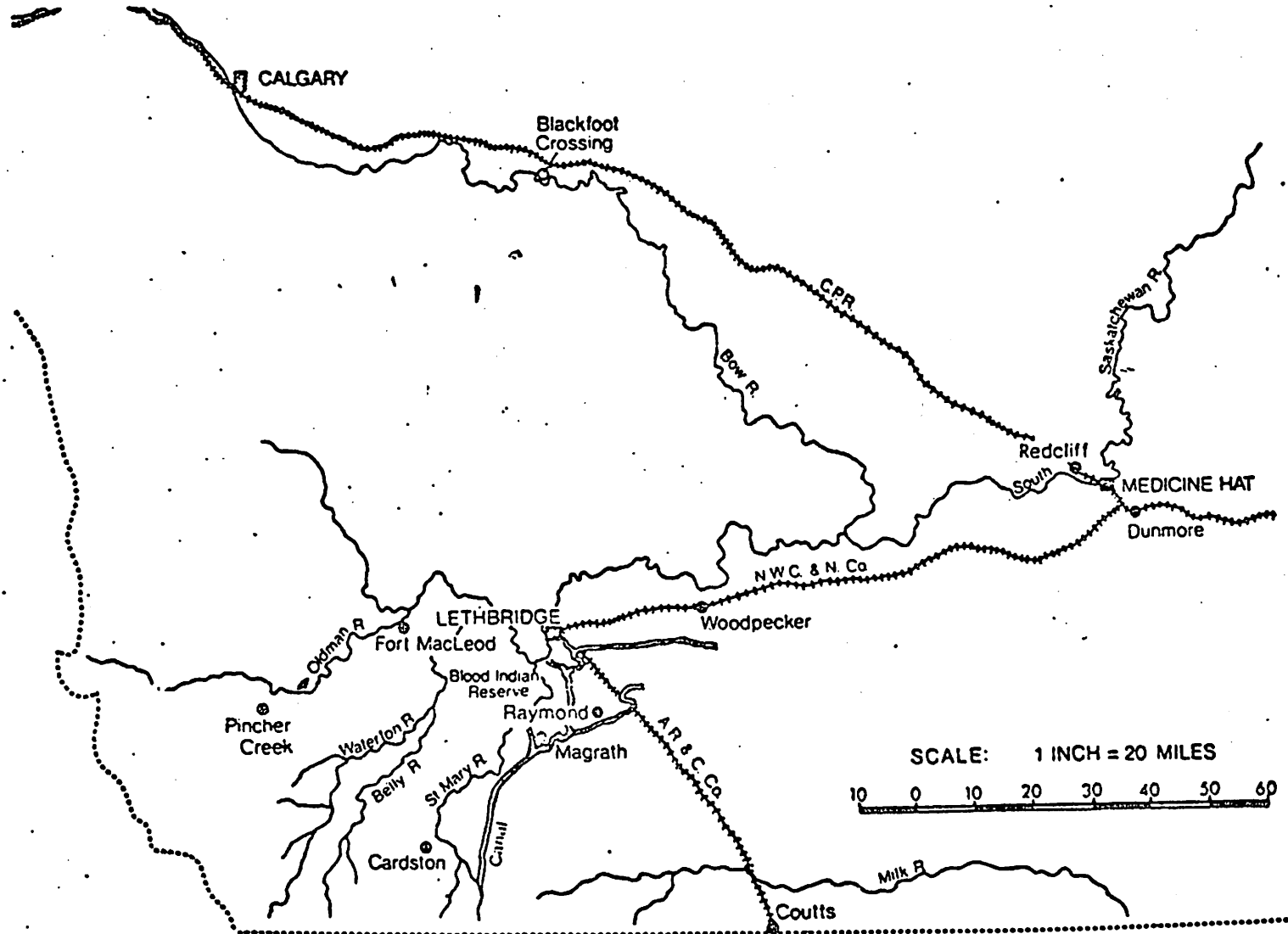
policies because only a populated prairies could stimulate the national economy and utilize the expensive transcontinental railway. Since Canada had neither the financial nor human resources to exploit the tremendous potential of the Northwest, the prime minister hoped that Galt's entrepreneurial genius could capture the imagination of British financiers and government officials, establish an awareness of the limitless opportunities in the Northwest and spur investments in large-scale emigration and development schemes. Galt, however, disappointed the prime minister. The new commissioner fully appreciated the urgency of western colonization within the context of Macdonald's national vision, yet he failed to implement a bold and imaginative plan which would divert the stream of emigrants to the United States, which was still a more attractive new home than Canada. To be sure, Galt never received full-fledged financial nor diplomatic support from either the Canadian or Imperial governments but, at the same time, he did not fit into London society and he detested the polite, drawn-out and seemingly fruitless diplomatic talks so characteristic of British officials. While Galt was a master of intricate and tiring negotiations, he was also a blunt and outspoken businessman with a pragmatic outlook, who quickly abandoned unprofitable ideas. He never enjoyed his stay in London and was anxious to return to Canada to devote his full attention to private ventures in the Northwest. Consequently, he was glad when in 1883 Macdonald finally accepted his standing resignation.⁷

⁷ For a detailed account of Galt's attempts to induce large-scale emigration see A.A. den Otter, "Sir Alexander T. Galt and the Northwest: A Case Study of Entrepreneurialism on the Frontier" (unpublished Ph.D. dissertation, University of Alberta, 1975).

Galt's personal interest in western development was sparked by the activities of his eldest son, Elliot, the assistant Indian commissioner. Elliot Galt not only urged his father to speculate in western real estate but also persuaded him to establish a colliery to exploit the vast coal deposits on the western rim of the prairies, a potentially lucrative enterprise because the envisioned flood of settlers onto the treeless plains, accompanied by extensive railway networks and industries, promised to become voracious consumers of energy. Accordingly, in 1882, Sir Alexander, still in London, established a British-based mining firm, the North Western Coal and Navigation Company (NWC&NCo), to work the seams at Coal Banks (present-day Lethbridge).

Although Galt temporarily employed a fleet of steamboats and barges to transport the coal to the CPR main line at Medicine Hat, he fully intended to build a railway. The general economic depression which plagued North America in the mid-1880s, however, hampered his quest for financing and he turned for assistance to his friend Prime Minister Macdonald, who was an ardent advocate of western economic growth. A series of complicated negotiations resulted in an amendment to the federal land act, which allowed the Dominion to grant Galt a land subsidy of 3,840 acres per mile for 110 miles of track from Lethbridge to Dunmore, just east of Medicine Hat. The narrow-gauge railway, completed in 1885, was the first to profit from the Galt-initiated regulation, a policy soon extended to several colonization railway companies in the Northwest. A second narrow-gauge, the Alberta Railway and Coal Company (AR&CCo), built by Galt in 1890 to connect his colliery to the Montana smelter industry, earned a second

422,400 Acres
= 660 SQ MILES
≈ 18 Townships



The Lethbridge Area, 1900

land subsidy of 6,400 acres per mile, a generous concession because the colonization railways were required to build standard gauge roads for similar sized grants. In addition to this second subsidy the Galt concern received 2,560 acres per mile in return for a pledge to widen the Dunmore line. In total, therefore, the Galt complex accumulated nearly a million acres of land for constructing two railways which were necessary to make the coal mines profitable.⁸

Despite the large land grants, Sir Alexander had encountered considerable difficulty securing funds for his railways. While he had started the project under the favourable conditions of the hot CPR construction boom, the economic wind had shifted suddenly and a cold indifference prevailed among British investors. Like other Canadian entrepreneurs, Galt was forced by the economic depression to make numerous, tiring pilgrimages to England to cajole reluctant investors into making the necessary commitments. Eventually he created an intricate corporate structure which included the most prominent financial houses in Great Britain — the Barings and Glyn, Mills, Currie and Company — several major London trust companies, as well as investors from Montreal, Winnipeg and the states of New York and Montana. Yet it required all of Galt's financial wizardry, his extensive commercial and political contacts, and his prestige as high commissioner to make the corporate structure possible and ultimately successful.

In these business activities, Galt took full advantage of the Canadian government's obsession with western development. When

⁸Canada, Orders in Council, October 19, 1883; September 27, 1884; January 15, 1885; May 26, 1888; May 31, 1888; March 11, 1890; Canada, Statutes of Canada, 53 Victoria, Chapter 89, March 26, 1890.

investment capital suddenly evaporated in the mid-1880s, Galt, as well as other salesmen of prairie resources, convinced the frantic politicians that land was abundant, required no immediate cash outlay, and thus was an inexpensive means of stimulating economic activity. Galt was especially influential because of his experience with the British American Land Company and his long, close relationship with the government party. In the sense that he strongly believed that the development of the western frontier would make Canada a prosperous nation, he was working for the national interest; ultimately, however, he was a businessman motivated by the need for profits and so he used his friendship with Prime Minister Macdonald, several ministers of the interior, and a number of members of the government, in order to wring every possible concession out of the federal administration. Galt fostered the government's willingness to virtually guarantee developers their profits, and he seized the opportunities which the government's generosity made possible. In the end the land grants he had sought to help finance the original venture transformed the coal mining-railway complex into a colonization-immigration company.

II

The Lethbridge collieries never entirely fulfilled the expectations of their founders because the slow settlement of the Northwest and cut-throat competition from Montana severely curtailed coal production. To be sure, until the turn of the century, the Galt

mines were the largest in the territories but that was only because the security of the land grants had made possible a well-financed, large and efficient operation.⁹ Still, output was never stable and so it was to the land grant that the Galts increasingly turned their attention. They hoped to reap substantial profits from the sale of these properties; in this too, however, they were disappointed and considerable effort had to be expended to make the land attractive to buyers.

Unlike all other land grants, those of the Galts did not stipulate that they had to be "fairly fit for settlement", a provision probably left out because the land was intended for grazing rather cultivation. The Galt lands comprised the south western extremity of the 'Palliser Triangle', a relatively flat and treeless expanse of bunch grass, gouged by many deep coulees and rivers, a territory blessed with fertile soil and a warm climate but cursed with extended periods of insufficient rainfall and hot searing winds. This semi-arid, open country was ideally suited for cattle raising and a vigorous ranching industry had been established by this time. The Galts hoped to sell sizeable portions of their grant to large ranching corporations. To do this, however, they needed to bring about a radical change in the land grant system.

In October 1885, just after the completion of the Dunmore line, Galt requested that his company be allowed to select its lands in

⁹Some of the coal mine's financial details are given in the legislation which permitted the company to refund its debts. See Canada, Statutes of Canada, 59 Victoria, Chapter 45, June 28, 1895.

alternate townships rather than sections and that the school and Hudson's Bay Company lands in those tracts be set aside elsewhere. This change was necessary, according to Sir Alexander, because sections were too small for large ranching operations.¹⁰ The government, ever eager to encourage resource developers, reacted favourably to the proposal and decided to amend the land act so that the provision could be extended to the railway colonization companies.¹¹ Accordingly, the enabling legislation, passed without any significant opposition in June, 1886, permitted railway companies to chose their land grants in alternate townships provided they had made prior arrangements with the Hudson's Bay Company for land exchanges.¹² Once again Galt had initiated a significant change in Canadian land policy, a new principle applied to several railway colonization companies, including the final portion of the CPR subsidy.

By the summer of 1887 several of the Galt townships located southeast of Lethbridge were put up for sale. Competition with the federal leasing system proved too strong, however, and by 1889 the company had sold less than a third of their grant. A number of individuals had bought small sections, two parcels of ranching land containing over 500,000 acres were sold to Sir R.W. Cameron, a director of the AR&CCo, and nearly ten thousand acres were transferred to Charles Ora Card, a

¹⁰Canada, Order in Council, October 19, 1885.

¹¹Public Archives of Canada, Department of the Interior Records (RG 15), Vol. 291, File 62709-2, Burgess to Wilson, February 25, 1886.

¹²Canada, Statutes of Canada, 49 Victoria, Chapter 12, June 2, 1886.

Mormon settler from Utah.¹³ It was the latter sale which turned the Galts into a new and entirely different direction.

Charles Ora Card, a very talented secular as well as religious leader, was born in 1839 in New York and moved with his parents to Logan, Utah, around 1856. Here Card became a successful farmer, entrepreneur, a gifted teacher and civic leader, as well as a high priest. In 1886 he was arrested for unlawful co-habitation with three wives but managed to escape to Canada where he selected lands near the junction of the St. Mary's and Waterton rivers as a future colony for Mormon fugitives. After recruiting a number of families in Utah for the new settlement, Card returned to southern Alberta in the spring of 1887. The group elected to stay at Lee's Creek, shortly to be the town of Cardston, and within years established a prosperous settlement based upon its strong sense of religious community. Card petitioned the Canadian government for a number of concessions, including the right to buy an entire township to accommodate the hamlet system to which they were accustomed in Utah.¹⁴ The entry of the Mormons into western Canada, however, had aroused a vicious storm of protest, particularly from areas outside of southern Alberta, and the federal

¹³By November of 1890 the company had acquired rights to 839,216 acres at ten cents per acre for a total of \$83,921.60, in addition to purchases of \$39,120 in coal lands for a grant total of \$123,041.60. It had sold 103,090.54 acres of farm lands for \$133,356.98 as well as several hundred acres of coal lands and surface rights for \$5,666.25. Revenues thus exceeded expenditures by \$15,881.63, not including interest or administration charges, a cheery prospect for the remaining 740,000 acres. See Glenbow-Alberta Archives, NWC&NCo Papers, File 9, Statement of Railway Land Grants and Coal Lands, November 12, 1890; also *Ibid.*, File 3, undated report on land sales to December 31, 1889. [Hereafter cited as GAI.]

¹⁴A. James Hudson, Charles Ora Card, Pioneer and Colonizer (Cardston, Alberta: By the author, 1963).

government, buffeted by bitter petitions against the supposedly polygamous Mormons, was afraid to grant special favours to the group.¹⁵ As a result it instructed Card to settle his people according to the regular homestead regulations.

Rebuffed by the government, Card next sought the aid of Charles Magrath, the land agent for the NWC&NCo. The two had become acquainted during Card's frequent trips to Lethbridge for supplies and land negotiations, and they had become close friends. Magrath worked out an arrangement whereby the NWC&NCo would chose as part of its land grant that township in which Cardston was located and subsequently sell the property to the Mormons. In this manner the federal government could not be accused of favouring the sect.¹⁶ So sensitive was the cabinet to the Mormon issue that it refused to grant the company the required township, much to the disappointment of Charles Card.¹⁷ Instead, the church purchased 9,690 acres from the company elsewhere at \$1.25 an acre.¹⁸

It was Charles Card who provided the impetus to large-scale irrigation in southern Alberta. While a few individuals built several isolated ditches around Calgary and Macleod, the Mormon leader was the first to fully recognize the feasibility of utilizing the many

¹⁵University of Alberta Archives, Pearce Papers, Box 42, 14-B-11, No. 2275, Ferguson to Magrath, June 3, 1889; Pearce to Magrath, November 20, 1888.

¹⁶Ibid., Magrath to Pearce, November 15, 1888.

¹⁷Ibid., Card to Pearce, August 6, 1889.

¹⁸GAI, NWC&NCo Papers, Box 1, File 1, undated report of land sales.

rivers of southern Alberta to overcome its deficiency in rainfall. In Utah the Mormons had become leaders in the art of applying water to semi-arid soils and Card, who had extensive irrigation experience, immediately realized the possibilities in the Northwest. He impressed upon C.A. Magrath the potential wealth which the territorial streams could create if the abundant waters were distributed on the land. The two men approached Elliot Galt, the resident manager of the Lethbridge enterprises, who enthusiastically endorsed the idea of large-scale irrigation as an alternative to ranching.¹⁹ The three men formed an invincible partnership. Elliot Galt, carefully schooled in the craft of entrepreneurship and colonization by his father; C.A. Magrath, a meticulous surveyor and ardent land developer; as well as Charles Card, endowed with charismatic leadership and practical irrigation experience.

In the fall of 1890 a number of Mormon church leaders, touring the Cardston settlement, were so impressed with the progress made by the community and the tremendous opportunities available in western Canada, especially for future Mormon colonies, that they authorized Card to purchase a large tract of land from the AR&CCo which, in addition to its own subsidy, had acquired that of the NWC&NCo. The following summer Charles Card and John W. Taylor, the church president, agreed to rent from the company over 720,000 acres of land for two cents per acre annually for four years after which they were to buy it at one dollar per acre. The Mormon church further promised to build several hamlets on the properties; bring in settlers; and, most

¹⁹C.A. Magrath, The Galts, Father and Son: Pioneers in the Development of Southern Alberta (Lethbridge: The Lethbridge Herald, 1936), p. 41.

importantly, have the incoming settlers provide the labour for the construction of irrigation canals.²⁰ To administer and supervise this gigantic undertaking, Galt created two new firms — the Lethbridge Land Company to buy all the town plots, farm lands and mortgages from the AR&CCo,²¹ and the Alberta Irrigation Company to finance the irrigation works. The latter company, a joint venture between the Galts and the Mormons, was incorporated, after some delay, in April, 1893. To prevent an uproar of anti-Mormon feelings, no churchmen were named to the board; instead the act of incorporation listed Sir Alexander Galt, Elliot Galt, Charles Magrath, and several others as directors.²² Despite the omission of Mormon names, the new corporation represented the first step in a very effective alliance between the church and the Galt companies, a partnership which completely altered the natural character of southern Alberta.

The Mormons, in effect, agreed to purchase and help develop nearly three-quarters of the entire AR&CCo's land grant. Such an enormous undertaking required large amounts of capital and so the Galts were faced once again with the task of seeking funds for expansion. Since Sir Alexander was ailing, the prime responsibility for financing the project fell on Elliot who assumed the task with as much gusto as

²⁰GAI, Jacobensen Project, File 234, Charles Ora Card, p. 9.

²¹The Lethbridge News, January 27, 1892. The lack of any further documentation precludes any firm conclusions on the nature of the company but it probably was another of Galt's ploys to strengthen the coal mining enterprise. A large sale to the Mormons would certainly give the new company a very healthy balance book as well.

²²Canada, Statutes of Canada, 56 Victoria, Chapter 69, April 1, 1893.

his father had always mustered for grant projects. No amount of enthusiasm, however, could overcome the circumstances of the day. The expected throngs of immigrants still had not arrived in the Northwest and the prevailing economic depression still closed the financial markets to western Canadian enterprises. The British partners, who for over ten years had made heavy commitments to southern Alberta without any spectacular returns, flatly refused to invest more money; the Mormon church, likewise, refused to assume the entire financial burden; thus the agreement was cancelled and the irrigation project postponed. As had happened so often in Canada's past, private enterprise was reluctant to undertake a large development without government assistance; once again, like so many other entrepreneurs, the Galts needed some sort of government support.

III

The public official largely responsible for changing the government's attitude toward irrigation was William Pearce, officially the Superintendent of Mines but actually broadly in charge of western settlement. Pearce, stationed in Calgary, was an ardent advocate of western resource development who thought that the foremost problem in western Canada, the irregularity of rainfall, could be remedied through irrigation.²³ In his 1885 report to the department

²³E. Alyn Mitchner, "William Pearce and Federal Government Activity in Western Canada, 1882-1904" (unpublished Ph.D. dissertation, University of Alberta, 1971).

of the interior he had already urged the government to become actively involved in extensive irrigation projects, and subsequently report after report touched on the subject. One of his chief concerns was that the lack of government regulation and support would lead to a chaos of small, disjointed irrigation projects which would squander precious water. Largely because of his interest in western settlement, Pearce met C.A. Magrath and they became close friends. He also grew to admire the industrious Mormons, especially their leader Charles Card.²⁴ Since he believed so strongly in the necessity of irrigation, Pearce proved to be an important and influential ally in the endeavours of the Galts to bring water to large sections of their land.

At first government officials were suspicious of Pearce's suggestions. The pace of western settlement was a great disappointment to them and thus talk of irrigation could easily produce rumours that the Northwest contained only arid lands, scaring away prospective settlers.²⁵ Consequently the government toned down all appeals for irrigation made by local boards of trade or regional officials and especially turned a deaf ear to demands for financial assistance to irrigation. It was an attitude they could not maintain for long. The prolonged drought which lingered on in southern Alberta during the late 1880s and early 1890s created the nagging fear that perhaps dryness was

²⁴A cursory glance through the Pearce papers will reveal the jovial relationship among the three men, a bond which was especially close between Magrath and Pearce.

²⁵See, for example, Canada, House of Commons, Debates, 1890, April 14, 1890. Pearce was told to "deal gently with the question of irrigation" as only a small section of the Northwest could be irrigated. "At this stage of the history of the country, much harm could result from any public discussion which would seem to indicate that any considerable proportion of land is unfit for cultivation excepting by the aid of irrigation." University of Alberta Archives, Pearce Papers, Box 8, 3-35, Burgess to Pearce, January 21, 1891.

the prevailing feature of the south. Western settlers, haunted by the spectre of failure, blamed the CPR and the Canadian government for leading them to this region and began to agitate for relief; further discussions with westerners, notably the persistent Pearce and the competent Charles Card, reduced the apprehensions of government officials. As a result William Pearce was summoned to Ottawa in 1892 to help draw up a comprehensive irrigation policy which might alleviate the hardships experienced by frontier farmers. A year later the Chief Inspector of Surveys, J.S. Dennis, was asked to study various irrigation systems in the western United States to help him make recommendations for the pending legislation.²⁶ An irrigation bill was presented to the House in February, 1893, but later withdrawn in favour of more pressing business, an action which greatly incensed westerners. The North West Irrigation Act was not passed until the next year when it vested all water rights in the Crown and provided for the controlled use of the water resources of the Northwest.

Meanwhile Pearce and Magrath helped to organize western sentiment in favour of irrigation. They assisted in the organization of local irrigation associations such as the South West Irrigation League, launched in March, 1894. At the league's founding convention in Calgary the delegates sent a strongly worded resolution to the Dominion government asking for a comprehensive survey of the semi-arid portion of the prairies and a master irrigation plan for southern Alberta,²⁷ points which clearly bore the imprint of Pearce and his friend C.A. Magrath.

²⁶Pearce, who also worked on the legislation, passed the proposed bill around to every westerner interested in irrigation for comment. See Ibid., Box 71, No. 22-83, Pearce to Magrath, November 23, 1893.

²⁷Mitchner, "Pearce and Western Canada," pp. 239-240.

The call for the systematic development of the region's water resource was supported by the territorial press, particularly the *Lethbridge News*. This staunch advocate of irrigation over the years churned out a constant barrage of editorials insisting that the federal government, as the largest landowner in the territory, had a far greater interest than any private corporation in a plan which would increase land values; therefore, the Canadian government must bear the cost of surveys and water measurements, an expensive but necessary step to prevent a costly and inefficient conglomeration of haphazardly built irrigation ditches.²⁸ Once the study was completed, private industry could construct the canals and other necessary works. But here too the government should provide assistance, the *News* claimed, because irrigation ditches were as essential to settlement as railway tracks. "Railway after railway may be built through a section of the country until it is covered with a network of iron rails," the paper asserted, "but the country will never be a paying speculation until there is agricultural production."²⁹ Only irrigation could induce agricultural development in southern Alberta and thus it deserved assistance. Just as the state had aided railways, so it should help finance irrigation projects. Once irrigation was shown to be profitable, capitalists would invest their money and settlers would pour into the semi-arid region, adding to the general prosperity of Canada. The strident voice of the *News* was an important part of the growing public sentiment in western Canada for federal involvement in irrigation schemes.

²⁸ See for example, The Lethbridge News, November 20, 1889.

²⁹ Ibid., June 8, 1892.

As long as plenty of land was available elsewhere on the prairies, however, politicians were unlikely to approve subsidies for irrigation schemes in southern Alberta. The Deputy Minister of the Interior, A.M. Burgess, pointed out in his annual report that the fears of adverse rumours emanating from demands for irrigation "have been to a great extent rumoured" through promotional work carried out abroad. In 1894 the minister instructed J.S. Dennis to make a preliminary survey of the water resources of the Northwest,³⁰ a sure indication of the change in attitude and a concern for wise water management. It refused, however, to provide tangible financial assistance to any specific irrigation scheme and thus by the mid-1890s an extensive irrigation project for the region was still impractical. Before private enterprise could be persuaded to finance such costly schemes the government had to promise some form of subsidy which virtually guaranteed profits.

IV

When Sir Alexander Galt died in 1893, the Lethbridge enterprises came under the control of his son Elliot who readily assumed the entrepreneurial role and vigorously expanded the operations. Elliot Galt was a tall, lanky individual who, although shy by nature, had inherited his father's keen sense for profit, his ability to conceptualize grant schemes and his power to sway investors and government

³⁰Canada, Department of the Interior, Annual Report, 1894 (Ottawa: Queen's Printer, 1895), pp. xvii-xx.

officials. Under his guidance the collieries expanded so that by 1912, when they were sold to the CPR, they were among the largest in western Canada. Although he drew his financial support from central Canadian and British sources, he was more western in his orientation than his father. His familiarity with western conditions and his friendship with Magrath, Pearce and Card helped him to recognize that irrigation was the answer to the AR&CCo's lagging land sales. As a result, the need to earn profits compelled Galt to abandon the ranching concept and to convert the semi-arid ranching country into irrigated farm lands. "We had expended large sums," he explained, "and we were compelled to go ahead and protect what we had already invested."³¹ As entrepreneur, the introduction of irrigation to southern Alberta was his greatest achievement.

Although the lack of funds had contributed to the failure of the previous irrigation plans, the manner in which the AR&CCo held its lands had also been a factor. While alternate townships were convenient for ranching purposes, they proved unsuitable for irrigation because any canal had to traverse crown, school and private as well as company lands, doubling construction costs and inflating land values at company expense. To make the project feasible, the AR&CCo had to have its land in one solid block. Elliot Galt, therefore, approached the government late in 1895 to seek approval for a land exchange to create a solid unit of land south of Lethbridge. After lengthy deliberations and considerable bickering the Minister of the Interior, T. Mayne Daly,

³¹Public Archives of Canada, Galt Papers, Vol. 6, interview in Sifton's office of E.T. Galt, May 16, 1904.

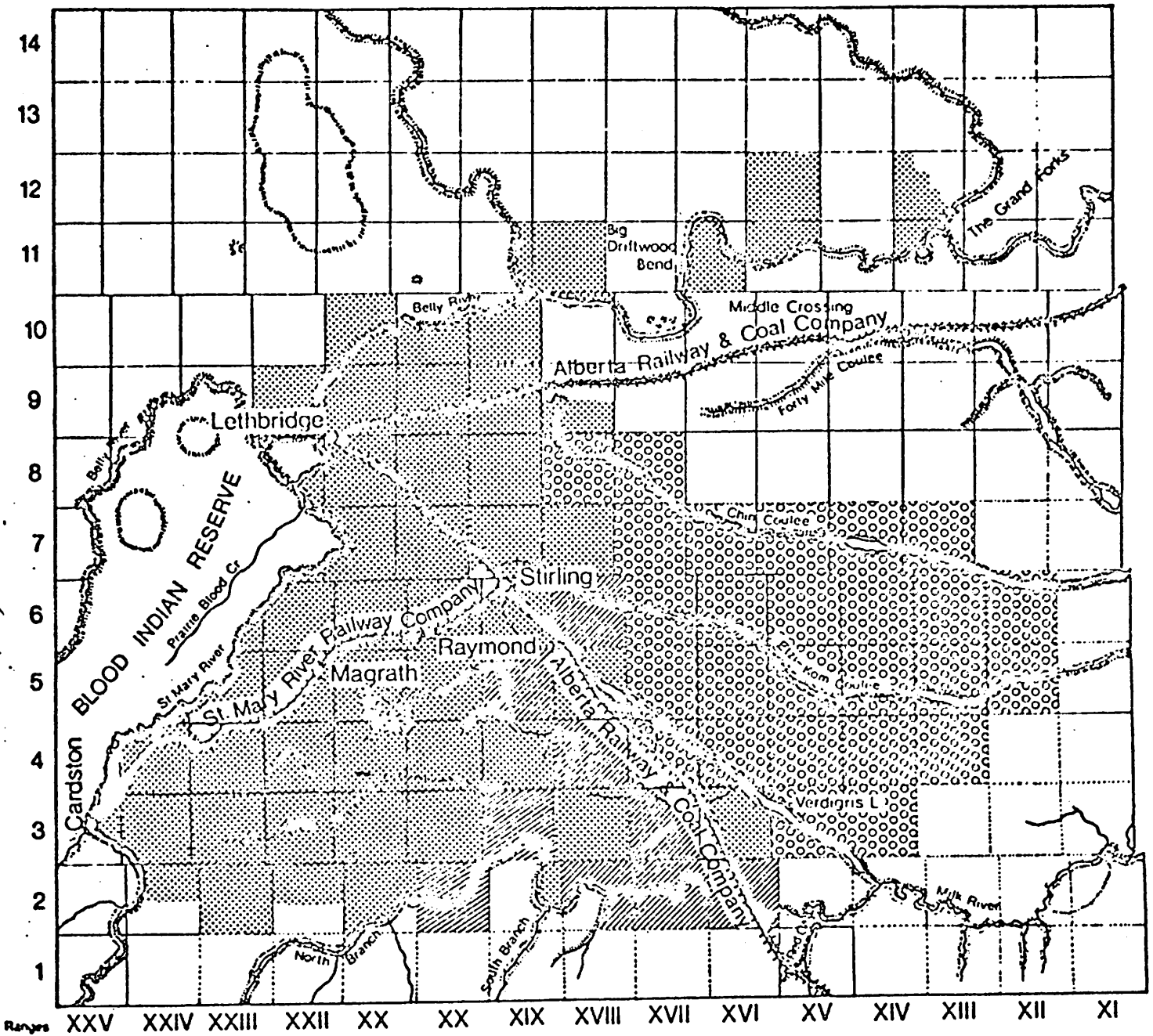
agreed that irregular and separated parcels of land would lead to small and wasteful irrigation projects; he concluded, therefore, that "to make irrigation practicable, and ... to utilize to the best advantage the supply of water ... the tracts to be irrigated must be defined with relation to the physical configuration of the country, and cannot be governed by the rectangular sectional system of survey."³¹ Since the principle of land consolidation had been applied to settle the CPR subsidy, the minister of the interior argued that it could be extended to the AR&CCo as well. The cabinet agreed and permitted the company to hold half a million acres of land in an unbroken triangle bounded on the west by the St. Mary's and Belly rivers and on the east by the AR&CCo's Montana railway. The government did make it clear, however, that it was not prepared to grant financial assistance to any irrigation project as long as more humid lands remained elsewhere.³² A few months later the government also renewed the Alberta Irrigation Company's charter authorizing it to build an irrigation canal to be completed within ten years.³³ All that remained for Galt and Magrath was to seek the necessary capital to implement the irrigation scheme.




³¹Canada, Order in Council, January 18, 1896 bears the attached memorandum by Daly, misdated November 16, 1885 instead of 1895. See also GAI, NWC&NCo. Papers, File 10 for correspondence among Galt, Daly, Ferguson and Magrath which reveals that the issue was very sensitive to a weak cabinet. Prime Minister Bowell was very reluctant to make a politically unpopular decision. See letter Loughheed to Magrath, January 9, 1896.

³²Canada, Order in Council, January 18, 1896.

³³Canada, Statutes of Canada, 59 Victoria, Chapter 44, April 23, 1896.

GALT LAND HOLDINGS



-  First Consolidation 1896
-  Second Consolidation 1900
-  500,000 Acre Tract 1902

Their search for financial backing was eased considerably by a complex series of events. The spectacular gold discoveries in South Africa were partially responsible for halting the decline in American wheat prices which rose steadily from 1893 on. At the same time free land in the United States ran out and settlers began to look to the Canadian Northwest. Agriculture was made profitable here with the introduction of dry-farming techniques which were well suited for wheat production. The recently developed chain of elevators, railways and large grain ships made possible the rapid transportation of bulk wheat shipments overseas. Grain suddenly became Canada's great staple commodity and her western lands began to attract farmers. Aided by the new era of optimism and economic buoyancy, the Canadian government revamped its immigration program and successfully attracted hundreds of thousands of Americans, British and European immigrants every year. As the trickle of settlers swelled to a flood, western Canadian development once again attracted foreign financiers and finally made Alberta irrigation possible.

Several other factors, added to the brightening economic climate, made the project feasible. The Liberal election victory in 1896 saw the emergence of Clifford Sifton as the minister of the interior. Sifton, an ardent promoter of western agricultural settlement, believed in the worth of irrigation, and in an interview with C.A. Magrath promised to forgive the company the sum of its survey dues, to a total of over \$48,000.³⁴ In addition the CPR agreed to pay the irrigation company

³⁴Magrath recalled that he was surprised at Sifton's quick decision to forgive the company's survey debts and he wrote "It is but fair to say that the impetus given to irrigation development in southern Alberta came from Clifford Sifton." Magrath, The Galts, p. 15. The

a subsidy of \$100,000 in twenty semi-annual instalments.³⁵ Furthermore, the completion of the CPR's Crowsnest line opened up the mining centres in the interior of British Columbia to Lethbridge agricultural products. With the favourable turn in events Elliot Galt resumed the complex negotiations with his American and British backers.

In November, 1897 Galt and Magrath travelled to Salt Lake City and worked out a suitable arrangement with the Mormons.³⁶ The Church of the Latter Day Saints promised to supply all the labour to dig the canals in return for a payment of one-half in cash and one-half in land, the land with water rights being valued at three dollars an acre, to a total of \$75,000 and 25,000 acres. The properties were to be in two large tracts with their centres twenty and thirty-five miles from Lethbridge, each supporting a hamlet of about fifty families recruited by the Mormons.³⁷ Armed with this agreement and the promise of government support Elliot Galt crossed the Atlantic and convinced the London capitalists to finance the \$600,000 project. During the final negotiations the Alberta Irrigation Company was dissolved and re-incorporated as the Canadian North-west Irrigation Company, the firm in charge of the financial arrangements and the construction work.³⁸

remittance of the survey dues was officially approved by the cabinet in 1898. See Canada, Order in Council, January 6, 1898.

³⁵ James B. Hedges, Building the Canadian West: The Land and Colonization Policies of the Canadian Pacific Railway (New York: The Macmillan Company, 1939), p. 137.

³⁶ GAI, NWC&NCo Papers, E.T. Galt to Sifton, December 15, 1897.

³⁷ Canada, Order in Council, January 6, 1898. The contract is attached to the order.

³⁸ GAI, NWC&NCo Papers, Galt to Sifton, dated only September, 1898. See also Canada, Statutes of Canada, 62-63 Victoria, Chapter 93, July 10, 1899.

Once the funds were assured, work could begin, and on August 26, 1898, Charles O. Card plowed the first furrow for the ditch. The plans called for the canal to be dug from the St. Mary's at a point close to the international border, angle northeastward, passing near the present day downs of Magrath and Stirling, and to terminate near Lethbridge. Such a long canal was necessary because the St. Mary's River ran three hundred feet below the levels to be irrigated; to spare the cost of pumping stations the company placed the water intake at an upstream site which lay above the level of the lands to be watered. It was a gigantic undertaking: no steam shovels nor dredges were used, but several hundred men with teams of horses moved well over a million cubic yards of dirt; the project also consumed over a million board feet of lumber for the various structures like sluiceways, gates and several buildings.³⁹ By the end of August, ¹⁸⁹⁹ only three miles of construction remained between the two new hamlets of Magrath and Stirling; although some four hundred men were still at work, many sub-contractors had quit in order to put up hay for the winter months. The next spring construction was resumed and the canal completed. On July 4, 1900 G.G. Anderson wired Magrath, "Main Canal is completed. I will turn the water on in an hour and will report day by day."⁴⁰ Later in the month water flowed into Lethbridge and in September the canal was

³⁹GAI, Sam G. Porter and Charles Raley, "A Brief History of the Development of Irrigation in the Lethbridge District" (type-written manuscript, Lethbridge Public Library, 1925), p. 18; Melvin S. Tagg, "A History of the Church of the Latter Day Saints in Canada, 1830-1963" (unpublished Ph.D. dissertation, Brigham Young University, 1963), p. 179.

⁴⁰GAI, Charles Raley, "A Scrapbook Compiled in the Office of the Alberta Railway and Irrigation Company, 1896-1956," Anderson to Magrath, July 4, 1900.

opened officially by Governor General Lord Minto. In two years the workers had excavated 115 miles of canals including the thirty-two mile Lethbridge and twenty-two mile Stirling branches.

With the completion of the canals the North-west Irrigation Company was ready to sell its lands to prospective settlers. It embarked upon an extensive advertising campaign in eastern Canada, the United States and Europe. The company published several brochures, one of which labelled southern Alberta as the "Colorado of Canada" and included a testimonial from a prominent Mormon leader, Levi Harker, boasting of the fabulous yields possible on irrigated lands.⁴¹ The firm also advertised at the Stockmen's Convention in Salt Lake City, sent photographs to European exhibitions and, with the Lethbridge town council, subsidized the local Presbyterian pastor, Charles McKillop's publicity trip to Ontario.⁴² The federal government helped by preparing a special pamphlet many of which were distributed at the Pan-American exhibition.⁴³ The *Winnipeg Free Press* and the *Montreal Herald* were only two of the many newspapers which features stories on the irrigation project. All this promotional literature stressed the certainty of good crops with irrigation, for as one tract said, "The farmer is in fact his own rainmaker."⁴⁴

⁴¹GAI, L.P. Burns, "The Alberta Railway and Irrigation Company, 1893-1946," in History of Irrigation in Western Canada, History of Agriculture (a Glenbow Foundation Research Project, typewritten) (hereafter cited as Burns, "AR&I Collection"); Canadian North-west Irrigation Company, The Colorado of Canada, Irrigated Lands, Southern Alberta (n.p., 1900).

⁴²GAI, Raley, "AR&I Scrapbook," contains clippings from several newspapers in which McKillop inserted articles on Lethbridge.

⁴³GAI, Burns, "AR&I Collection," July 30, 1900.

⁴⁴GAI, Canadian North-west Irrigation Company, Irrigated Lands in Southern Alberta (Winnipeg: Storel Company, 1900).

Ironically no one needed a rainmaker. Simultaneously with the commencement of the irrigation works, the region experienced one of its wet spells. In 1898 and 1899 the countryside nearly drowned under torrential rains and floods; the deluge turned creeks and coulees into raging rivers and badly eroded the freshly dug canals. One settler wrote,

On June 17th 1899 rain fell and soon became a deluge and for two weeks it poured without stopping. The canvas of our tent could no longer shed the water and it poured through [onto] the beds and all despite the tubs, pans and all else used to try and stay it.⁴⁵

In 1902 three rainstorms swamped southern Alberta and washed out large portions of the canal system, disabling the entire system. Prospective land buyers were apt to remark that the company should have built drainage rather than irrigation ditches. Sales were extremely slow and by the end of December, 1901, the company had signed only 145 water agreements many of which were only with partial users.⁴⁶ The intermittent wet years in the usually semi-arid territory retarded the agricultural development of southern Alberta for several years; all that was needed to popularize irrigation was the more usual dry spells such as the one that had prompted the government to initiate the water surveys six years earlier. When such a dry period came, the area was quickly settled.

During this initial slow period Elliot Galt, through the Canadian North-west Irrigation Company, continued to inject money into

⁴⁵GAI, Anna Brandley Ostlund, "Theodore Brandley" (type-written, 1960).

⁴⁶GAI, Burns, "AR&I Collection," December 28, 1901.

the sluggish regional economy. In 1901 his firm assisted Jesse Knight, a wealthy Mormon from Utah, in financing a sugar beet factory at Raymond. Knight bought 60,000 acres of land in and around the town for two dollars an acre and secured an option for an additional 200,000 acres. Late in the summer of 1901 he employed eighty teams of horses simultaneously to plow 3,000 acres in preparation for the following year's seeding. The sugar factory commenced production in 1903 and operated successfully for several years but due to lack of sugar beets it ceased work in 1917.⁴⁷ Elliot Galt also incorporated the St. Mary's River Railway Company which built a rail line running forty-seven miles southwest of Stirling to Cardston.⁴⁸ Even though there was hardly a shack along the line, Galt felt that the road, completed in 1902, was necessary to furnish an easy access to the irrigated lands.

Elliot Galt and Charles Magrath had taken full advantage of the region's natural features to bring water to the company's semi-arid land grants. Encouraged by government incentives they build the irrigation works, advertized for settlers, and constructed a railway as well as reception centres and towns to accommodate the immigrants. Through several years of persistent efforts, these two men transformed their properties from dry, short-grass plains to attractive, fertile farm lands. As a result, the lands, which they acquired as railway subsidies, greatly increased in value and began to yield the high returns which Sir Alexander Galt had promised fifteen years earlier. At the same time they proved that irrigation was feasible and thus

⁴⁷GAI, Porter and Raley, "Development of Irrigation," p. 26.

⁴⁸Canada, Statutes of Canada, 63-64 Victoria, Chapter 79, June 14, 1900.

other companies were quick to follow. Within years the CPR began to irrigate large portions of its holdings. The Canadian North-west Irrigation Company, by completing the first major irrigation project on the Canadian prairies, set an example for others to follow.

V

Soon after he had completed the first stage of the irrigation works, Elliot Galt began the work of expansion, a task liberally supported by the federal government. As the company grew larger, Galt left more and more of the routine management to his lieutenants like Magrath and Nanton. He did, however, participate fully in the negotiations which gave his firm its most lucrative subsidy yet. As early as March, 1900 Galt applied for government approval to direct waters to various coulees along the water route, and two years later he sought permission to reinforce the St. Mary's project by diverting water from the Belly and Milk rivers.⁴⁹ Numerous meetings with Clifford Sifton, who was by this time fully convinced of the merits of irrigation, resulted in handsome support for Galt's company. The minister permitted the firm to consolidate another 360,000 acres of land so that all its holdings were in one solid unit of land south of Lethbridge. Galt also persuaded Sifton to forgive the company its survey dues on an additional 320,000 acres, bringing the total reimbursement to \$80,000. Thirdly, the

⁴⁹GAI, Burns, "AR&I Collection," Memorials, Canadian North-west Irrigation Company, March 15, 1900, September 9, 1902.

minister of the interior sanctioned the surrender of over 22,000 acres which Galt considered too far removed from the consolidated holdings. Although the company had paid only ten cents an acre for this land, it was redeemed for three dollars per acre.⁵⁰ Lastly, the government provided a fourth land subsidy to the Galt company.

The cabinet authorized this fourth land subsidy in December, 1902. Under the agreement the government sold the Canadian North-west Irrigation Company half a million acres of land, directly south of Lethbridge and adjoining the consolidated land grant, for three dollars per acre. The federal government allowed the company a credit of \$300,000 for irrigation works already completed and a further credit of \$700,000 on account of the cost of constructing new facilities, the remainder of \$500,000 was to be paid in ten equal installments at five percent interest with the first payment not due until December of 1907. Any unsold lands after fifteen years were to revert to the Crown.⁵¹ While the various subsidies were not as generous as those extended to the colonization railways, company officials, through literal interpretation of the contract, managed to win several lucrative concessions which were outside the spirit of the agreement.

Even though Galt's company did spend \$250,000 on a canal to divert waters from the Milk River to the southern portion of the newly acquired properties, the project was soon abandoned because an

⁵⁰Canada, Orders in Council, August 17, 25, 1900; April 20, 1905. See also AGI, NWC&NCo Papers, File 11, Galt to Sifton, June 27, 1900.

⁵¹The credits were calculated at sixty cents per acre for work already completed and \$1.40 per acre for new construction. Ibid., December 12, 1902.

international controversy over the water rights of the St. Mary's and Milk rivers made the future supply of water uncertain.⁵² Undaunted, the Canadian North-west Irrigation Company spent the remainder of its credits on improving and extending the existing Lethbridge system. The company simply sent in statements on the monies spent, and they were honoured by the government. The deputy minister of the interior explained that there was "nothing in the agreement requiring the company to build canals to serve any described tract nor to irrigate any portion of the tract sold."⁵³ As a result of the strict interpretation of the contract the company was able to buy half a million acres of land cheaply and sell off portions at the government maximum ceiling of five dollars an acre without irrigating any of it. The credits were used to improve the existing irrigation system which served the lands received earlier as railway subsidies. Just prior to the First World War the company was selling these properties at fairly high prices; in the Magrath district, for example, land with water fetched forty dollars an acre.⁵⁴

⁵² Although the Canadian government gave the company the right to divert the entire flow of the St. Mary's and Milk rivers, the source of both was in the United States. The Milk River, furthermore, returned to the United States after a two-hundred-mile flow through Canada. When Montana decided to divert part of the Milk River, the Alberta scheme could not be implemented. Negotiations were carried on for a number of years but a satisfactory division of water was not made until 1921.

⁵³ GAI, "Documents relating to the Alberta Railway and Irrigation Company, 1902-1919, Copy of Data from the Files of the Department of Land and Mines," Drake to Campbell, April 14, 1910 (hereafter cited as AR&I Documents). For a summary of the expenditure made by the AR&I see Keys to AR&I, March 7, 1908.

⁵⁴ Ibid., pp. 2-3.

In 1904 Elliot Galt engineered the merger of the Canadian North-west Irrigation Company with its sister firms the Alberta Railway and Coal Company, and the St. Mary's River Railway Company into a new firm, the Alberta Railway and Irrigation Company (AR&I).⁵⁵ Working through this new corporation Galt continued to expand the irrigation works. By the spring of 1906 the system included a nine mile canal northward from Lethbridge and a shorter one to the east. Three large crews with teams and steam dredges were at work that summer enlarging the main canal to twice its former capacity.⁵⁶ Between 1902 and 1911 the Galt interests spend more than a million dollars on new construction work and at the end of the period the network of canals and laterals totalled about 290 miles, irrigating about 47,000 acres for 750 farmers.⁵⁷ By 1911 the system had reached maturity and the AR&I never again spent that much money in a single decade.

Early in 1912 the administration of the AR&I was transferred to the CPR, which was itself actively engaged in irrigation elsewhere in southern Alberta. While the CPR was the major stockholder in the AR&I and its land branch managed the irrigation company's affairs, the two firms retained their separate corporate identities. The manager of the AR&I, however, did become the manager of the land branch of the CPR's natural resource department.⁵⁸ The transaction spelled the end

⁵⁵ Canada, Statutes of Canada, 4 Edward, Chapter 43, June 6, 1904.

⁵⁶ GAI, Burns, "AR&I Collection," Stewart to the Department of the Interior, May 3, 1906.

⁵⁷ Ibid., Statement of Expenditures, undated.

⁵⁸ Ibid., Peters to Pereira, April 13, 1912.

of an era in southern Alberta because after thirty years of activities, the Galts were no longer in control of the economic development of the area. This economic power fell to the CPR.

The change in management also included the AR&I's 500,000 acre tract of land, a questionable part of the transaction because the companies violated the spirit of the contract and in so doing earned substantial profits. At the termination of the agreement the AR&I had paid about \$487,000, including interest, for almost 465,000 acres of land which it could sell for a maximum price of five dollars per acre.⁵⁹ The entire tract could thus conceivably generate nearly two million dollars in profits. Since total construction costs from 1902 to 1917 totalled 1.5 million dollars, the profit from these land sales easily covered capital expenditures. Although maintenance costs throughout this period exceeded revenues, the AR&I was also selling its railway land grants. While there are no records available to determine the exact extent of the profits, it is evident that after 1900 the Galt concerns began to earn dividends on their extensive investments.⁶⁰

The 500,000 acre tract of land, in fact, earned more profits than had been intended because much of the land was sold to the CPR. In 1917, on the fifteenth anniversary of the agreement, the AR&I had not sold all of the property and the surplus should have reverted

⁵⁹When the AR&I was not permitted to buy the school lands within the 500,000 acre tract, a ten year wrangle ensued in which the company sought compensation for the credits it could not earn without these properties, a squabble illustrative of a petty concern for profit. See GAI, AR&I Documents .

⁶⁰See report, "Alberta Railway and Irrigation Company," The Statist, November 4, 1905.

to the Crown; instead the AR&I disposed of it to one large buyer — its parent company, the CPR. While E.F. Drake, the federal superintendent of irrigation, questioned the ethics of the transaction, he did concede "So far as I am aware, there is no way in which the Government can prevent a so-called sale of these lands by the Alberta Railway and Irrigation Company, but the direct transfer from the original company to the controlling company strikes me as being rather crude."⁶¹ Deputy Minister of Justice, E.L. Newcombe, agreed and also pointed out that once the land was sold the CPR was no longer bound by the maximum selling price of five dollars set by the government but that it could charge all that the market could bear.⁶² The CPR justified its position by assuring the department of justice that it was merely the largest stockholder in the AR&I and that the two firms had separate corporate identities.⁶³ Since the CPR was legally correct, Newcombe decided that the department of the interior could not stop the sale of the AR&I lands to the CPR.⁶⁴

James B. Hedges, in his discussion of this transaction, comments that the companies violated the spirit of the agreement, but, because they carried out the settlement obligations, they "did a valuable work".⁶⁵ His assessment echoes that of the Liberal government

⁶¹GAI, AR&I Documents, Drake to Cory, May 22, 1917.

⁶²Ibid., Newcombe to Beatty, July 7, 1917.

⁶³Ibid., Beatty to Newcombe, July 13, 1917.

⁶⁴Ibid., Newcombe to the Department of the Interior, November 27, 1917; Cote to Cory, December 4, 1917.

⁶⁵Hedges, Land Policy, p. 122.

which virtually wanted two farmers for every section of prairie land and was prepared to subsidize the heavy cost of irrigation just as it was generously assisting two transcontinental railways. In this respect Prime Minister Laurier differed little from his predecessor. As a result of this policy, the public paid an extravagant price to convert a region perfectly suited for ranching purposes to agricultural lands primarily to satisfy the government's desire for settlement and the AR&I's quest for profits. The company, on its part, fulfilled the wishes of the administration and, through literal interpretation of its agreements, took full advantage of the government's generosity to make substantial gains.

VI

Federal Commissioner of Irrigation, John Stewart, on a tour of the AR&I irrigation works in 1906 noted that there was much seeding and planting activity all along the canals. "I might add," he wrote, "I travelled through this section of country some twelve years ago when there were no settlers between Lethbridge and Cardston — now it is not only settled but towns grown up when there was nothing at that time but a few scattered cattle on the prairie, and it seems to be that this irrigation scheme is the cause of all the improvement that has taken place in that time."⁶⁶ The introduction of irrigation

⁶⁶GAI, Burns, "AR&I Collection," Stewart to the Department of the Interior, May 3, 1906.

had brought about a very significant change in the regional environment and economy.

This radical transformation was largely due to the efforts of the Galts, whose entrepreneurial talents had marshalled the technical, financial and human resources which made the intensive settlement of southern Alberta possible. They were, as A.H. Cole puts it, general entrepreneurs, who acted as intermediaries, soliciting funds, participating in board room discussions, managing the entire project, while risking mainly other people's money.⁶⁷ While neither one had consciously set out to establish an irrigation-colonization project, they had shrewdly recognized the various investment opportunities presented by the frontier, had changed their objectives when necessary, so that what began as a coal mine evolved into a sizeable colonization-irrigation complex.

To some extent the pragmatic frontier ideals of individual action, the willingness to take risks and the freedom to make choices were very much a part of the Galts' endeavours in the Northwest, but they had also worked within the intricate framework of international finance and impersonal economic forces. Although Canadians often boasted of the immense wealth of western resources and enthusiastically promoted their exploitation, British capitalists usually were skeptical and had to be coaxed into financing projects in the Canadian Northwest. This was the role of the Galts, to form a bridge between the frontier and the world of finance; they made irrigation a reality through their skilful orchestration of many social and economic forces. Ultimately

⁶⁷ Arthur H. Cole, Business Enterprise in its Social Setting (Cambridge, Massachusetts: Harvard University Press, 1959), pp. 148-149.

the Galts were the ones who secured the essential funding for the Alberta enterprises, a task which demanded numerous pilgrimages across the Atlantic to face doubting and often balky shareholders. The generation of capital for frontier development was by no means an automatic process, but required persistent effort and gifted entrepreneurship, characteristics with which the Galts were amply endowed.

To be sure, the Galts were greatly assisted by generous governments, eager to encourage the exploitation of western resources. In the case of aid to irrigation, however, the fear of adverse publicity at first caused the government to move cautiously; not until Elliot Galt and his friends, Magrath, Card and Pearce, backed by local public sentiment, convinced federal administrators that irrigation could be a boon to their settlement scheme, did cabinets consider providing assistance. In the end, both the Macdonald and Laurier administrations were caught up in the exuberant spirit of economic progress and thus they granted the Galts, as well as other promoters, generous land subsidies, minimal regulations and virtually no taxes, all without any real control over profits. According to the politicians, and the people they represented, rapid growth and development were absolutely essential to Canada's welfare; therefore, they were willing to pay the high cost of stimulating resource development by virtually guaranteeing profits to the entrepreneur. The details of this expansionistic policy were not well defined and so the entrepreneur was even permitted to initiate significant changes in the master plan when it suited his particular needs, a procedure best illustrated by the Galt endeavours. In sum, the government role in western resource development was crucial and in the case of the Galts absolutely essential.

Not only did both business and government leaders assume that growth and national prosperity were synonymous, but they also believed that the entrepreneur was the vital catalyst in the implementation of Canada's national policies, helping to create a new and affluent society based on the wealth of western Canadian resources. Whenever the Galts applied for government assistance, they always stressed that their enterprises were of benefit to all Canadians, and that they, like so many other promoters, were stewards of the natural resources which were valueless without development.⁶⁸ At the same time, however, they considered themselves to be practical businessmen and thus kept a close eye on their ledger books. Largely because they wanted high returns on their investments, the Galts not only wheedled maximum benefits from a willing government but introduced irrigation to southern Alberta.⁶⁹ As a result the nation paid them a high price to speed the process of settlement but, unlike most other small colonization companies which squandered their subsidies, the Galts fulfilled their obligations.

In sum, before the farmer moved onto the plains in significant numbers, massive investments were necessary in railways,

⁶⁸For an analysis of the driving urge to develop the natural resources of western Canada see Robert Craig Brown, "The Doctrine of Usefulness: Natural Resource and National Park Policy in Canada, 1887-1914," in Canadian Parks in Perspective, ed. by J.G. Nelson (Montreal: Harvest House Ltd., 1969), pp. 46-49. For a discussion of the attitude of businessmen toward the national policies see Micheal Bliss, A Living Profit: Studies in the Social History of Canadian Business, 1883-1911 (Toronto: McClelland and Stewart, 1974).

⁶⁹Lawrence B. Lee, "The Canadian-American Irrigation Frontier, 1884-1914," Agricultural History, XL (October, 1966), p. 272, argues convincingly that irrigation "came long before there was any economic need for it."

warehouses, elevators, construction companies, and urban centres.

Although in many instances Canadian entrepreneurs made substantial profits in satisfying the impatient demands for such improvements, they played an indispensable part in the agricultural settlement of the prairies. In the specific case of the Galts, it was their special skills and persistent personal efforts which secured the generous government subsidies and the financial backing from prominent central Canadian and British financiers which made possible the development of the coal and soil resources of southern Alberta.