

Forest History Association of BC (FHABC)

**Publishers Note:**

# Puttin' on the Ritz

FHABC is pleased to publish this story by Allen Hopwood as part of a series he is writing for us.

We introduced this story to our Facebook Group in May 2021, and published it in our Issue 111, September 2021.

Page 2 is the Abstract that will appear in the Newsletter.

Pages 3 - 8 contain the full story.

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<http://www.fhabc.org>

# Puttin' on the Ritz

*John D. Rockefeller & Son Speculate on BC's Forests & H.R. MacMillan Transforms from a Lumber Broker to a Forest Industrialist.*  
By Allen Hopwood RPF, who operates Woodlot Licence 082 and Managed Forest 086 near Courtenay.  
Part of MF 086 was once owned by the Rockefellers. (Photos Wikipedia Commons unless specified) Read the [full article here](#)

## Abstract

*"By the beginning of the twentieth century, ..... dwindling United States timber reserves made British Columbia's forests a prime target for American timbermen and speculators."* <sup>1</sup>

Allen Hopwood gives us an interesting story about the “ritzy” Rockefellers’ involvement with BC’s forest history and H.R. MacMillan’s participation.

He begins with some background on the Rockefeller empire, the Everett Timber and Investment Company, and why the Rockefellers started investing in BC.

We learn about John D. Rockefeller Senior, John D. Rockefeller Junior, and Fredrick T. Gates.

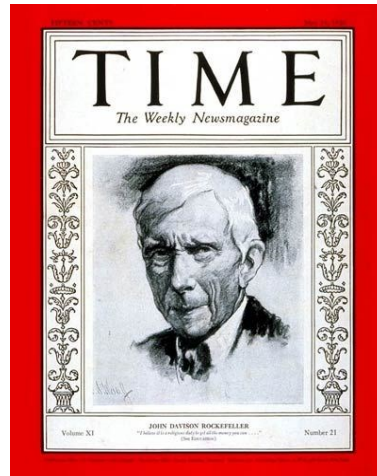
Rockefeller Sr. believed *"Sons of wealthy parents have not the ghost of a chance compared with boys who come from the country with the determination to do something in this world."*

Allen points out that H.R. MacMillan was one of those “boys”, and goes on to provide an overview of MacMillan’s career in BC and how his growing businesses interacted with the Rockefeller holdings.

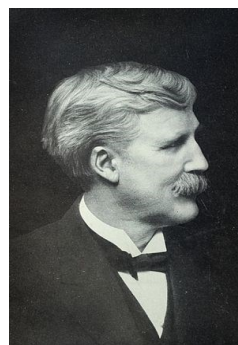
The article concludes with insights into the interface of MacMillan with the Associated Timber Exporters of British Columbia (ASTEXO), and how that impacted the directions of MacMillan’s activities.

Read the [full article here](#)

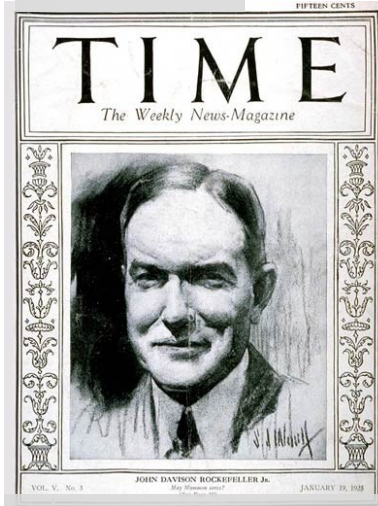
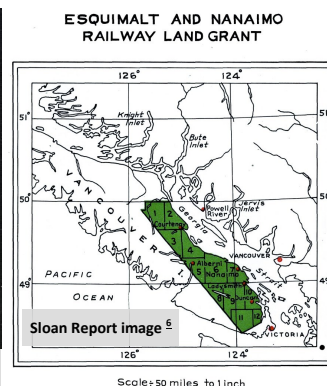
*Who Knew?* The phrase and title of this article was popularized by composer Irving Berlin and singer-dancer Fred Astaire in the 1930 film *"Puttin' on the Ritz"*.  
“Come let's mix where Rockefellers walk with sticks or umbrellas in their mitts”.  
Watch the YouTube video here:



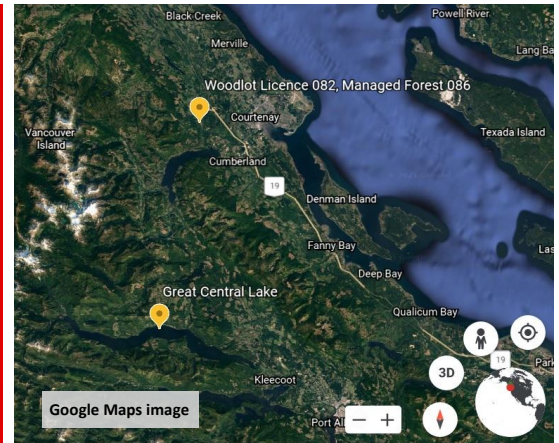
John Davison Rockefeller, Sr.



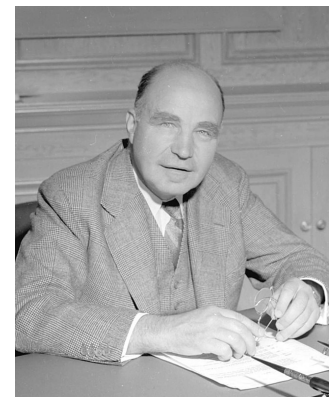
Fredrick T. Gates



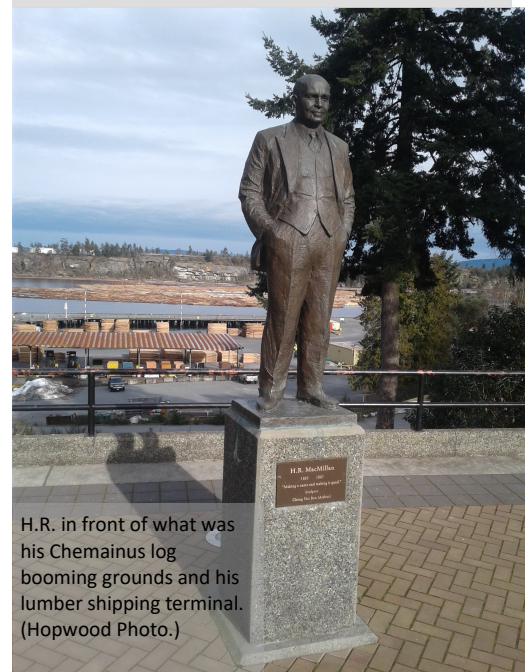
John Davison Rockefeller, Jr.



Allen Hopwood's woodlots west of Courtenay.  
Great Central Lake (near large H.R. timber purchase).



H.R. MacMillan





# Puttin' on the Ritz

John D. Rockefeller & Son Speculate on BC's Forests & H.R. MacMillan Transforms from a Lumber Broker to a Forest Industrialist  
By Allen Hopwood RPF, who operates Woodlot Licence 082 and Managed Forest 086 near Courtenay.  
Part of MF 086 was once owned by the Rockefellers. . (Photos Wikipedia Commons unless specified)

*"By the beginning of the twentieth century, British Columbia was one of the last timber frontiers in North America. The gold rush experience of the 1860s had its parallel in the timber rush of the (early) 1900s. The opening up of western Canada to development and the United States' plan for a Panama Canal were among the factors creating tremendous expectations on increasing timber values. Moreover, dwindling United States timber reserves made British Columbia's forests a prime target for American timbermen and speculators."*<sup>1</sup>

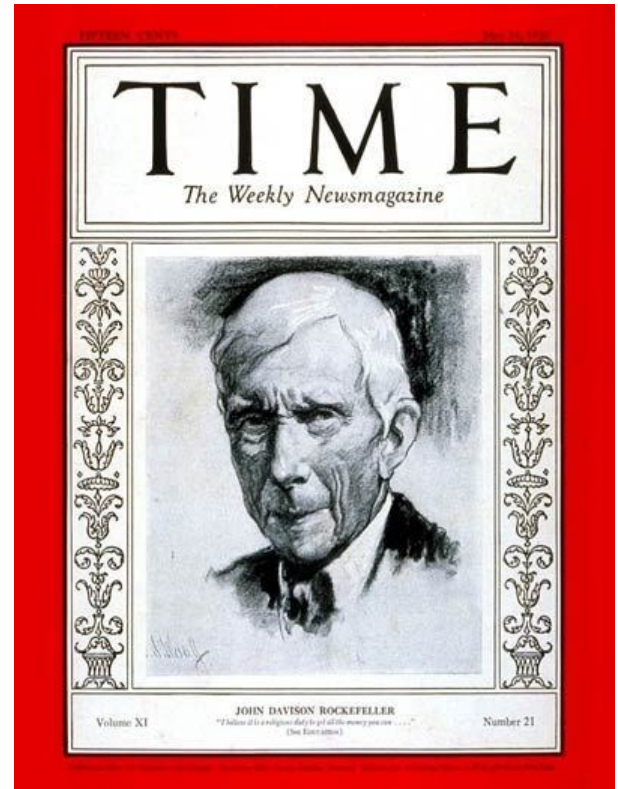
*Some American investors built and operated logging and/or milling operations (e.g., Brooks-Scanlon at Powell River); others were strictly speculators, the Rockefellers among them.*

John D. Rockefeller Sr. (1839-1937) is considered the wealthiest person in modern history. His net worth, at its highest (1913), was estimated at US\$400 billion in 2017 dollars. (By comparison, in January 2021 CNBC rated Elon Musk and Jeff Bezos as the richest persons in the world, each with a net worth of about US\$185 billion.) Rockefeller started his business career with little formal education and no capital. He was "the pioneer of efficient business organization and of the modern corporation."<sup>2</sup> He made most of his money in the petroleum industry (Standard Oil) but had a myriad of other business ventures. Along with some of his contemporary industrialists, he "defined the structure of modern philanthropy" (a "systematic approach of targeted philanthropy through the creation of foundations"). He was a devout Baptist and never smoked or drank alcohol.

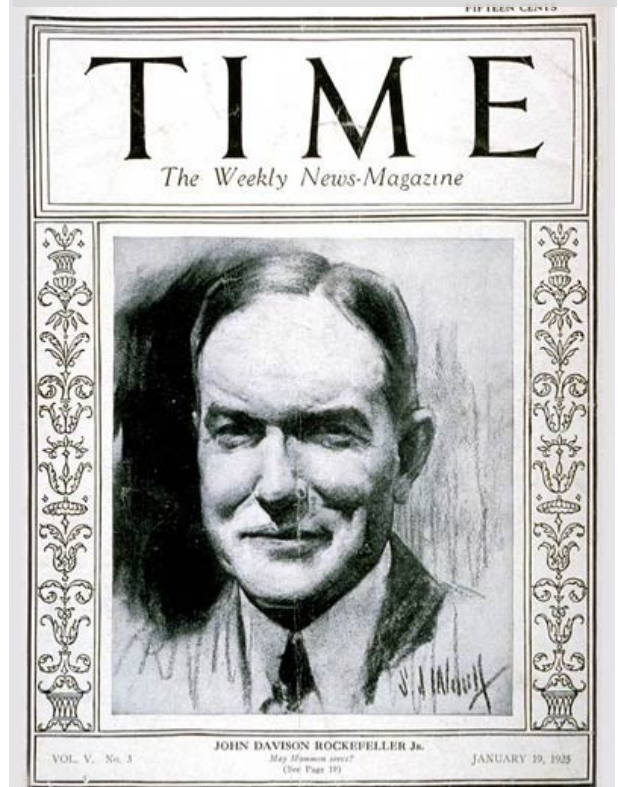
Rockefeller Sr. retired from business in about 1897 and took up a career in philanthropy. In 1913 he created the Rockefeller Foundation which focused on public health, medical training and the arts – nothing to do with undermining the exploitation of natural resources such as hydrocarbons or timber.

He said, "I believe it is a duty for a man to get all the money he honestly can and give all he can." He also said, "Sons of wealthy parents have not the ghost of a chance compared with boys who come from the country with the determination to do something in this world."

His youngest of five children and only son was John Davison Rockefeller Jr. (1874-1960). Born to wealth, Rockefeller Jr.'s determination concentrated on increasing his family's fortune while



**John Davison Rockefeller, Sr.**



**John Davison Rockefeller, Jr.**

pursuing "his noble career of charity and philanthropy as a supporter of the Christian faith."

Brought up in a Manhattan mansion, John Davison Rockefeller Jr. attended a private school established solely for him and children of his father's associates. Like his father, he was a devout Baptist and "scrupulously careful" with money ("standing out from other rich men's sons"). After university, he joined his father's business and philanthropic endeavours (1897).

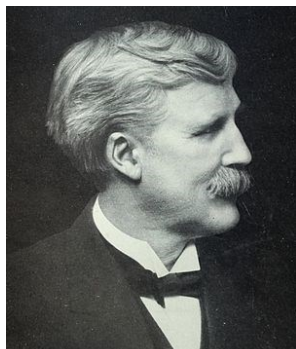


Photo: Wikipedia Commons

Frederick Taylor Gates (1853-1929) was described as offering "the highly unusual combination of a man creatively interested in religion and philanthropy, and at the same time extraordinarily shrewd and farsighted in business." He started out as a Baptist Minister but became a trusted "guardian and planner" of Rockefeller Sr.'s

investments; then transitioned into the architect of Rockefeller Sr.'s charitable foundations. He "gradually developed and introduced into all (Rockefeller Sr.'s) charities the principle of scientific giving."

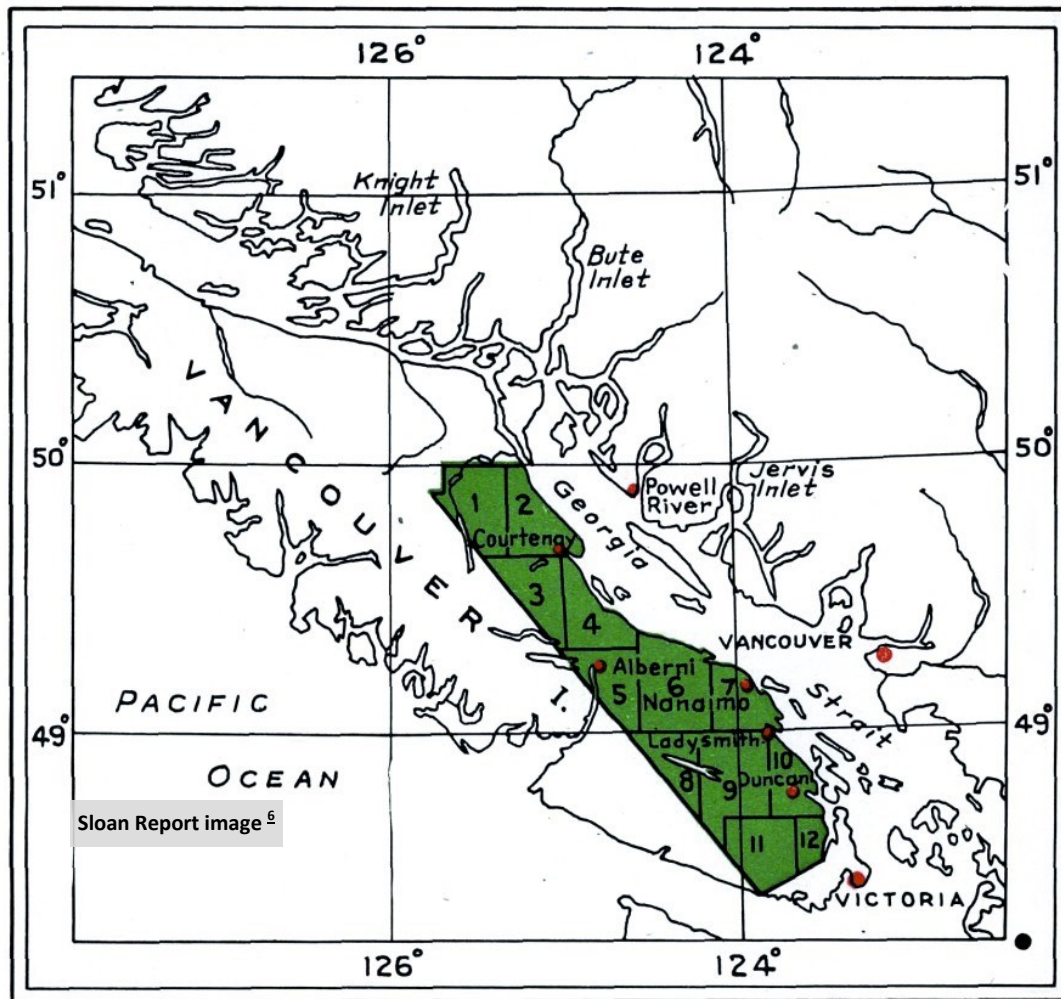
In the early 1890s, Rockefeller Sr. got involved in some major industrial and resource developments centred in Everett, Washington. He had issued bonds to provide funding for developing land, a mining company (mine and smelter), shipbuilding yard, paper mill, railroad, timberlands and other enterprises. Rockefeller Sr.'s involvement added credibility to what were actually very shaky ventures. When the interest payments on his bonds stopped, he sent his "confidential secretary and trusted assistant", Fred T. Gates, to Everett to sort things out (1894).

In a "dazzling series of financial exercises" over three years (a period which included the worst

depression the U.S. had ever known), Gates either closed down or liquidated everything in Rockefeller Sr.'s "sorry principality in the empire of Puget Sound." This exercise destroyed the economy of Everett and essentially bankrupted the municipality. The people of Everett were left "destitute and devastated." In the end, Gates had sold everything but the Everett Timber and Investment Company. He put whatever money he got into Everett Timber. When he was done, Gates had netted Rockefeller Sr. five times his original investment (plus the timber held by Everett Timber).

But Gates did not stop there. Through Everett Timber, he later added 20,000 hectares of timberlands in Washington State (this land was later sold to Weyerhaeuser and others for 5-6 times the cost) and started buying timberlands in BC. One source says that by 1907, the Rockefellers had acquired about 78,000 ha of some of the choicest Douglas-fir and red cedar stands in BC. Much or all of these stands were purchased from the E&N Railway.

## ESQUIMALT AND NANAIMO RAILWAY LAND GRANT





Gates acted as a mentor to Rockefeller Jr. who eventually took over the Rockefeller charities and businesses, including Everett Timber.

Rockefeller Jr. gave over US\$537 million to a wide range of charitable causes during his lifetime. One of the most noteworthy was his donation of the land in Manhattan for the headquarters of the United Nations.

In the 1920s in BC, land title documents carried the occupation of the owner. Rockefeller Jr. gave his occupation as a "capitalist."

Rockefeller Jr.'s life principle was, "I believe that every right implies a responsibility; every opportunity, an obligation; every possession, a duty."

An ironic twist over the past 30 years or so has seen the Rockefeller Foundation and other Rockefeller family charitable foundations provide massive funding to the Canadian environmental movement for its efforts to stop, in particular, hydrocarbon pipelines, but also timber harvesting in parts of BC. Some researchers have accused certain Canadian environmental groups of "dancing on the strings of U.S. foundation money."

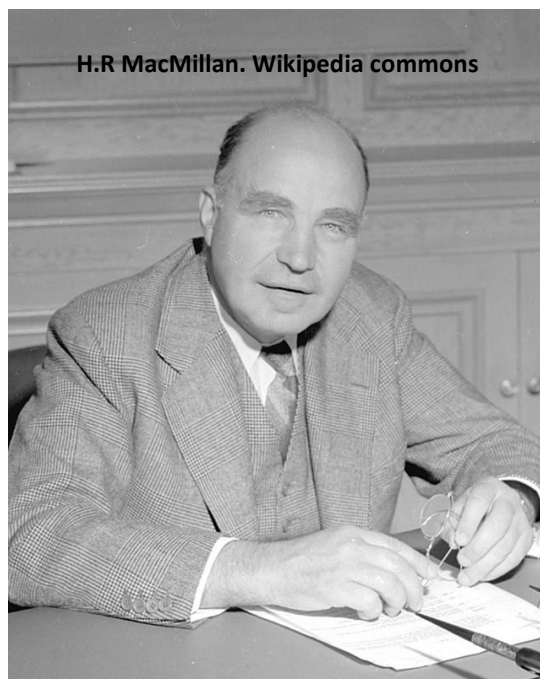
Harvey Reginald MacMillan (1885-1976) was one of those determined country boys that Rockefeller Sr. respected. He was described as a "loaded freight train, thundering through the quiet villages of (people's) lives."

H.R. was "born and raised in obscure poverty on a small farm north of Toronto." His father died when H.R. was two years old. At age 15, he was hoeing potatoes when a stranger stopped and told him about scholarships available for studying agriculture at the Ontario Agricultural College (now Guelph University). By this time, H.R. had had his fill of "agriculture" but the scholarship (which he applied for and earned) got him off the farm. At the College, he was exposed to forestry science, sustained yield in particular. He worked in the

summers for the federal government's Forestry Branch. After graduating, he took a two-year post-graduate programme at Yale University's prestigious forestry school.

After finishing first in his class at Yale (1908), it took 30 months of determination to cure his advanced tuberculosis (which had killed his father). He worked for the federal Forestry Branch until 1912 when he successfully applied for the Chief Forester's job with the newly formed BC Forest Branch. He assembled a staff and devised a forest management programme for the province.

Up until 1914, BC had largely depended upon American brokers to access world lumber markets. WWI required a new export strategy, focusing on the British Empire's war effort and facing up to war-time shipping difficulties. H.R., as a Special Trade Commissioner, was sent on a world tour to gain first-hand knowledge of global markets. His efforts in London resulted in huge war-effort lumber orders going directly to BC producers (rather than through U.S. agents).<sup>2</sup> Even though much of what H.R. accomplished did not come to fruition until after the war, he was said to have been "instrumental in salvaging British Columbia's devastated economy during World War One." After he got back, he was offered the position of dean of forestry at four universities, but decided instead to become an assistant manager of a Chemainus-based lumber company. This did not work out well, but a new opportunity soon emerged.



H.R MacMillan. Wikipedia commons

Sitka spruce lumber (light but strong) was vital to airplane construction. The British (Imperial) Munitions Board set up a subsidiary in Vancouver to get the necessary supply for the war effort. Late in 1917, H.R. was appointed assistant director of the subsidiary and was tasked with immediately producing huge amounts of spruce lumber.

His first job was to find a solid source of airplane-grade spruce. The Forest Branch pointed to the

remote Queen Charlotte Islands which, at the time, had little commercial logging infrastructure or experienced labour.

Meeting the demand for spruce lumber required the organization of perhaps the biggest logging show ever attempted, in the most remote location in BC. H.R. put together a network of hand-loggers and "mechanized logging camps," small in situ sawmills (to augment the big spruce mills in Prince Rupert and Vancouver), barges/scows to move equipment, and tugboats to tow the barges/scows and the logs. He hired G.G. Davis, the inventor of the Davis Raft, to package the logs for towing to the sawmills. A key to the operation was using selective logging so that only airplane-grade spruce logs were produced (now called "high-grading"). The result was an unheard-of 30% recovery of airplane-grade spruce lumber.

Logging started in January 1918 with what was thought to be an optimistic target of 3 million board feet of logs per month. This target was reached in July and hit 9 million board feet per month by the war's end in November.

His wartime association with Britain's Timber Controller, Montague L. Meyer, led to the establishment of the H.R. McMillan Export Company in 1919. Meyer offered to finance the venture but H.R. borrowed against everything he owned to come up with fifty percent of the starting capital.

Up until this time, all BC lumber sold on the export



H.R. with Montague L. Meyer.  
30th Anniversary of the Export Company  
Courtesy UBC Library  
[dx.doi.org/10.14288/1.0037720](https://doi.org/10.14288/1.0037720)

market had been handled by U.S. brokers – some of it was even relabeled as American. And previously, all BC export lumber was sold on the wharf before it was shipped. H.R. and Meyer eliminated the U.S. middlemen and sold their lumber

at its destination. This was riskier than selling at ship-side, but much, much more profitable. Meyer secured orders for forest products in Europe and H.R. filled them. When H.R. had trouble obtaining space on cargo ships, he founded the Canadian Transport Company, so that at times he had as many as 40-50 ships on long-term charter.

After the war, the larger coastal sawmills formed the Associated Timber Exporters of British Columbia (ASTEXO) which mainly sold to the U.S. East Coast. H.R. bought his lumber from ASTEXO and other mills. When H.R. opened a sales office in New York, he stepped on ASTEXO's toes.

In 1926, H.R. put out a notice for a large order of sleepers (railway ties) for the British market. ASTEXO felt that H.R. was making too much money off them, so they refused to quote. To fill the order H.R. bought timber just north of Victoria and hired portable sawmillers to cut it. He was late in doing so but he filled the order. The war with ASTEXO was on.

In 1928 ASTEXO formed Seaboard Lumber Sales, a cooperative lumber exporter, initially to serve the U.S. East Coast (and hired H.R.'s New York manager as its agent). But the U.S. imposed stiff tariffs when BC lumber flooded the market; so Seaboard was "moth-balled."

In early 1934, J.D. McCormack, Vice President of Canadian Western Lumber, was the chairman of ASTEXO. He told H.R. that ASTEXO mills were not getting their fair share of his export orders and that his prices were too low. J.D. forced H.R. to sign

**J. D. McCormack Dead**

— Vancouver Sun July 20, 1935

Dean of the lumber industry on the British Columbia coast, James D. McCormack, 76, died today in St. Paul's Hospital.

Mr. McCormack was for more than 15 years titular head of the B. C. Lumber and Shingle Manufacturers' Association.

In 1925 he was honored by the Pope by having conferred on him the Knighthood of St. Gregory.

The high honor from the Vatican was bestowed for valuable service rendered to his church, including his work in establishing Vancouver College conducted by the Christian Brothers of Ireland, at J. D. McCormack Thirty-eighth Avenue and Cartier Street. Mr. McCormack donated a \$60,000 addition to the college in 1927.

He resided at 1247 Burnaby Street.

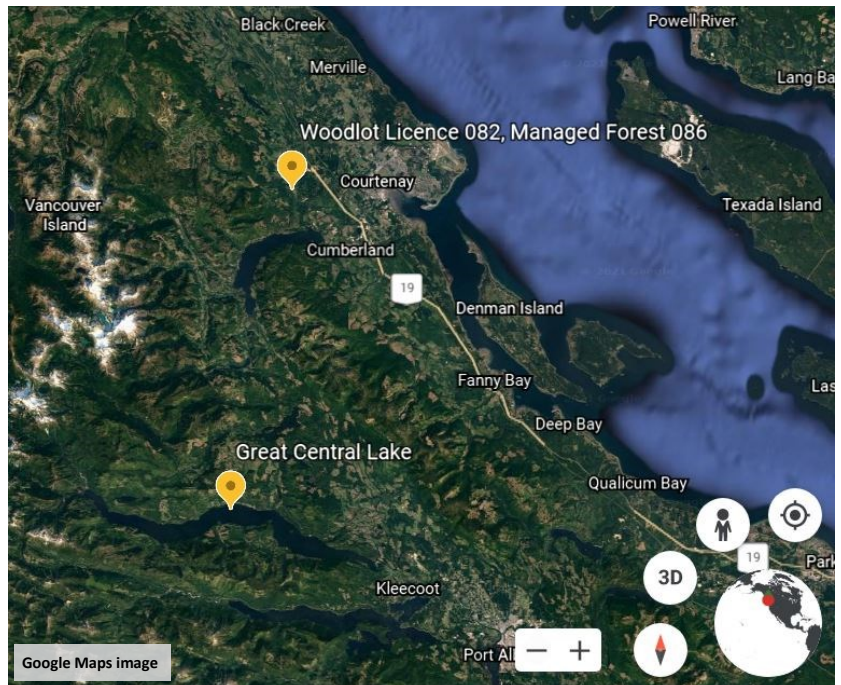
Mr. McCormack was vice-president of the Canadian Western Lumber Co., Ltd., Fraser Mills, operating the largest lumber mill in Canada, and employing at the present time 1000 men.



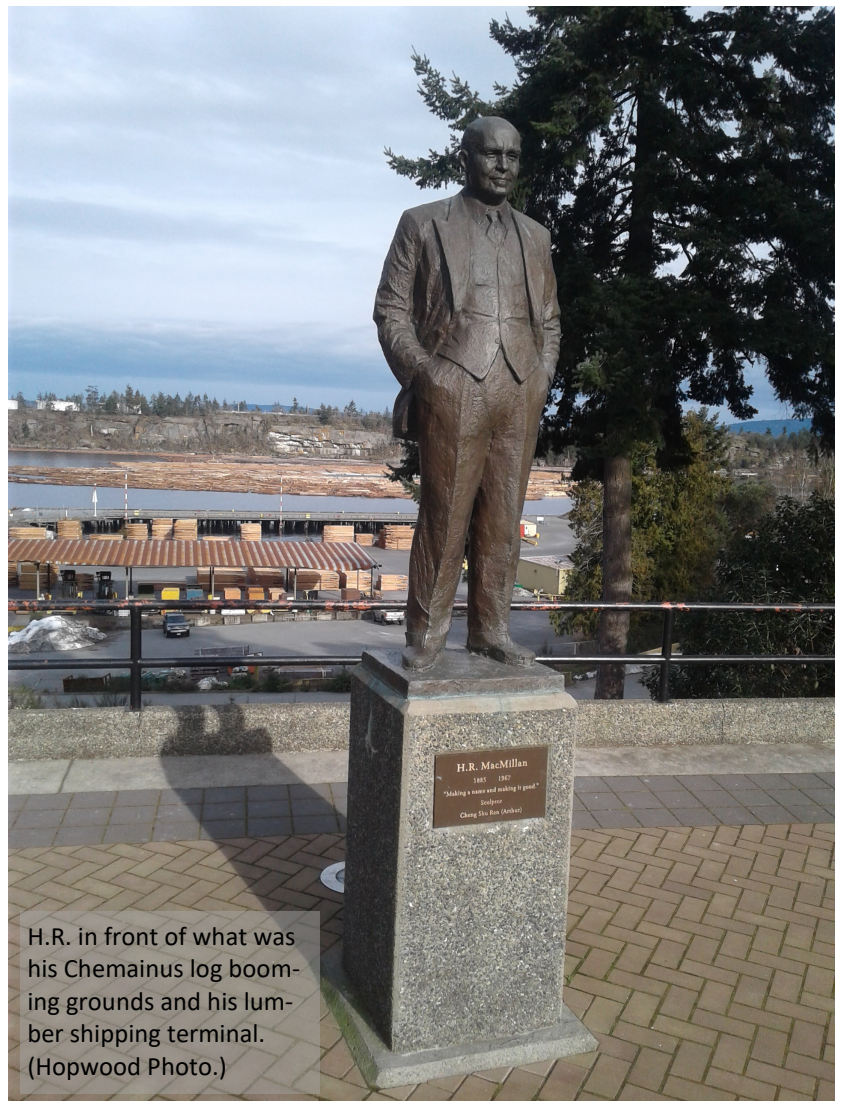
a one-year contract with ASTEXO whereby 75% of H.R.'s lumber would be sourced from ASTEXO at prices set by ASTEXO. Among other things, this would "starve the independent mills" into joining ASTEXO. Later in 1934, ASTEXO "resurrected" Seaboard in anticipation of the lifting of U.S. tariffs and to export directly to Britain in competition with H.R. J.D. offered H.R. 15% of the British market (up until this time he had held 75%). H.R. rejected this demand<sup>3</sup> and tried to freeze Seaboard out of the British market by accepting every lumber order available. ASTEXO secretly countered by planning to buy all the output of coastal mills to put H.R. out of business. Henry Mackin<sup>4</sup> (the head of Canadian Western Lumber, who had a personal hatred of H.R.) sailed to London to demonstrate ASTEXO's ability to supply lumber and to tell the British lumber buyers that H.R. had no supply. H.R. met Mackin at the dock in London with his limousine waiting (H.R. had been tipped off by his daughter's boyfriend, a junior executive at ASTEXO, and had been on board the same ship). Mackin made his pitch to the major British lumber buyers but Meyer successfully countered Mackin's assertions. Mackin was "reduced to making personal attacks on (H.R.'s) character."

H.R. had previously bought two sawmills but now was forced to acquire more milling capacity and timber supplies. The key to it all was his 1936 purchase from Rockefeller Jr. of 7,300 hectares of timber (one billion board feet) located north of Great Central Lake, for US\$2.6 million. The Rockefellers had paid US\$500,00 for these timberlands, so they were profiting handsomely from Fred T. Gates' investments of the early 1900s. MacMillan maintained that without the ASTEXO threat he would not have embarked on building what became Canada's largest forest products company.<sup>5</sup>

Notes: - Next Page



Location of Allen Hopwood's woodlots west of Courtenay is shown above. H.R.'s large timber purchase from Rockefeller was north of Great Central Lake.



H.R. in front of what was his Chemainus log booming grounds and his lumber shipping terminal. (Hopwood Photo.)



## Notes

<sup>1</sup> Lawrence, Joseph Collins. 1957. *Markets & Capital: A History of the Lumber Industry of British Columbia (1778-1952)*. Master's Thesis, University of B.C.

<sup>2</sup> He was assisted by BC Premier Sir Richard McBride who was in London at the same time. The situation was so bad that "by far the greater portion of (BC lumber) exports... were billed as American lumber." Americans controlled vast areas of BC's timber, owned major BC sawmills, brokered almost all BC export lumber, monopolized the charter ships on which BC lumber was shipped, and were leaders in lobbying the BC Government and Boards of Trade. "(T)he province's (lumber) export industry was being systematically stifled by American brokers and their agents overseas."

<sup>3</sup> In March 1935, MacMillan wrote to J.D. (who died in July, 1935), blaming Seaboard for the U.S. imposing tariffs and saying the same thing would happen in Britain if ASTEXO proceeded as planned.

<sup>4</sup> Mackin was a "pit-bull" of a man who had worked his way up from the lowliest positions to become President of Canadian Western Lumber, taking over from A.D. McRae and J.D. McCormack. He had earlier accused MacMillan of inappropriately taking advantage of his WWI position.

Another [map of the land grant](#) from *CROWN LAND GRANTS, A HISTORY OF THE ESQUIMALT AND NANAIMO RAILWAY LAND GRANTS, THE RAILWAY BELT AND THE PEACE RIVER BLOCK*, W.A. Taylor, B.C.L.S. 1975

<sup>5</sup> A year later Canadian Western Lumber made its own huge purchase of timberlands from the Rockefellers (at Nanaimo Lakes, the west end of Comox Lake and along the Puntledge River).

<sup>6</sup> Image from page 176, *Gordon Sloan, Report of the Commissioner Relating to the Forest Resources of British Columbia* (Victoria: King's Printer, 1945) 181 pages.  
<http://dx.doi.org/10.14288/1.0320800>

<sup>7</sup> Most quotations in the article are commonly repeated in a wide set of references read by the author while researching this article, including:

American Heritage: *Frederick T. Gates & John D. Rockefeller*, April 1955;  
Drushka, K. H.R.: *A Biography of H.R. MacMillan*, 1995;  
Globe & Mail. *H.R. MacMillan*. April 3, 2005;  
Hak, G. *Capital & Labour in the British Columbia Forest Industry, 1934-74*, 2007;  
Lawrence, J.C., *Masters Thesis in Note 1 above*, 1957;  
New York Times. *Obituary of John D. Rockefeller Sr.* May 24, 1937;  
Norman H. Clark, *Mill Town: A Social History of Everett, Washington*, 1970  
*Wikipedia articles on all the principals.*

