

Entrepreneurship and Nineteenth Century Urban Growth: A Case Study of Orillia, Ontario, 1867-1898

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Article abstract

This article examines the role local decision-makers played in the development of Orillia. This small Ontario community exhibited as high a degree of boosterism as that found in much larger centres, and the economic growth of the town was primarily the result of growth strategies pursued by Orillia's entrepreneurial decision-makers. Although this group implemented a variety of successful growth strategies, this study concentrates on two of the most important. First, the businessmen supported a progressive railway policy which brought two competing lines to the community. This action enlarged the town's hinterland and enabled local businessmen to utilize a diverse pattern of buying and selling. Second, the entrepreneurs used the municipal corporation to finance the construction of North America's first municipally owned hydro-electric power system. This development enabled the town to successfully make the transition from a declining commercial centre to a small manufacturing town.

ENTREPRENEURSHIP AND NINETEENTH CENTURY

URBAN GROWTH: A CASE STUDY OF

ORILLIA, ONTARIO, 1867-1898*

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E.J. Noble

Résumé/Abstract

Le présent article examine le rôle de certaines personnes influentes dans le développement d'Orillia. Cette petite localité ontarienne a connu une croissance économique comparable à celle de plusieurs grandes villes, croissance principalement stimulée par l'esprit d'initiative de ses entrepreneurs. Bien que ces derniers aient adopté plusieurs mesures efficaces, l'étude porte essentiellement sur deux stratégies. Premièrement, les hommes d'affaires ont donné leur appui à une politique progressiste en matière de chemin de fer, ce qui a amené deux compagnies concurrentes à Orillia. Cette double présence a stimulé l'essor de l'arrière-pays et a permis aux hommes d'affaires locaux d'exploiter un système varié d'achat et de vente. Deuxièmement, les entrepreneurs ont eu recours à la municipalité pour financer la construction de la première centrale hydro-électrique d'appartenance municipale en Amérique du Nord. Ces stratégies de développement ont permis à Orillia d'échapper à une destinée commerciale peu prometteuse pour devenir une petite ville industrielle prospère.

This article examines the role local decision-makers played in the development of Orillia. This small Ontario community exhibited as high a degree of boosterism as that found in much larger centres, and the economic growth of the town was primarily the result of growth strategies pursued by Orillia's entrepreneurial decision-makers. Although this group implemented a variety of successful growth strategies, this study concentrates on two of the most important. First, the businessmen supported a progressive railway policy which brought two competing lines to the community. This action enlarged the town's hinterland and enabled local businessmen to utilize a diverse pattern of buying and selling. Second, the entrepreneurs used the municipal corporation to finance the construction of North America's first municipally owned hydro-electric power system. This development enabled the town to successfully make the transition from a declining commercial centre to a small manufacturing town.

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*In this paper I have adopted the point made by Robert Lamb in his essay "The Entrepreneur and the Community" in which he states that "the detailed workings of entrepreneurship are best studied in the setting of a single (total or regional) community and among its entrepreneurial group or groups." See W. Miller, ed., *Men in Business: Essays in the History of Entrepreneurship* (Cambridge: Harvard University Press, 1952), p. 91.

Urban historians examining the dynamics of city growth have posed a number of questions concerning the phenomenon. Two of the more intriguing questions are why a city or town sprung up where it did¹ and why some towns were able to achieve a relatively stable growth strategy while "others in the same general area fell into virtual insignificance."² The answers to these queries are neither simple nor singular. They usually include an unequal mixture of such factors as initial advantage,³ the possession of a viable hinterland, the presence of an efficient transportation system and the impact of supportive government or corporate decisions.⁴ The most contentious issue related to urban growth concerns the role played by the local entrepreneur as decision-maker. Is he merely a pawn in the hands of impersonal economic and geographical forces, or does he "interact with his environment and shape the city through his beliefs, needs, and actions"?⁵ If one accepts the argument that "the physical environment ... develops in a distinct way as much because of deliberate decisions as because of external forces,"⁶ he is still confronted with determining whether the decision-makers were motivated by self-interest, by concern for the good of the community or by a mixture of both.

Entrepreneurial growth strategies have been both villified and praised. The decision-makers have been characterized as encouraging the "stop gap policy" of municipal bonusing to overcome financial obstacles to development, and thereby "plug the hole in the capitalist market left by the bank, the financial system..., and the federal government"⁷ as these

institutions preferred to create a "commercial infrastructure" rather than invest in individual enterprises. A somewhat kinder view pictures them as "businessmen on the make who desired growth and material progress as an end in itself."⁸ But while their motives might be suspect, there was little doubt concerning the impact these men had on the community. As "various men with disparate interests" they made "collective decisions which determined the action a community would pursue in order to achieve growth."⁹ Entrepreneurs, through their role as community leaders, gave to their towns and cities a "personality" and a "quality of life."¹⁰ Their rhetoric was not just "supersalesmanship or mindless hoopla" but a verbalization of the community "psyche" as perceived by men who "had the power to make and enforce decisions."¹¹ In sum, this paper will suggest that while all of the ingredients for urban growth can be found in any community, it is the skill and initiative of the entrepreneur which is the decisive factor in community growth.¹²

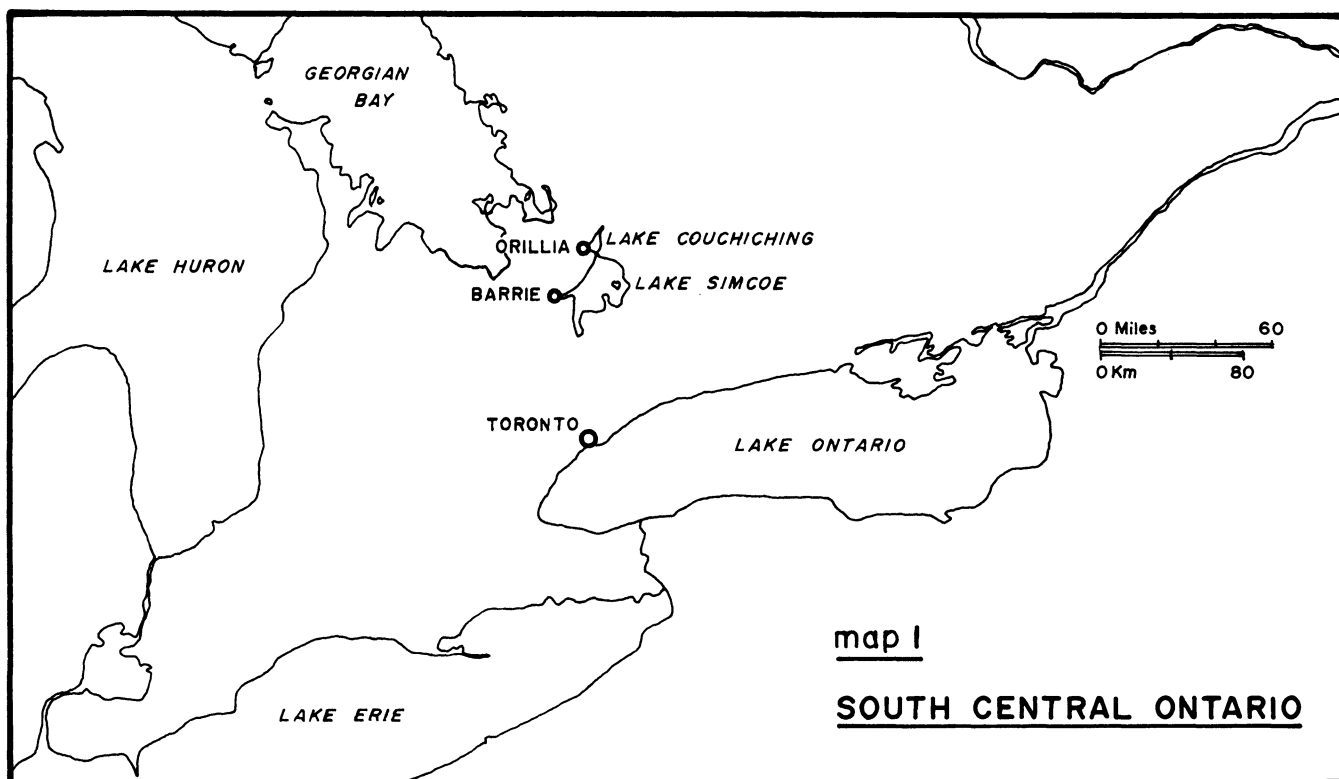
This case study of Orillia, Ontario suggests that while the initial location and function of the settlement in the early decades of the nineteenth century was determined by geographical and technological factors, entrepreneurs played a dominant role during the critical stages of development from 1867-1900. Their decision-making assured the successful pursuit of the community's growth potential. The entrepreneurs implemented a variety of growth strategies designed to achieve growth and material progress. They advocated bonuses and tax concessions to industry; they supported the construction of efficient market facilities to

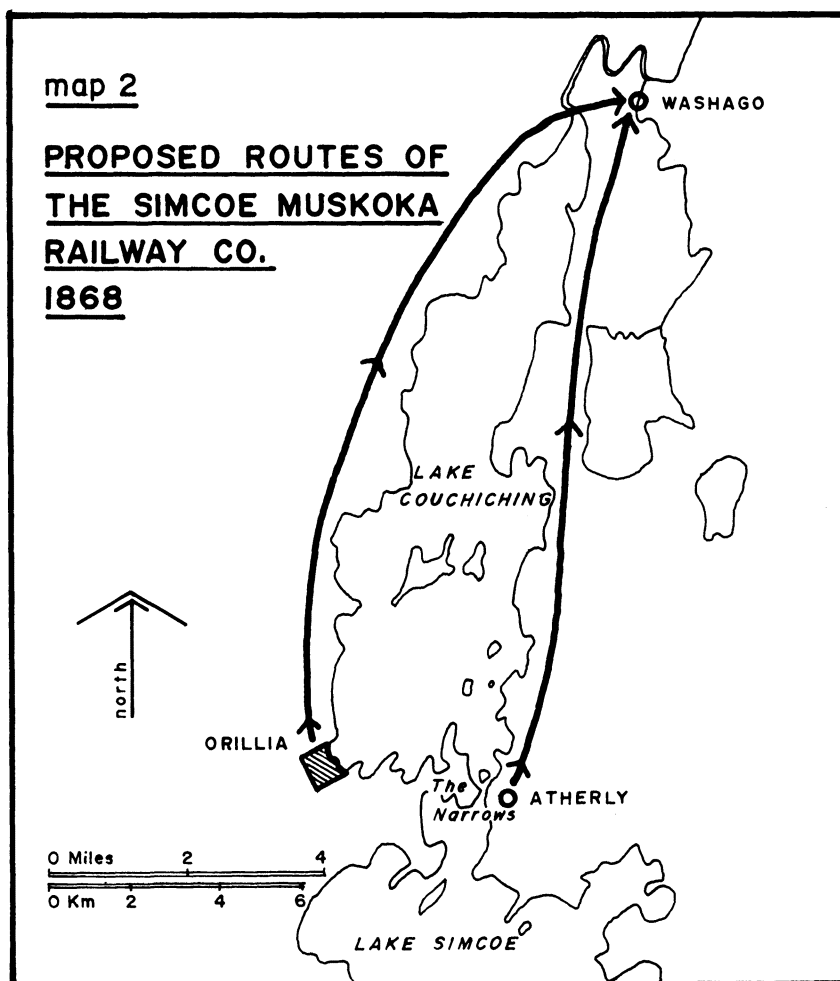
encourage farmers to use Orillia as a market; they advertised the healthy and restorative qualities of Orillia's environment widely throughout Canada and the United States, and they used numerous methods to allow the business community to maintain its reputation as the source of the "cheapest goods" north of Toronto. While all of these policies were important, this paper will deal with two of the more significant: first, the role of the entrepreneurs in attracting two competing railway lines to Orillia in the early stages of its existence, and second, the use of municipal government to build the first public hydro-electric power system in North America.

I

In the pre-railway era, geography determined the location of a settlement near the present

site of Orillia. The Narrows, a small channel connecting Lakes Couchiching and Simcoe (see Map 2) was an ideal termination point for steamer service from Barrie as deep draught steamers could not penetrate the shallow waters of the channel. Consequently, the Narrows became the landing point for passengers and goods destined for the Muskoka, Georgian Bay, and Ontario County regions, as they could proceed to their destination via the trails that traversed the area. When shallow draught vessels were built which could proceed through the Narrows, the present site of Orillia replaced the Narrows as the terminus. Situated on a series of terraces which rose from the shores of Lake Couchiching, Orillia also offered a superior setting to the low, swampy environment of the Narrows.¹³ In the 1850s the high population density and the absence of land in the Toronto region drew more





settlers to the area around Orillia. This movement was facilitated by the improvement and extension of road and rail links.¹⁴ When the Toronto, Simcoe and Huron Railway connected Barrie with Toronto in 1853, Orillia became increasingly important as a service centre for the Muskoka and Georgian Bay hinterlands. Situated on the southern edge of the Canadian Shield, Orillia's development depended largely on the reaction of the local entrepreneur to the potential offered by the exploitation of natural resources.

While tourism influenced Orillia's economy during the 1860s, it was not until large-scale lumbering operations commenced that entrepreneurial growth strategies significantly expanded commercial activities. By 1867 businessmen had secured a large portion of the wholesale and retail trade in the

northern section of the province, which they successfully maintained until the 1890s.¹⁵

With the arrival of the Northern Railway in 1871 and the resultant increase in lumbering activity, Orillia further expanded her role as supply base for the surrounding hinterland. This economic growth produced a corresponding increase in population of 61 percent during the years 1867-1871. During the following ten years, in spite of a decrease in timber activity after 1875, the number of inhabitants more than doubled. When the Georgian Bay region became an important supplier of saw logs and lumber in the 1880s, Orillia experienced a decade of unprecedented economic expansion. Not only did the population increase (see Table I),

TABLE I

Population Growth in Barrie and Orillia, 1871-1911

	<u>Barrie</u>	<u>Orillia</u>
1871	3,398	1,322
1881	4,854	2,901
1891	5,550	4,752
1901	5,949	4,907
1911	6,420	6,828

SOURCE: *Census of Canada, 1931*, Vol. II.

but the number of manufacturing establishments more than tripled (see Table II). With the decline in the timber industry in the 1890s, accompanied by a general economic lag throughout the region, Orillia's growth slowed substantially but remained on the positive side. While the number of manufacturing establishments declined in number, due partially to a change in the census recording procedure and partially to a transformation from small, family-owned shops to larger factories, the number of employees and the value of goods produced continued to increase.

By the turn of the century, however, economic changes were well under way which were to work to the advantage of larger urban centres. The development of the factory system which required large pools of labour, the control of finance capital, the advantage of cheaper transportation rates and the possession of larger and closer markets all ensured the growth of the cities at the expense of the towns. These factors tended to reduce the importance of the small town decision-maker in determining growth. The competition of the larger cities now imposed a ceiling on development. At best, towns such as Orillia could aspire to

the role of secondary cities.

II

Orillia's entrepreneurs were dependent on local resources in their drive for success. The absence of any other medium to utilize as a growth agent made the use of municipal government imperative. Consequently, the community's entrepreneurs took an active interest in the affairs of the municipal corporation. Throughout the period under study, council (made up of nine councillors elected from three wards) was dominated by entrepreneurs, as was the office of Reeve and, after 1874, the office of Mayor. Control of the latter two positions was especially important since both officials were elected by all the ratepayers and not just the voters in specific wards. Furthermore, the Reeve represented the ratepayers on the City Council, an important function as county approval and financial support were required in order for many growth strategies to be implemented.¹⁶ Both the Reeve and the Mayor dispensed local justice and were important agents of social control. In 1882, the executive was enlarged with the addition of a Deputy Reeve, and ten years later a Second Deputy Reeve was added.

TABLE II

Manufacturing in Barrie and Orillia, 1881-1911

Years	Establishments*		Employees		Value of Products	
	<u>B</u>	<u>O</u>	<u>B</u>	<u>O</u>	<u>B</u>	<u>O</u>
1881	77	21	355	184	\$ 497,331	\$ 253,895
1891	138	73	551	482	789,307	660,940
1901	13	29	207	543	367,338	836,491
1911	15	40	381	729	1,199,523	1,530,538

*Figures for 1881 and 1891 are based on all establishments, regardless of size, while the figures for 1901 and 1911 are based on firms with five or more employees.

SOURCES: *Census of Canada, 1881-1911.*

This structure existed until 1898 when the office of Reeve and the ward system was abolished. Municipal government was simplified to include a mayor and six councillors elected at large.¹⁷

The ability of the entrepreneur to dominate municipal government was crucial to the successful implementation of growth strategies. An analysis of the membership of the town council between 1867 and 1898 indicates that throughout this period the business community was in complete control. From 1867 until 1874, the council was controlled by merchants and businessmen, but manufacturers, lumbermen and builders also had a significant share of power (see Table III). This diverse group of men were united concerning the desirability of attracting manufacturing to the village. They agreed with the assessment of the Orillia press that "manufacturers form the nucleus of a future town or village" and that it was "only by a judicious encouragement of manufacturers Orillia can hope to grow to an important and prosperous

town."¹⁸ To this end the council sought to diversify the economy by attracting manufacturers through bonuses and tax concessions.

Merchant-businessmen continued to dominate the council along with manufacturers and contractors following Orillia's incorporation as a town in 1874. This situation remained unchanged in the 1880s, although a greater number of professionals became involved in local politics, probably as a means of ensuring their success as land speculators. By 1898, however, the council had become the private preserve of the merchants and manufacturers who united in a concerted effort to revitalize the commercial-centre function and to promote manufacturing as a solution to the town's economic ills.

An analysis of the offices of Reeve and Mayor also reveals that entrepreneurs were dominant (see Tables IV and V). A total of eight men held the office of Reeve throughout the period. Up to 1890, the merchant-business group completely controlled the office, a

TABLE III

Council Membership by Occupation

<u>Occupation</u>	<u>1867-1874</u>		<u>1874-1880</u>		<u>1881-1890</u>		<u>1891-1898</u>	
	<u>No.</u>	<u>Percent</u>	<u>No.</u>	<u>Percent</u>	<u>No.</u>	<u>Percent</u>	<u>No.</u>	<u>Percent</u>
Merchant/Businessman	18	56	35	65	55	61	24	67
Manufacturer	7	22	16	30	22	25	7	19
Real Estate/Financier	0	0	0	0	1	1	1	3
Lumberman/Builder	6	19	0	0	2	2	2	5.5
Professional	1	3	2	3.5	9	10	0	0
Artisan	0	0	1	1.5	0	0	0	0
Missing*	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>2</u>	<u>5.5</u>
Totals	<u>32</u>	<u>100</u>	<u>54</u>	<u>100</u>	<u>90</u>	<u>100</u>	<u>36</u>	<u>100</u>

*In the period 1881-1890, one vacancy occurred when one ward elected two instead of three candidates. In 1897, there were two vacancies in one ward.

TABLE IV

Occupation of Reeves

	<u>1867-1890</u>		<u>1891-1898</u>	
	<u>No.</u>	<u>Percent</u>	<u>No.</u>	<u>Percent</u>
Merchant/Businessman	21	100	-	-
Manufacturer/Contractor	-	-	7	87.5
Professional	-	-	1	12.5

TABLE V

Occupations of Mayors

<u>Occupation</u>	<u>1875-1880</u>		<u>1881-1890</u>		<u>1891-1898</u>	
	<u>No.</u>	<u>Percent</u>	<u>No.</u>	<u>Percent</u>	<u>No.</u>	<u>Percent</u>
Merchant/Businessman	2	33	6	60	1	12.5
Manufacturer	1	17	-	-	4	50
Lumberman	3	50	-	-	-	-
Professional	-	-	4	40	2	25
Real Estate	-	-	-	-	1	12.5
Totals	<u>6</u>	<u>100</u>	<u>10</u>	<u>100</u>	<u>8</u>	<u>100</u>

reflection of the emphasis placed on commercial expansion by this segment of the business community. However the dominance of this office by the manufacturing group in the 1890s was a clear indication of the change in economic thinking amongst the entrepreneurs. As the editor of the *Times* argued, it was the time for change. Not only should the merchants forsake the multiple function of the general merchant for the more specialized store, but the community must keep pace with the times and industrialize or be left behind by other more progressive communities.¹⁹ A similar trend is shown by the occupational profile of the office of mayor.

An analysis of the ethnic and religious background of the men who held the chief executive offices of the municipality supports the contention that "the fact that a man was a businessman was more important in the formation of his attitudes"²⁰ and the willingness of the community to accept them,

than where he originated or where he worshipped. The men who held the office of mayor reflected a great diversity of origins. Of the fourteen men who held this position, five were born in the British Isles, eight in Ontario, and one in Quebec (see Table VI). While the majority were either Anglican or Presbyterian, a Catholic and a Methodist were also successful candidates. Although there was a preponderance of "official church" representatives, all the major religious groups were represented, indicating an open-minded view towards religious belief and political office.

This brief analysis of municipal office holders indicates that the municipal corporation was controlled by businessmen whose business success was more important than any social or cultural trait. Municipal politicians were supported by other Orillia entrepreneurs who shared in the belief in material progress. Most were members of the so-called

TABLE VI

Religion and Origins of Mayors and Reeves

	<u>Reeve</u> 1867-1898	<u>Mayor</u> 1875-1898
<u>Religions</u>		
Anglican	3	7
Presbyterian	5	5
Methodist	1	1
Catholic	0	1
<u>Origins</u>		
British Isles	5	5
Ontario	2	8
Other Provinces	1	1
Unknown	1	0



West Street, Orillia, looking north in 1890s.

respectable churches in which many held influential positions. Entrepreneurs were often actively engaged in Bible Societies and Sunday Schools as a means of teaching the importance of Christian virtue. As fervent advocates of agencies of social control which would elevate the morality of the worker, they worked diligently to promote the Mechanics Institute, the Y.M.C.A. and social clubs. The entrepreneurs were politically active either as Liberal-Conservatives or Reformers and frequently ran as provincial or federal candidates. They achieved mixed political success and rarely exerted much influence beyond the community or the county. They were often members of various economic and political organizations such as the Ontario Lumberman's Association, the Imperial Federation League and the Irish Home Rule Association. As Alan Artibise has pointed out, the common sharing of social, political, and economic interests would undoubtedly make possible the sharing of ideas and greatly enhance the prospect of unity of purpose evident in common support for growth and material progress.²¹

In sum, the entrepreneurs who directed the community's growth strategies in the years 1867-1900 accepted the challenge of a potentially viable hinterland and they saw themselves as agents of its development. They were practical businessmen who championed the desirability of growth and material progress. They were "optimistic" and "aggressive" and measured progress in material terms.²² Their optimism was part and parcel of their contemporary view of history. Canadian towns did not have a history "lost in antiquity, but [were] creations of the present."²³ Consequently they

were founded and built upon a philosophy of present-mindedness which embraced a large element of business rationale. But unlike other frontier communities Orillia's leaders maintained a degree of conservatism. While supporting growth they did not desire "unchecked expansion at any price." They believed that the community should proceed slowly but surely in order to prevent the rapid reversals which had hurt other communities,²⁴ and that the desire for private gain should be balanced by a consideration for the community as a whole. The esteem in which the businessman was held in the community was best expressed by the editor of the *Orillia Expositor* who philosophized:

There is no class of men who have so much to do with our future prosperity. They are the kings and leaders of progressive ideas and take the place of [the] dukes and barons of olden times at the head of society.²⁵

As "worthy" leaders, private businessmen utilized the municipal government and, from 1898 onward, the Board of Trade to improve and expand the business potential of the community at public expense. In their philosophy, the municipal corporation had a very positive role to play in maintaining a viable economic climate. Private companies were dedicated to making a profit; public ownership could supply essential services for the benefit of the community at a much cheaper rate. Consequently, public ownership of utilities was the only means of maintaining essential services such as fire protection and electrical power at a reasonable level. Thus the philosophy of the entrepreneur was a theory which, when put into

practice, sought growth and progress in very practical ways.

III

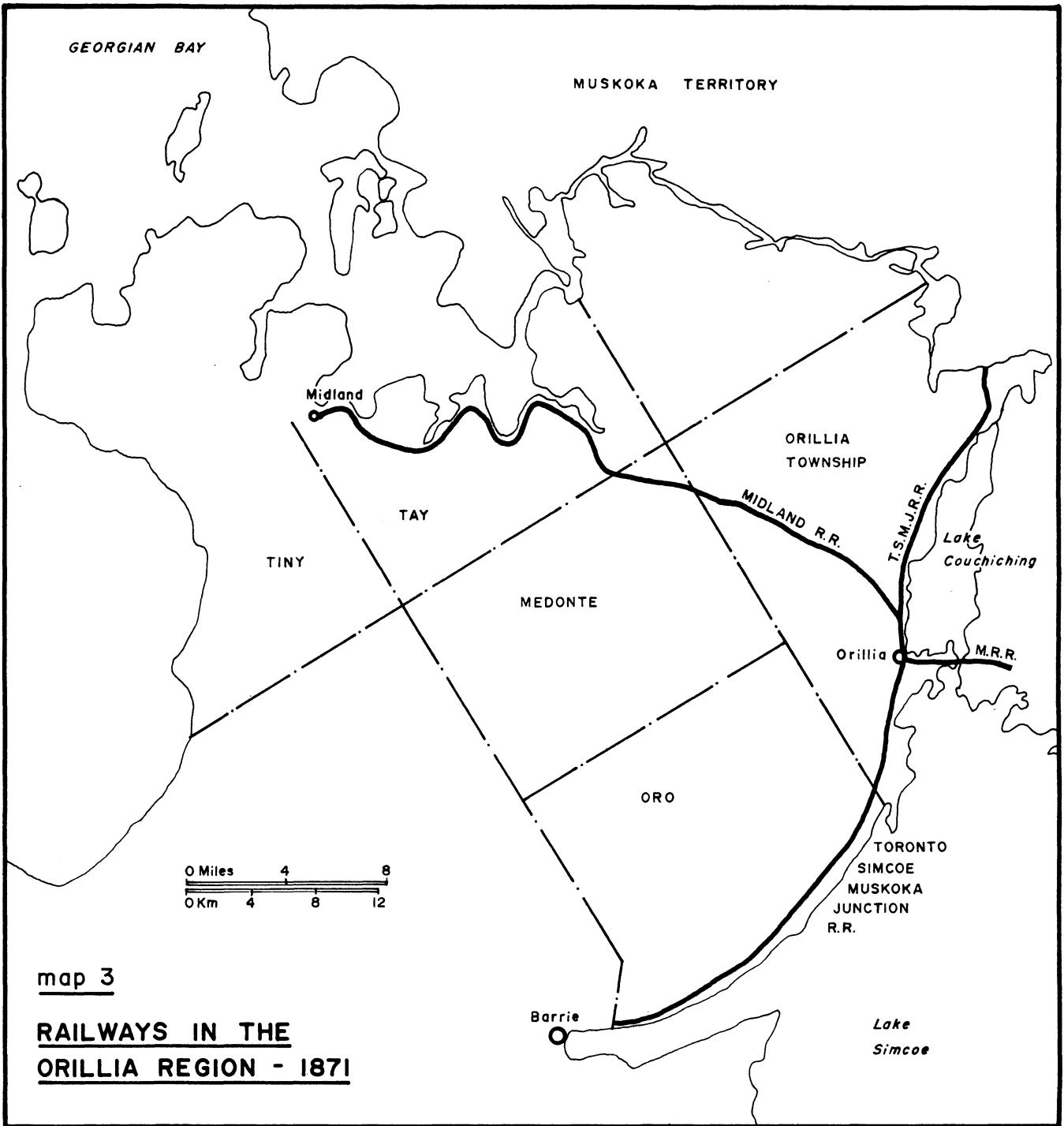
No development stirred the imagination of the entrepreneur and stimulated his anticipation of material progress as did railways. While recently a controversy has arisen amongst American and Canadian historians concerning the relationship between railways and economic growth,²⁶ the Orillia decision-makers, like all Canadians of the time, believed that railways meant economic success or failure. The businessman could no longer rely on water transportation and the stage line because neither could carry the required quantity of goods quickly. Efficient contact with the outside world was essential and railways could carry business communications faster than any other form of transport. Also, there was the example of Toronto as that city was "only beginning its history of transition...towards metropolitan status,"²⁶ and in pursuit of this development railways were crucial. The Orillia entrepreneur shared the vision of his Toronto counterpart and undoubtedly agreed with George Brown of the Toronto *Globe* who consistently pointed out the positive relationship between railways and commercial influence.²⁸ Railways would attract tourists, encourage the influx of capital and expand the economy through the development of timber and mineral resources.²⁹ Orillia would become the hub of the region whose spokes would radiate out in all directions to tap the lucrative trade. Thus any railway scheme which promised to make Orillia its terminus was supported with vigour.

A number of railway schemes

were advanced which promised to usher in the golden age of prosperity. The first two possibilities, a "Maple Railway" and the Simcoe Muskoka Railway Company, were never serious contenders, but the latter was to have a significant effect upon the attitude adopted by Orillia's entrepreneurs towards railway promotion. This company was granted the right to construct their line up either side of Lake Couchiching.³⁰ This meant that the railway could proceed through Rama Township, up the eastern shore of Lake Couchiching, and Orillia would be bypassed (see Map 2). If this should happen, the community would lose control of the Muskoka hinterland. Consequently, the entrepreneurs believed it to be imperative to take steps to prevent railways from bypassing the village.

A state of railway hysteria enveloped the village in 1868 with the projection of the first railway scheme which appeared to have some chance of success. When the Midland Railway³¹ was expanded to Beaverton, a small hamlet on the shores of Lake Simcoe to the east of Orillia, plans soon emanated from the directors of the company to extend the line through Orillia into the Georgian Bay region (see Map 3). When the directors of the Midland expressed their desire to tap the lumber resources of that area,³² the council of Orillia had little trouble in passing a motion to be forwarded to the Legislative Assembly to "sanction...the granting of aid by way of bonuses by this and other municipalities."³³

The council was unanimous in its support for this railway as the Northern had previously informed one of the councillors that the



map 3

RAILWAYS IN THE
ORILLIA REGION - 1871

company was not interested in extending their line from Barrie to Orillia.³⁴ This threatened invasion of their territory by the Midland, however, was to substantially alter the policy of the latter line. The Northern immediately became interested in putting through a branch line to Orillia. Each company sought to prevent the granting of bonuses to the other and the Northern even attempted to scuttle the Midland proposal completely.

While Orillia's entrepreneurs were divided over the merits of the two proposed extensions, they found themselves caught up in a dispute which bore little relation to the fortunes of Orillia. This meant that the growth strategy concerning railway promotion was in the hands of outside entrepreneurs, and the challenge facing Orillia's decision-makers was to manipulate them for their own benefit. In their efforts to do so, Orillia's entrepreneurs were able to play an important role in railway extension and a decisive role in the economic fortunes of their community.

With the extension of the Midland a strong possibility, local interests began to organize to obtain a branch of the Northern to connect the village with Barrie. Consequently, the entrepreneurs were split into two factions - one in favour of the Midland and one in favour of the Northern. The result of this division was to encourage the Toronto interests in their efforts to prevent the rival Port Hope group from receiving financial aid as they sought to siphon off bonuses for their own railway. This possibility was further enhanced when in December, 1868, the Orillia ratepayers pressured the council into making

advances to the Northern to consider a branch to the village.³⁵ This meant that the initiative stemmed from Orillia rather than from the promoters, and this was to place the advantage in the latter's hands. They could ask for a larger bonus and increase demands for investment capital. In fact, Orillia had more investors in the Northern extension than any other community north of Toronto.³⁶

Although the motives of the railway promoters differed from those of the Orillia entrepreneurs, the latter were forced to formulate their strategy accordingly. Within the village, the businessmen formed two groups, each supporting one possible extension, and stumped the surrounding townships in order to drum up support for their respective railway.³⁷ Their aim, however, was to ensure their line would be built rather than to sabotage the other. The entrepreneurs who favoured the Northern, for example, were fearful that the Midland would never be extended. If the village should grant a bonus to that line and not the Northern, it was deemed to be too risky a venture and could result in the latter taking a different route into Muskoka and Georgian Bay. Encouraged by this fear amongst Orillia's entrepreneurs, the Northern promoters launched a high-powered campaign to scuttle the proposed Midland extension. Undoubtedly their aim was to both stymie the potential competition for the trade of the Muskoka-Georgian Bay region and to garner for their railway the funds which would have gone into the Midland line. Consequently, their campaign was more active than the Midland's and had the backing of more influential financial and

political personalities.³⁸

All of the traditional promotional techniques were utilized by the two railroad interests. The ratepayers were subjected to a flood of newspaper editorials, numerous public meetings and large banquets at which the most eloquent speakers would praise one line and vilify the other. On the whole, the Northern promoters were more prominently represented than the Midland. Often these men would not only present their case for financial aid in terms of the benefits which would accrue to the village, but the meetings would degenerate into character assassinations of the leading personalities of the other line. At one such meeting, Reeve James Quinn was the focus of an attack in which it was suggested that his support for the Midland was an act of self-interest as he owned land on the proposed right of way.³⁹ This led to a lively municipal campaign in December, 1869, for the office of Reeve between the pro-Midland Quinn and the pro-Northern D.L. Sanson. While Quinn won the contest, the overall solution to the bonusing question remained to be settled.

What made the various promotional arguments believable was their verbalization of the exaggerated vision held by the local decision-makers. The Midland promoters, for example, were aware of the entrepreneur's pride in the fact that prices for goods in Orillia were the cheapest north of Toronto.⁴⁰ Thus the Port Hope connection was not only the "shortest and cheapest" to the British and American timber markets,⁴¹ but goods imported through Montreal would be cheaper than goods imported through Toronto

because of the shorter route. While the Midland supporters conceded that Toronto was growing in stature, "Montreal always would be the port of entry and discharge of the Dominion of Canada"⁴² and therefore was the most important city to be connected to by rail and water. Perhaps the most telling point made to a community largely engaged in commerce was the suggestion that since the Midland connection would destroy the monopoly of Toronto, the merchants would have a choice where they could purchase their goods.⁴³

The Northern interests had strong counter-arguments to the claims of the Midland supporters. They were quick to point out that the Midland was primarily established to serve the timber interests,⁴⁴ and since many of the businessmen would do their wholesale buying in Toronto and other Southern Ontario communities rather than in Montreal, it would be to their advantage to support the Toronto route. The spokesmen for the Northern sought to disprove the allegation that Toronto was not close to the American market. A. Dodge, Vice President of the Toronto, Simcoe, Muskoka Junction Railway argued that it was close to Oswego, New York and would be a shorter and cheaper route.⁴⁵ He also appealed to provincial loyalties by suggesting that the Port Hope connection would detract from the development of Toronto and the province as a whole.⁴⁶ The commercial leaders of Orillia accepted the argument that the Toronto connection was more advantageous to them. Out of sixteen investors in the T.S.M.J.R.R., twelve were merchants.

The "Toronto Monopolists"

launched their most concerted effort to crush their "audacious rival - the village of Port Hope" by offering to construct a branch line from Orillia to Victoria Harbour on Georgian Bay.⁴⁷ This extension was designed to make the Midland extension unnecessary as the lumber companies of the area could be serviced by Orillia businessmen using the proposed branch line of the Northern. The entrepreneurs were suspicious of this move. Led by the *Orillia Packet*, the Midland supporters warned the community that such a line would give the Northern Railway a virtual monopoly of the area's trade⁴⁸ to add to their already complicated hierarchy of interests. In fact, the *Packet* suggested that the Northern was attempting to balance "too many conflicting interests."⁴⁹ It had to cater to Collingwood "and maintain the monopoly of the western trade," and it had to protect the interests of Toronto and the lumbermen. Only then would it consider the "people and trade of this part of the country."⁵⁰ The Midland, on the other hand, had none of these conflicts and could best operate in the interests of Orillia.⁵¹ The editor concluded his arguments with the exaggerated vision held by the entrepreneurs concerning railways:

At once our township becomes connected with Lake Ontario, at Port Hope, thus leading to the State of New York, to Montreal, to Quebec. At once we join ourselves to Lake Huron and thus to the great Western States of the Union. Our land is increasing in value, and immigrants flock in.⁵²

The surrounding townships played an important role in determining how quickly the railways would be

extended. Consequently the local decision-makers and the railway promoters took an active part in stimulating interest in bonusing the lines. The Orillia press led the propaganda movement to convince the townships of the need for rail expansion. When the Ontario Legislature passed the act of incorporation for the defunct Simcoe and Muskoka Railway Co., the *Orillia Expositor* pointed out the importance of township co-operation in terms of raising capital. The editor argued that:

Much depends upon the action of the municipalities, from which it is proposed to ask but little. To our mind, it would be nothing more than reasonable [than] that the settlers should set the example with an offering, let it be ever so small.⁵³

When the errant townships of Orillia, Oro, and Mara rejected bonuses for railway construction, the *Packet* chastised them for their "selfish acts which might jeopardize rail expansion."⁵⁴ The fact that Toronto and Barrie had previously voted bonuses for the Northern failed to affect the decisions of these townships.⁵⁵ The *Northern Light*, Orillia's maverick newspaper,⁵⁶ was also critical of the stand taken by the three townships. During the time when this paper was a strong supporter of the Midland, the *Northern Light* took the occasion to suggest what was eventually to become the policy of the decision-makers, that of giving a bonus to both lines. This would ensure that both extensions would be built, stations would be located within the community, and neither line would have a monopoly.⁵⁷

The activities of the

decision-makers were more successful in the townships to the west of the village. Tiny, Tay, and Medonte all voted for bonusing the Midland. Eventually Orillia Township was to fall into line with a bonus as well. Consequently, the Orillia decision-makers had played a significant part in obtaining enough support from the majority of the townships to realize their growth strategy of bringing the village two competing lines.

The final solution to the problem was worked out within the confines of the council chambers. After numerous speeches, petitions from the business community, and negotiations with the Northern and Midland representatives, the issue was finally resolved. Each line received a bonus of \$12,500 and by 1871 both extensions were in service (see Map 3).⁵⁸

By seizing the initiative in railway promotion, the entrepreneurs played a decisive role in community development. Their strategy of having the village bonus both rail connections along with a successful campaign for support in the surrounding townships was instrumental in achieving rail connections in a relatively short time. Not only did the entrepreneurs succeed in having the village council grant bonuses, but many of them invested in Northern stock as well. Thus their policies afforded the village the opportunity of becoming a centre on two competing railway lines, an important factor as during the peaks of commercial activity, the business community could, and did, pursue a diffuse buying and trading pattern.

At a banquet held in December, 1871 to celebrate the opening of the Toronto, Simcoe, Muskoka

Junction Railway, tribute was paid to the part played by Orillia's decision-makers by one of the speakers:

Sure we are that a public spirit so signally evidenced will not be thrown away in a people whose material interests have been so eminently served in this single undertaking.⁵⁹

The implications of this growth strategy were perhaps best summed up by the *Toronto Mail*:

The advent of the Midland and the Northern railways gave Orillia enviable connections with all Canadian points, and so marvellous was the effect upon the trade and growth of the town, that in a few short years the future of the place was assured.⁶⁰

According to the same paper, the high standing of Orillia as a business community was due to the "enterprise push and pluck of its citizens" led by its business leaders.⁶¹

IV

The building of North America's first municipal hydro-electric power plant in Orillia was the high point of entrepreneurial decision-making. It was the last gigantic effort of rival cities as well as towns in the race to industrialize. In Orillia, as elsewhere, public power was essentially a businessman's movement to forestall the loss of business potential by providing a cheap source of power.⁶² In their quest for growth, Orillia's leaders envisaged "state ownership entirely consistent with faith in capitalist enterprise" as supporters of public

power were "primarily interested in an economic fuel source which would promote local industrial growth."⁶³ In order to enhance Orillia's business climate the decision-makers launched a "People's Power Movement" nine years before Sir Adam Beck challenged the private electrical utility companies in Ontario.⁶⁴ Working from within the town council and in consort with the Board of Trade, Orillia's decision-makers formulated a growth strategy which enabled the town to offset the declining timber trade and the threatened demise of the community as a commercial centre for the Muskoka region.

Unlike Winnipeg, Hamilton, and Barrie, there was a marked absence of philosophical conflict over the issue of private as opposed to public ownership of utilities. Orillia's entrepreneurs spoke with a single voice - they asked first, could the scheme be afforded and secondly, could the town make progress without it. During the high point of the promotional campaign of the Orillia press which sought to enlighten the ratepayers before they voted on the power development, the *Times* pointed out that "CHEAP POWER DREW FACTORIES TO NIAGARA FALLS, AND CHEAPER POWER WILL DRAW THEM TO ORILLIA."⁶⁵

Sentiment supporting public power stemmed from a healthy distrust of the ability of the private sector to supply utilities at a reasonable cost. The entrepreneurs' experience with the failure of a private firm to meet the town's water needs for fire protection was not repeated with respect to electrical power. In fact, in 1886 when an arc plant was built to light the streets, private enterprise was not even considered as a possibility. Whenever mention

was made that private companies might be a sensible alternative to public ownership, the majority of the decision-makers responded by explaining that private interests were too closely associated with the profit motive⁶⁶ to service the town adequately and cheaply. As one councillor warned, the "trouble Toronto and other towns had with private concerns [companies] should be a lesson to them"⁶⁷ not to follow suit and rely on a private firm to supply their power needs. The *Canadian Engineer* adequately summed up the attitude of the Orillia decision-makers concerning the advisability of public ownership:

It has been stated that municipal control...would put the public works under the hands of politicians or designing men. There is no reason why this should be the case on this continent any more than in European cities.... Toronto, Hamilton, Kingston and other cities in Canada own the city waterworks, and we know that there never has been a serious complaint of this kind with regards to that service.⁶⁸

In fact, in each case a profit was made by the respective cities on their works.⁶⁹ Consequently, one of the major selling-points the entrepreneur used to convince the ratepayers of the value of the scheme was that the entire community would receive benefit. One of the councillors who published his election manifesto in the local press summarized how municipal ownership would aid the town. He quoted the experience of Hamilton, Ohio where the city owned gas, water, and incandescent electric plants worth \$597,000. The waterworks made a profit as did



Mississaga Street, Orillia, looking east, in 1890s.

the gas plant which operated in competition with a private firm.⁷⁰ Thus with the question of ownership settled, the entrepreneur set out to convince the ratepayer of the affordability of the plan.

Perhaps the crucial role the entrepreneurs performed was their ability to convince the ratepayers to support the power scheme. In his inaugural speech "from the throne" in January, 1898, Mayor T.H. Sheppard maintained that the object in developing the power source was to "furnish power users in the town what power they would need at cost, and what surplus was left could be furnished also at cost price to any new industries that could be induced to locate there, and by this means "furnish employment to our workingmen and artisans."⁷¹ In more grandiose terms Sheppard outlined the importance of water power as a source of wealth. He predicted that:

The water powers of Ontario and Quebec...if properly utilized, contain wealth to a greater degree and in a more enduring form than the mines of B.C. All we require is the courage to harness them. And to fall behind even temporarily in these days of rapid movement of population and change of commercial routes may be fatal.⁷²

Sheppard's speech not only indicated the desirability of action but stressed the need for haste. This message was reinforced as the power promoters, like their railway predecessors, used the prestige of the civil engineer to suggest the importance of time and to "draw a glowing assessment of the practicability, permanent worth, and miniscule cost of his

project."⁷³ Both in the press and at public meetings, R.J. Parke carefully outlined the merits of the power development. "Besides having a cheap source" of power for their own use, they would "undoubtedly have a great inducement to offer to manufacturers." But, he cautioned:

Factories will not be brought here while the power plant is only prospective; but once it is established, I should expect your town [to] become a manufacturing centre, because you would be able to offer power in its most handy form at prices below competition.⁷⁴

In a concerted effort to minimize the cost of the scheme, the entrepreneurs emphasized that the development would not increase taxes as the users would pay for the whole cost.⁷⁵ The *Times* informed its readers that electric power would in fact reduce taxes, increase the value of property, would "brilliantly illuminate progressive Orillia," and would continue to generate outside interest as "manufacturers [were] already discussing Orillia as a place of location." Readers were also assured that the scheme must be financially safe as such men as T.H. Sheppard, J.B. Tudhope, C.J. Miller, three of the town's most illustrious entrepreneurs, were "too wise in their generation to prepare another burden for their own backs." Thus it would be a "splendid advertisement" for the town as much attention would be generated "for the first municipal power plant in the world."⁷⁶ The success of the promotional campaign carried on by the entrepreneurs was shown by the fact that the ratepayers



Corner of Mississaga Street and Peter Street, Orillia, in 1890s.

voted in favour of the scheme 350 to 65.⁷⁷

With the power project under way, the decision-makers launched the second stage of their growth strategy - to offer inducements to potential customers who might be persuaded to relocate their plants. C.J. Miller outlined the attraction of Orillia to a prospective customer in St. Catharines, Ontario when he wrote:

the town will have about 300 h.p. to dispose of. As the town is anxious to induce manufacturers to locate here and as the plant will be owned and controlled by the town for the public good as there are no shareholders looking for dividends this 300 h.p. of surplus energy could be sold very cheap.⁷⁸

The price of power was to be calculated on the wages paid out to workers. The larger the payroll, the lower would be the rate.⁷⁹ Consequently, free power was offered to the Imperial Wall Paper Manufacturing Co. to the extent of 70 h.p. if the payroll was the equivalent of \$40,000 yearly.⁸⁰ An attempt was made to induce the Oddfellows to build their projected home for the aged in Orillia by offering free light.⁸¹ The town also negotiated a contract with the Provincial Government to supply power to the Lunatic Asylum.⁸² Some of the local industries were concerned about new firms obtaining a better deal on power, but the council assured them that such would not be the case.⁸³

On January 21, 1902, the foresight and initiative of the decision-makers resulted in the transmission of hydro-electric power by the first municipally-

owned system in North America. The business leaders had indeed succeeded in establishing Orillia as one of the most enterprising small towns in the province. As the *Canadian Engineer* commented:

The town of Orillia has satisfactorily solved the question of municipal ownership, and has in successful operation an electrical plant which furnishes light for its streets and private consumption, and supplies power at such a cheap rate as to have already superceded steam in most of its factories, and induced a number of manufacturers to look to it as a desirable location for their business.⁸⁴

V

This case study of Orillia's entrepreneurs has demonstrated that these men were able to initiate and carry out decisions which played a key role in the town's development into a small manufacturing centre. Their pursuit of railways enabled them to exploit the economic potential of the Muskoka and Georgian Bay hinterlands. This activity was important as it provided the necessary impetus for both commercial and small manufacturing establishments to develop and expand. Had they not played a prominent role in railway promotion, the extension of the Midland Railway would probably have been delayed indefinitely and this would have had a similar effect upon the Northern. The latter line, without the imminent danger of the competitive threat of the former could have built a branch line into the Georgian Bay-Muskoka regions from the existing line to

Collingwood or just as easily have constructed a line due north from Barrie and by-passed Orillia altogether. Furthermore, either railway could have proceeded up the eastern shore of Lake Couchiching and this could have thwarted Orillia's dreams of controlling the Muskoka trade. It is interesting to speculate concerning the future the villages of Atherly and Washago might have enjoyed had this taken place. Furthermore, without an active bonus and investment policy, it was unlikely that the community would have obtained stations, a necessary prerequisite for the utilization of railways to their maximum potential. Undoubtedly, the achievement of a railway connection with Port Hope and with Toronto played a large part in the economic development of Orillia. With the completion of the Northern extension in 1871, Orillia underwent a period of steady growth both in terms of population increases and manufacturing expansion (see Tables I and II). In all decades but one, Orillia's population increase was greater than that of Barrie, which had enjoyed a longer history and consequently had a larger population, was the county seat for Simcoe and which possessed a rail connection with Toronto as early as 1853. In spite of all these initial advantages Orillia had surpassed Barrie by 1911 in total population, in number of manufacturing establishments and employees, as well as in total value of products produced. The growth strategy of utilizing public power as a means of stimulating manufacturing was successful. Had the entrepreneurs not pursued such a progressive strategy, the town would have probably declined in population as, following 1891, the service centre function ceased to

be adequate to maintain growth. Without a change in direction, the resultant manufacturing development would have been impossible and Orillia would have been reduced to a small agricultural service centre buttressed with seasonal benefits from the tourist trade. That this decline was avoided was due to the initiative of those men who developed and implemented successful growth strategies which overcame a potentially restrictive economic base, dependent on the unreliable timber trade, and encouraged the move into industrialization. Thus Orillia's growth in the nineteenth century was in a large measure the direct result of entrepreneurial decision-making.

* * *

NOTES

- 1 Gilbert A. Stelter and Alan F.J. Artibise, eds., *The Canadian City: Essays in Urban History* (Toronto: McClelland and Stewart, 1977), p. 51.
- 2 See, for example, F.A. Dahms, "How Ontario's Guelph District Developed," *Canadian Geographical Journal*, Vol. 94, No. 1 (Feb./Mar. 1977), p. 52. See also Leo A. Johnson, *History of the County of Ontario, 1615-1875* (Whitby: Corporation of the County of Ontario, 1973), p. 135 and *passim*.
- 3 Stelter and Artibise, *The Canadian City*, p. 51.
- 4 *Ibid.* See also Jacob Spelt, *Urban Development in South-Central Ontario* (Toronto: McClelland and Stewart, 1972), p. 148.

- 5 Stelter and Artibise, *The Canadian City*, p. 161. See also C.N. Glaab, *Kansas City and the Railroads* (Madison: State Historical Society of Wisconsin, 1962), p. viii.
- 6 Stelter and Artibise, *The Canadian City*, p. 161; Miller, *Men In Business*, p. 91.
- 7 T. Naylor, *The History of Canadian Business, 1867-1914* Vol. II (Toronto: James Lorimer and Co., 1975), p. 104.
- 8 Alan F.J. Artibise, *Winnipeg: A Social History of Urban Growth, 1874-1914* (Montreal: McGill-Queen's University Press, 1975), p. 23.
- 9 A.T. Brown, *Frontier Community: Kansas City to 1870* (Columbia: University of Missouri Press, 1963), pp. 88-89.
- 10 Glaab, *Kansas City and the Railroads*, p. 2.
- 11 Blaine A. Brownell, *The Urban Ethos in the South, 1920-1930* (Baton Rouge: Louisiana State University Press, 1975), p. xix.
- 12 L. Gertler and R. Crowley, *Changing Canadian Cities: The Next Twenty-Five Years* (Toronto: McClelland and Stewart, 1977), p. 152.
- 13 Douglas McLeod, "Orillia: A Geographic Study of a Southern Ontario Town," B.A. Thesis (University of Toronto, 1953), p. 20.
- 14 Spelt, *Urban Growth*, p. 101.
- 15 The local press printed frequent reviews of the business climate for Orillia's businessmen. Throughout the 1880s and early 1890s, they carried on an extensive wholesale and retail trade in biscuits, drugs, clothing, and foundry products throughout the Georgian Bay and Northern District from Coboconck to Parry Sound. See, for example, the *Orillia Packet*, November 15, 1895.
- 16 The County Council had to pass a county by-law guaranteeing the debenture issue of Orillia for \$75,000.00 for the power scheme. Letterbook, Town Clerk of Orillia, Town clerk to R.I. Banting, County Clerk, November 25, 1899.
- 17 To 1874, Municipal Government consisted of a Reeve and four Councillors, two elected by the North Ward, and two by the South. After 1874, when Orillia was incorporated as a town, along with the addition of a mayor, there were three councillors added for the new West Ward, and the older wards increased their representation to three. It should also be noted that Orillia had a Board of Trade established in 1890 and that it existed for only one year. This meant that the municipal corporation was the major agency promoting growth until 1898 when the Board of Trade was re-established.
- 18 The *Orillia Expositor*, August 21, 1868.
- 19 The *Orillia Times*, January 5, 1899.
- 20 M. Bliss, *A Living Profit: Studies in the Social History of Canadian Business, 1883-1911* (Toronto: McClelland and Stewart, 1974), p. 10.

- 21 Alan F.J. Artibise, "The Usable Urban Past: Perspectives on Prairie Urban Development, 1871-1951" (Bonnycastle Memorial Lecture, delivered at the University of Winnipeg, January, 1979), p. 10. I am grateful to Professor Artibise for giving me a copy of this paper.
- 22 Artibise, *Winnipeg: A Social History*, p. 23.
- 23 *Expositor*, May 7, 1867.
- 24 *Ibid.*
- 25 *Ibid.*, December 17, 1874.
- 26 See the introduction, by H.V. Nelles, to T.C. Keefer, *The Philosophy of Railroads* (Toronto: University of Toronto Press, 1972), pp. x-xi.
- 27 P.G. Goheen, "Currents of Change in Toronto, 1850-1900," in Stelter and Artibise, *The Canadian City*, p. 57.
- 28 *Ibid.*
- 29 *Expositor*, April 24, 1868.
- 30 *Ibid.*, March 5, 1869.
- 31 The Midland Railway originated in 1847 as the Peterborough and Port Hope Railway Company. In 1854, the name of the line was changed to the Port Hope, Lindsay and Beaverton Railway Company. In 1869, the final name change took place and the railway was called the Midland Railway. See Andrew F. Hunter, *The History of Simcoe County*, I (Barrie: The Historical Society of Simcoe County, 1948), p. 204.
- 32 A.W. Currie, *The Grand Trunk Railway of Canada* (Toronto: University of Toronto Press, 1957), p. 283.
- 33 Town of Orillia, *Council Minutes*, November 9, 1869.
- 34 *Expositor*, August 6, 1869.
- 35 Town of Orillia, *Council Minutes*, November 9, 1868.
- 36 Sessional Papers of Ontario, 35 Vict., No. 24, 1871-1872, pp. 4-5. Toronto had 25 shareholders, Orillia 16, Barrie 3, and Gravenhurst 1.
- 37 An Orillia delegation led by James Quinn spoke at meetings in Atherly, Warminster, and Penetanguishine on behalf of the Midland extension. *Expositor*, September 9, 1869.
- 38 The Northern interests consisted of F.W. Cumberland, M.P.P., J.B. Robinson, Frank Smith, A. McKellar, M.P.P., Wm. Lount, M.P.P., A.P. Cockburn, M.P.P. The Midland relied primarily on the efforts of Col. D. Boulton and James Quinn.
- 39 *The Northern Light*, Orillia, January 28, 1870.
- 40 *Times*, October 8, 1885.
- 41 *Expositor*, June 19, 1868.
- 42 *Ibid.*, August 27, 1869.
- 43 *Ibid.*
- 44 Currie, *Grand Trunk*, p. 283.
- 45 *Northern Light*, February 25, 1870.

- 46 *Ibid.*
- 47 *Packet*, May 11, 1871.
- 48 *Ibid.*
- 49 *Ibid.*
- 50 *Ibid.*
- 51 *Ibid.*
- 52 *Ibid.*, February 20, 1872.
- 53 *Expositor*, January 15, 1869.
- 54 *Packet*, June 15, 1871.
- 55 Toronto voted a bonus of \$100,000 and Barrie voted \$20,000 for the Northern extension. *Northern Light*, February 11, 1870.
- 56 The *Northern Light* under the the ownership of Dr. Ramsay originally supported the Midland extension. However, early in 1870 his paper switched its support to the Northern. Ramsay later ran unsuccessfully as a Liberal-Conservative candidate in 1872, and many observers believed that Ramsay had been bought off by the more influential Northern interests. *Northern Light*, January 20, 1870.
- 57 *Ibid.*, February 11, 1870.
- 58 *Council Minutes*, March 8, July 22, 1871; By Law #35, March 8, 1871; By Law #37, September 4, 1871.
- 59 The *Irish Canadian*, Toronto, December 6, 1871.
- 60 *The Mail*, Toronto, January 7, 1888.
- 61 *Ibid.*
- 62 H.V. Nelles, *The Politics of Development: Forests, Mines and Hydro-Electric Power in Ontario, 1849-1941* (Toronto: Macmillan, 1975), pp. 248-9.
- 63 K.C. Dewar, "State Ownership in Canada: The Origins of Ontario Hydro," Ph.D. Thesis (University of Toronto, 1975), p. 5.
- 64 H.V. Nelles, "Public Ownership of Electrical Utilities in Manitoba and Ontario, 1906-30," *Canadian Historical Review*, Vol. LVII, No. 4 (December 1976), p. 461. Nelles dates the "experiment in public ownership" in Manitoba and Ontario as 1906; Orillia launched their movement in 1897.
- 65 *Times*, January 5, 1899.
- 66 *Ibid.*, September 5, 1889.
- 67 *Ibid.*, October 29, 1891.
- 68 *Canadian Engineer*, Vol. III, No. 10 (February 1896), p. 265.
- 69 *Ibid.*
- 70 *Times*, January 5, 1899; Report of Black's inquiry made two years previously.
- 71 *Packet*, January 13, 1898.
- 72 *Ibid.*

- 73 Keefe, *Philosophy of Railroads*,
p. xxiii.
- 74 *Packet*, December 22, 1898.
- 75 *Times*, January 5, 1899.
- 76 *Ibid.*, February 2, 1899.
- 77 *Ibid.*, February 9, 1899.
- 78 Letterbook, Town Clerk of
Orillia, C.J. Miller to Thomas
L. Wilson, July 29, 1898.
- 79 *Ibid.*
- 80 *Council Minutes*, July 4, 1899.
- 81 *Ibid.*
- 82 *Ibid.*, February 14, 1899.
- 83 Letterbook, Town Clerk of
Orillia, C.E. Grant to I.
Lavallee, Canada Wood
Specialty, March 10, 1898.
- 84 *Canadian Engineer*, Vol. X, No.
9 (September, 1903), pp.
235-237.