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Canadian National Railways



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# Term of convenience to legal entity:

# The Canadian National Railways 1918 to 1923.

## KENNETH S. MACKENZIE

World War One had a disruptive effort on the entire world, and by its wayside fell two major Canadian systems, the Grand Trunk Railway Company of Canada and the Canadian Northern Railway Company. The management of the Canadian Northern was convinced it could have ridden out the bad times, while Grand Trunk officers were equally certain their railway should have survived. Recent historical work is showing that the nationalization process involving these railways that resulted in the formation of the Canadian National Railway was not a shotgun marriage, as has been suggested, but rather a matter of definite government policy, largely as a means to counteract the monopoly of the Canadian Pacific. 1 Be that as it may, during the period 1918 to 1923 the government of Canada took slow, methodical steps that ultimately united a disparate group of railways into Canadian National Railways. This article discusses the steps leading to what was to become 'the largest transportation system in America.'

Canada has often been described as two warring nations existing in one bosom, with many of its problems being laid to the disparities between the two. Imagine, then, the situations where not two but three extremely different railway systems were brought together to act as a cohesive unit within this frail entity. These warring companies were, broadly speaking, the Grand Trunk Railway system, run sheerly for the profits of its absentee shareholders in Britain, the Canadian Government Railways, a much-scorned conglomeration of usually-non-profitable railways, and the junior of the group, at least in terms of years, the Canadian Northern Railway system, the motives of whose builders are still open to much conjecture. <sup>2</sup>

The grand Trunk Railway was Canada's pioneer, but that does not release it from the opprobrium

that surrounded it and its management for much of its independent career in Canada. When it could not make money legitimately it did so by other means, such as selling shares to obtain capital with which to pay dividends on higher preference stock, or juggling the books to make its results look better, as when it was fighting for compensation from the Canadian government. But it nevertheless provided a legacy other than simply being first: it gave the Canadian National much of its Quebec and Ontario trackage and the majority of its American connections - including a direct outlet to the Atlantic through a year-round ice-free port at Portland. Maine.

The government-built railways, on the other hand, were unabashedly non-commercial in their outlook and operation. They were built primarily to fulfil political or strategic purposes. Thus the Intercolonial Railway was built to honour a confederation promise to the Maritimes; its route was chosen with an eye to our restless cousins to the south and a consideration for local 'realities', which explains its occasional meanders.

The majority of these non-commercial railways were centralized, either in the Maritimes (the Intercolonial, the Prince Edward Island Railway and the Newfoundland Railway, for instance) or in the west, where the most important example was the group that became known collectively as the Northern Alberta Railways. The main legacy of the government railways was threefold - access to a year-round Canadian port; essential mileage in the Maritimes, no matter how wandering the right-ofway; and an abiding distaste in the country at large for government-owned and operated railways and their attendant expense and reputations as hotbeds of patronage.

<sup>1.</sup> Those interested in following up on these generalisations are recommended to read: D.B. Hanna, Trains of Recollection, (Toronto, 1924), especially p. 304; John Eagle, "Monopoly or Competition: The Nationalization of the Grand Trunk Railway", Canadian Historical Review, Vol. LXII, 1, 1981, pp. 3-30; Garth Stevenson, "Canadian National Railways", in Allan Tupper & Doern, G. Bruce, eds., Public Corporations and Public Policy in Canada, (Montreal, 1981) pp. 319-51; and G.R. Stevens, History of the Canadian National Railways, (Toronto, 1973).

<sup>2.</sup> See T.D. Regehr, The Canadian Northern Railway, (Toronto, 1976), for the most sympathetic account of the motivations of its builders, William Mackenzie and Donald Mann.



SOME TIMETABLES OF THE PREDECESSOR COMPANIES that formed the C.N.R.

But in many ways the story of the Canadian Northern Railway is probaby the most remarkable of all Canadian railway stories. It was remarkable in that, in the period 1896 to 1914, a system was built to rival the great Canadian Pacific Railway; remarkable in that this was accomplished, at first, with a minimum of public funds or subsidies; truly remarkable for the widespread lack of knowledge today of its career. It is due to the Canadian Northern Railway that the northern prairies were opened up when they were and not when the CPR decided they should be.

The builders of the Canadian Northern, William Mackenzie and Donald Mann, ably assisted by D.B. Hanna and M.H. MacLeod, were able to turn to their advantage the dislike of the CPR in Central and Western Canada to receive much encouragement from the public and from provincial legis-

latures. Welcomed in Western Canada, these men were viewed as upstarts by Lord Shaughnessy of the CPR and Sir Charles Rivers Wilson of the GTR; they were more than willing to share and exploit contemporary opinion in the east that Mackenzie & Mann were nothing more than promotors determined to sell their property to the highest bidder, without any real desire to operate it. This was probably a fundamental misunderstanding of their motives, and it as much as anything else brought about the catastrophic confrontation whereby the construction of not one, but two additional transcontinental railways was commenced in 1903.

From the railway boom of 1903 a direct path can be traced to the formation of the Canadian National Railways. The euphoria of the times, the feeling of optimism, the determination to prove

Laurier correct about Canada's destiny, drove politicians and public alike to clamour for a TRANS CANADA RAILWAY Shortest, Ocean to Ocean A Canadian Line For Canadian People Through Canadian Territory To Canadian Ports 3

An historian writing of these days, and of determined efforts to obtain cooperation between Rivers Wilson and C.M. Hays on one side, and Mackenzie and Mann on the other, gives an excellent account of a meeting sponsored by Laurier; it

ended disastrously. Wilson, while impressed with Mackenzie's wit and ability, still regarded the Canadian Northern Railway as a backwoods line. He contemptuously dismissed the arrangement suggested by Mackenzie and Mann as a proposed partnership between two very unequal railways. The general manager of the Canadian Bank of Commerce reported despairingly of the meeting, and described 'Sir Rivers Wilson acting in a most tactless manner and showing a complete ignorance of the railroads in the North West.' 4

Hanna later remembered Shaughnessy telling Mackenzie "I will see the hides of you and Mann on the fence before I get through with you.' 5 With attitudes like that it is not surprising to find all three railways competing not very sensibly. After 1903 the Grand Trunk was preoccupied in the west and being sapped by its efforts to build the Grand Trunk Pacific Railway while watching in awe and horror at the cost over-runs in the building of the National Transcontinental Railway, its eastern section that was to be leased to it once the government had completed it; the Canadian Northern paying through the nose for obscure lines in the Maritimes and Quebec and Ontario to give it its desperately needed eastern outlet, while at the same time pushing its own route through the Rockies.

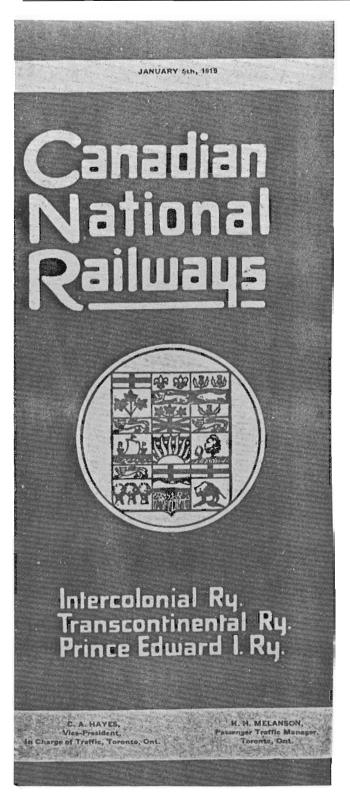
The war called a halt to the frantic competition of the two railways. The last spike on the National Transcontinental was driven on 17 November 1913; the first train on the full Grand Trunk Pacific ran on 8 April 1914; while the last spike on the Canadian Northern transcontinental line was dourly hammered in on 23 January 1915. Canada had its three transcontinental railway lines and two of them were headed straight for disaster.

We come now to the involved process that resulted in the formation of the Canadian National Railways. The amalgamation of the Grand Trunk and Canadian Northern railways was a lengthy, drawn-out procedure that was to involve federal legislators in over five years of effort and countless investigations.

The first step was to unravel the mysteries of the Canadian Northern System, no mean task in view of the results of the legal and financial wizardry of Z.A. Lash, one of Mackenzie and Mann's most valued employees. This the government achieved in part by taking over all outstanding shares, first by bringing intoeffect some clauses of the act granting aid to the system that had lain dormat since its passage in 1914. Thus, as of 1 March 1917 the Canadian Northern Saskatchewan, the Canadian Northern Western and the Canadian Northern Pacific railways were all declared to be "works for the general advantage of Canada" and hence within the jurisdiction of the dominion Bureau of Railway Commissioners. This was a significant move as it removed those subsidiary organisations from provincial control, something which the British Columbia government at least had tried to ensure did not happen.

Following the release of the Drayton-Acworth Royal Commission Report in May 1917 (probably one of the most important such reports in the history of Canadian National) and the unequivocal opinion of the two gentlemen named that the Grand Trunk Pacific and Canadian Northern railways should have long since been amalgamated, 6 the government announced in the House of Commons on 1 August 1917 it intended to take the necessary steps to bring the Grand Trunk Pacific Railway

- 3. This was the masthead of the Morning Chronicle, Quebec, for much of 1903
- 4. Regehr, op. cit., pp. 110-111.
- 5. Hanna testimony to the Senate Hearing on the report of the Duff Royal Commission, 1 February 1933, Senate Proceedings, 4th Session., 23 Geo. V., 1932-33, p. 178.
- 6. "Report of the Royal Commission to inquire into Railways and Transportation in Canada", Canada, House of Commons, Sessional Paper No. 20g. It received its short name from its two commissioners who wrote the majority report.



A new era starts. Canadian National's first timetable January 5, 1919. Most of the interior headings still read "Canadian Government Railways".

under its wing, as it was in imminent danger of collapse. The Finance Minister stated the government would organize that railway's board of directors as it saw fit while insisting that the parent Grand Trunk retain its full responsibility for the huge commitments of its ailing subsidairy. A week later, in September, the government received the required authorization to take over the stock of the Canadian Northern Railway System that was not already held by the Crown, at the price to be determined by arbitration - so long as it did not pay over ten million dollars for the property. <sup>7</sup>

That was the easy part: after all, not too many people by that time considered the stock of either company to be an attractive investment. The next step was to take over the operation and management of these two railways. While the necessary deliberations were being carried out the railways continued to operate: not until September 1918 did the government assert its authority over the Canadian Northern Railway and appoint a new board, under D.B. Hanna. To the dismay of at least one member of the opposition the railway was thus left "in the hands of the Canadian Northern crowd, the same people who have been filching money from this country for years." 8 However, he oversimplified the matter, for there was a major difference - Mackenzie and Mann were no longer involved in its affairs.

Two months later the Canadian Government Railways were turned over to the newly-reconsstructed Canadian Northern board for operation only, leaving management, and title to the railway's lands, under the old arrangement with the Minister of Railways and Canals in charge, 9 the government proving as reluctant as its private enterprise rivals to loosen all controls over its railways. Hanna, one-time 3rd Vice-President of the Canadian Northern Railway under Mackenzie and Mann, therefore became the president of the slowly-uniting system.

A third Order-in-Council following hard on the heels of the earlier ones finally established what the new organization was to be called: 'Canadian National Railway' was to be the title of the new system - but this was only a "collective or descriptive . . . (but not corporate) title". In case there was any ambiguity or misunderstanding as to the government's intent, the order explained the distinction even farther. "The use of such a title is a mere matter of description for convenience of

- 7. Canada, House of Commons, Statutes, 7-8 Geo. V., c. 24.
- 8. Canada, House of Commons, Debates, 23 April 1919, p. 1645.
- 9. PC. 2854, 20 November 1918.

reference and does not create a new legal corporate entity, or affect in any manner whatsover the legal status or rights or obligations of the individual corporations collectively so denoted."10 And so D.B. Hanna became the first president of the Canadian National Railways, albeit not in a legal sense!

Under the Headline "The Canadian National Railways Inaugurated", the Canadian Railway & Marine World quoted President Hanna's announce-

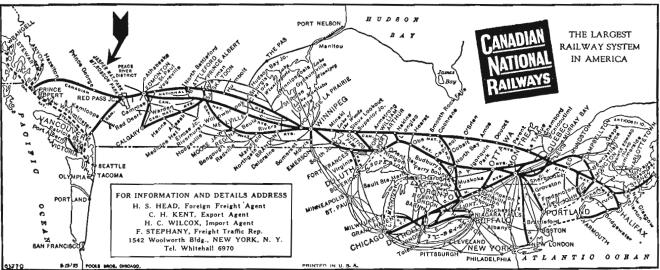
ment of this:

Effective Jan 1, 1919, the railways

heretofore known as the following, viz.: Canadian Northern Ry. System. Eastern and Western Lines; Canadian Government Railways, National Transcontinental Railway, Intercolonial Ry., of Canada, Prince Edward Island Ry., will be operated under the name of the Canadian National Railways, the headquarters of which will be in Toronto.

10. PC. 3122, 20 December 1918.





TWO MAPS OF THE CANADIAN NATIONAL SYSTEM. The first is dated 1919 and shows the system before the Grand Trunk was included (notice the use of the name "Canadian Government Railways in the margin). The other map is from a blotter dated 1925 and shows the complete system after the Grand Trunk was taken over.

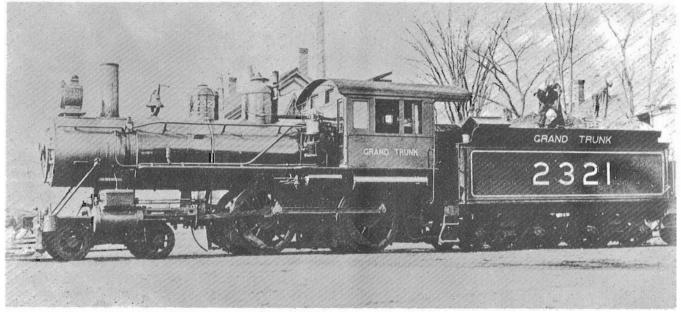
In operating and corresponding, officers of any of the above mentioned railways will in future use the name Canadian National Railways. We shall be obliged if in the future the public and our connections will address their communications and reports to the proper officers of the Canadian National Railways. 11

Even choosing the name was no easy task. The government defended its choice in high moral tones, stating the new title had been arrived at after deep discussion, taking into consideration its philosophical intent in engaging in such an enterprise. It was to be called Canadian National Railways rather than Canadian Government Railways (the only other choice really mentioned by government spokesmen) because that was "more plebeian, or more cosmopolitan. Government' suggests authority. We want to suggest that this is the nation's or the peoples', property."

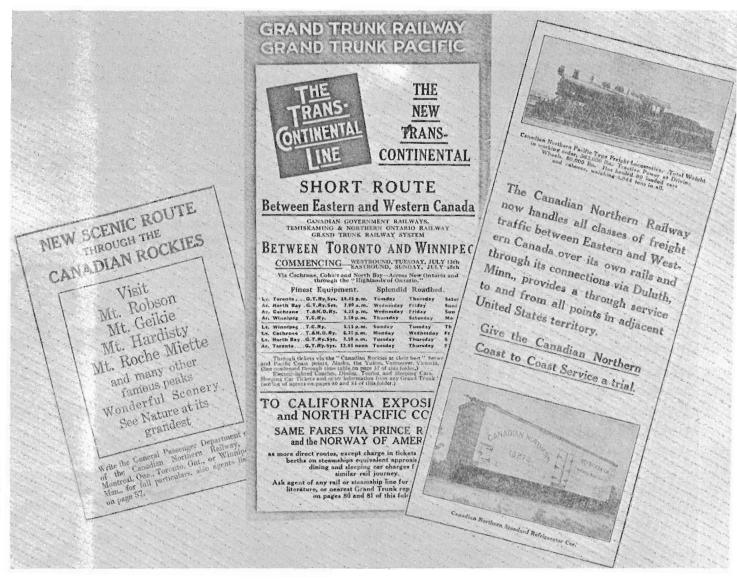
An opposition spokesman quickly cut through this rhetoric and got to the crux of the matter, as explained to him by no less of an authority than Hanna; the government had stuck with the initials CNR because to have done otherwise would have required repainting the initials on all the old Canadian Northern locomotives and rolling stock.<sup>12</sup> This accommodation to reality, this penchant for compromise, was carried into legal entity of the national railways once fully formed; the new name was ensconced in the old Grand Trunk emblem.

The solution to the name dilemma was not without its problems, though, as more than one person, including judges, were confused by the legal niceties involved. One such gentleman, in a decision rendered in the case of an employee's dispute with the Company in 1921, wrote that "in short, for all we know, the Canadian National Railway. Company has not begun to exist" and of course he was correct. This confusion existed after the time of the legislative statement of the Company's legal status, too; another judge handed down a similar decision using similar reasoning in December 1923. 14

- 11. Canadian Railway & Marine World, January 1919, p. 22.
- 12. The verbal exchange can be found in Canada, House of Commons, Debates, 23 April 1919, p. 1779.
- 13. Clipping, n.d., marked "submitted to Directors' meeting, October 20/21". CNR, Records, Archivist's Collection.
- 14. See Canadian Railway & Marine World, February 1924, p. 64, reporting this case and others.



SOME OF THE LOCOMOTIVES ACQUIRED WITH THE GRAND TRUNK were quite old and did not last long. G.T.R. 2321 had been built by Cooke in July 1893 and became C.N.R. 171 in 1923. However it did not serve long under that number, in fact it may never even have had the number applied, for it was scrapped in November 1923.



How much thought the government put into its railway company was to be operated during its vulnerable transition stage is conjectural. It is a question of critical importance when we start to consider the state of the railway once an unfettered Canadian National Railways management succeeded to the task of running it. Yet it is an area of the railway's history that has been almost totally ignored. There is more than a slight suggestion that the government, enervated by its activities to then, tried to ignore the whole matter. It certainly left unanswered many questions as to the

detailed form the new structure should take. Thus in August 1919 Hanna was forced to write to the Minister of Railways & Canals prodding him to take some basic decisions - for example, as to the appointment of a new board of directors, and the location of the combined headquarters. <sup>15</sup>

But at least one crucial decision had been taken: the nationalized railways were to be run, not as a government department as had been the old Canadian Government Railways, but as a quasi-independent body, free from political interference and reporting directly to the Minister of Railways & Canals.<sup>1</sup> <sup>6</sup> The subleties as to how that arrangement

15. Hanna to Reid, 12 August 1919, CNR. Records, Archivist's Collection, File 300-2.

16. Borden put it best, speaking to parliament on 15 May 1918, Canada, House of Commons, Debates, p. 1999.

would guarantee political independence excercised more than a few critics of the railway, but the shadow of the Intercolonial Railway's reputation was too obvious to be avoided.

The major criticism of the government's actions, however, was not over the choice of name or the type of control (once it was realized the railways would be nationalized), but at the unconscionable time it was taking the government to bring the amalgamation to the point where Canadian National Railways became legal entity. To be sure the necessary legislation was passed as early as June 1919., when Royal Assent was granted to "An Act to incorporate the Canadian National Railway Company and respecting Canadian National Railways,"17 but there the matter languished. The act was not to come into effect until the board of directors was appointed, and despite the herculean efforts of Prime Minister Meighen and subsequently Mackenzie King and his Minister of Railways & Canals, W.C. Kennedy, nobody could be found willing to take the chairmanship of the board.

Meanwhile Hanna and his staff continued on, doing what they considered to be a creditable job and waiting for the proverbial axe to fall. That it would eventually, especially in Hanna's case, was

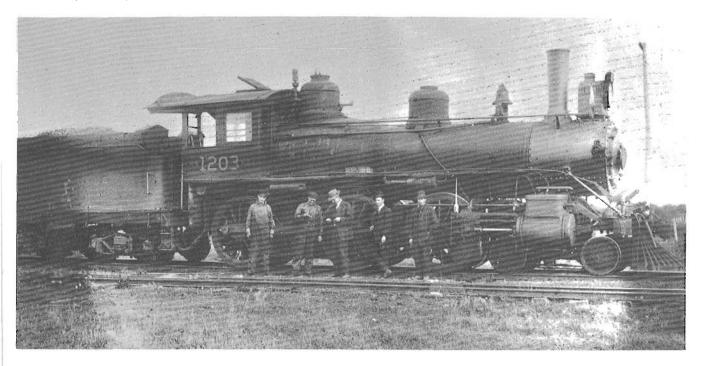
common knowledge, and one suspects that H.G. Kelly, the Grand Trunk's president. was as perceptive. Hanna himself had no illusions that it would not happen, although probably did not expect to be left as long in charge as he was. In commenting on the situation in 1921, Sir Joseph Flavelle, the man to whom the government had entrusted the Grand Trunk Railway in its last days of quasi-independence, remarked that

we still have, and continue to have,

the unprofitable, uneconomic and unsatisfactory situation in which largely the Intercolonial Railway is a system operating as before, the Grand Trunk operating completely as before and the Canadian Northern, Grand Trunk Pacific and National Transcontinental operating commonly in harmony under one administrative body.

What had to be done, said Flavelle, was to take these seperate organizations, "this great ragged situation", and get them working together. It was a daunting task, for the railway would always have an "absentee landlord" lurking in the background

17. Canada, Statutes, 9-10 Geo., V., c. 13.



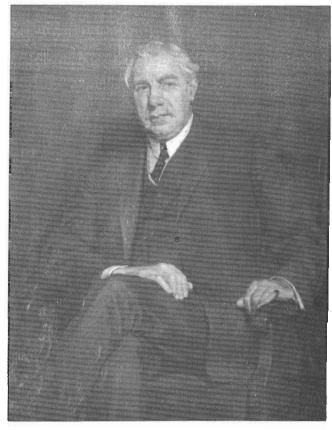
Canadian National Railway ten wheeler 1203 and crew photograph from the Provincial Archives of Alberta No. B7086, place and date unknown.



HOWARD GEORGE KELLEY

PRESIDENT

GRAND TRUNK RAILWAY SYSTEM, 1917-1922



A PORTRAIT OF D.B. HANNA first head of Canadian National Railways.

- "a political body subject to the conditions which may be incident in Canada". In other words, to political reality. "I have very grave doubts", he continued, that even "if the angel Gabriel came down that this great property could be administered on behalf of the public as a public enterprise under the absolutely necessitous condition" it shoul be. 18

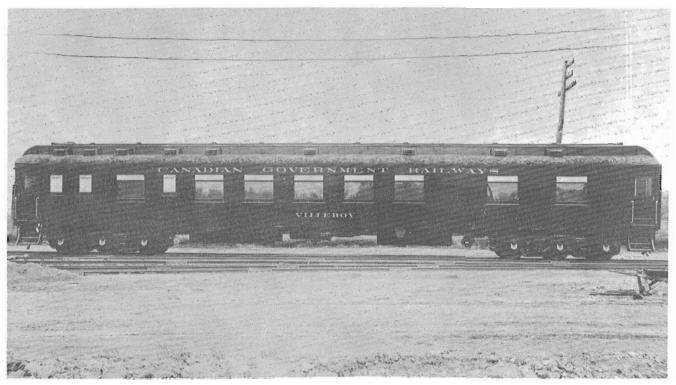
Mackenzie King said it a little differently: "the difficulties that have arisen day by day in welding together these two systems with the official staff of each" (by this time only the parent Grand Trunk remained outside the fold) had convinced him "that it would have been practically impossible to have done this with the head of either one of the seperate systems at the head of the amalgamated system".19

Nevertheless Hanna was convinced his efforts had provided a solid basis for whoever took over his railway, which was now able "to render dependable, efficient transportation" to the country.20 He was not alone in this opinion; as the editor of the influential journal Canadian Railway & Marine World wrote, "after a long period of disheartening operating losses, Mr. Hanna was able, in August 1921, to show net operating earnings of \$47,321.44 compared with a deficit for August 1920, of over \$4,000,000". Thus "the results secured by Mr. Hanna and his officers, in the final year of his administration, have shown conclusively that they have succeeded in consolidating the lines into a system that need only traffic to make it at least able to be self-supporting, outside

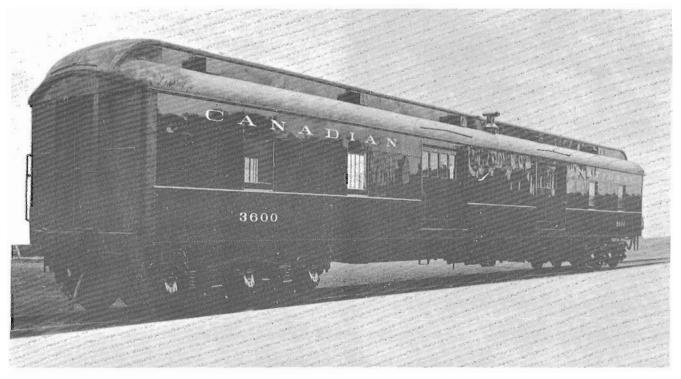
18. Flavelle Papers, Public Archives of Canada, MG30-A16, vol. 75, report of meeting, 14 September 1921. The purpose of the meeting was for Flavelle to be told by Toronto businessmen why it was his duty to take the presidency of the national railways - something earnestly desired by Prime Minister Meighen as well. See Micheal Bliss, A Canadian Millionaire, (Toronto, 1978), chapter 16, pp. 384-417 for an excellent treatment of Flavelle's activities at that time.

19. Canada, House of Commons, Debates, as quoted in Canadian Railway & Marine World, May 1923, p. 204. This excellent journal reported the events of these times accurately; it is well worth perusing.

20. D.B. Hanna quoted in ibid., November 1922, p. 554.



CGR sleeper "Villeroy" first in a series of all - steel sleeping cars built for CGR in 1916, to an ICR design. Built by National Steel Car. (ref C. Norman Lowe, Canadian National in the east Calgary, 1983,) C.N. Photo 67581.



Baggage Car 3600 dated 1919 - but "Canadian National Railways" library - buffet. C.N. Photo 70040

of fixed charges. It is an outstanding fact," continued the editor,

> That in 1921 the Canadian National was the only transcontinental line in North America to increase its gross earnings over those of 1920. Despite the effects of the great industrial depression which spread over the continent, and slowed down all departments of business, the progress in the work of making the National System great and successful was well main-

This was by no means a minority opinion and it seems that while the politicians were deciding the destiny of his railway, Hanna and his staff laboured mightily to provide a worthwhile legacy for whoever took over.

The events surrounding the takeover of the Grand Trunk Railway were entirely another matter. Where Mackenzie and Mann agreed to assist in any way, the Grand Trunk management, led by H.G. Kelley, made no bones of the fact they would not cooperate in any way to lessen the impact of the merger. Mackenzie apparently was particularly helpful, informing the government (hopefully with tongue in cheek) that as he was "very intimately acquainted" with all aspects of the Canadian Northern Railway he would be "very happy to make his services available to" the new management as it wished - all without remuneration, Meighen hastened to assure parliament. 22

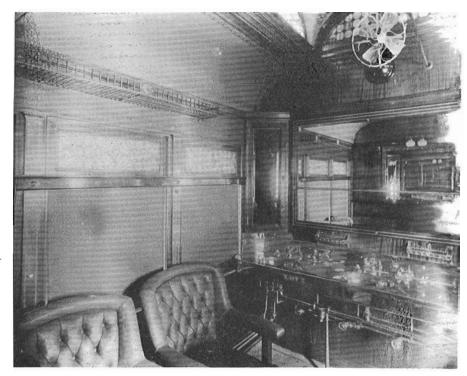
Kelley on the other hand did his best to obstruct an easy transition, to the dismay of Flavelle, chairman of its board since May 1921. This led ultimately to a discreditable scene at a meeting attended by Meighen where a disgruntled Flavelle confronted Kelley with evidence of duplicity in his dealings with the Montreal Star newpaper,

of nationalized railways.23 In another instance, Kelley intransigently refused to bring forward to a position of prominence within the Grand Trunk promising junior officers, in order that they would be in evidence when the positions in the national railway were being apportional. Flavelle had tried very hard to get Kelley to do this and was bitterly disappointed at his failure in not convincing the Grand Trunk president to act in a statesmanlike manner. Kelley's act could go a long way to explaining how Canadian National Railways was later susceptible to charges of being run by a 'Canadian Northern clique'. Flavelle felt betrayed by tained under Mr. Hanna's direction.21his fellow businessman and did not hesitate to say so in public and even more bitterly in private.24

> Grand Trunk shareholders were as reclutant to give up their shares as their officers were to give up control of the railway. The legislative process that effected this was largely by way of act of parliament rather than by the more informal Orderin-Council approach that had taken care of the Canadian Northern. Parliamentary authority to commence the takeover was granted in November 1919. with authority for the takeover itself being passed in May 1920. Not until a year later, in May 1921, did the government step in to exert control over the management of the system. Then it appointed a Committee of Management "to insure operation in harmony with Canadian National Railways". This committee consisted of two Grand Trunk officers, two representatives of the government, and a fifth, nominated by the others. 25 This group "never functioned owing to the hostile attitude of Mr. Kelley and the Grand Trunk representatives", 2 6 so the Grand Trunk stumbled along while a government-appointed board of arbitration, as in the case of the Canadian Nothern but with slightly different parameters, determined the worth of its stock and the compensation to be paid to its shareholders.

Much has been written of the perfidy of the way whose editor and publisher were both sworn foes in which the Canadian government finally took

- 21. Ibid., p. 559.
- 22. Meighen's statement on "The Railway Situation in Canada", Canada, House of Commons, Debates, 15 May 1918, p. 999.
  - 23. Regehr, op. cit., pp. 409-10 contains an excellent account of this.
  - 24. Flavelle Papers, loc. cit., are instructive reading!
  - 25. "Canadian National Railways", a document in CNR. Records, Archivist's Collection.
  - 26. Gerard Ruel to Deputy Minister of Railways & Canals, 14 February 1929, ibid.



Interior of C.N. Passenger Car. c. 1920. C.N. Photo 67582.

over the Grand Trunk shares. Initially the government offered them "a perpetual annuity on a sliding scale to a maximum of \$3,6000,000 in consideration of the surrender to the Crown of all the capital stock". The Grand Trunk refused to have anything to do with this and turned down the offer "almosy scornfully and most unwisely",27as one participant wryly noted. Unwisely, because when the arbitration board handed down its majority decision it stated these very shares were worthless. The award - or, more precisely, the lack of one - was challenged in the courts all the way to the British Privy Council, but to no avail. No court considered the shareholders had a legal leg on which to stand.

Appeals were then made to the Canadian government's sense of moral responsibility, a remarkable tactic for those whose company's probity had been discredited as details of its machinations had become obvious to auditors pouring over its books. Drayton and Acworth in 1917 had stated that the purchase of the Grand Trunk shares should be negotiated as "a case for generosity rather than strict justice".28 This statement was later paraphrased (or perhaps aptly misquoted) by an official who

wrote that "the case may be one of 'generosity rather than street justice' in view of the lengthy record of the Grand Trunk".29 In the eyes of the shareholders, at least, street justice prevailed. They received nothing for their shares.

The last report to be considered before the Minister of Railways & Canals made its recommendations was that of the Grand Trunk Arbitration Board. It was released on 7 September 1921. Then a federal election intervened and resulted in a change of government. This and the real problem of finding a replacement for Hanna postponed the ultimate decision for months. Finally, on 4 October 1922 the new board of directors, including Sir Henery Worth Thornton, was named.30 They met on 10 October and passed the formalities resulting in his becoming president of the Canadian National Railways. The order-in-council making the appointments, on 4 October 1922, made Canadian National Railways a legal entity. On 20 January 1923 the government at last overcame its reluctance and turned over the management of the Canadian Government Railways. Ten days later, struggling ed,31 uniting the system as it is largely known today.

27. Ibid.

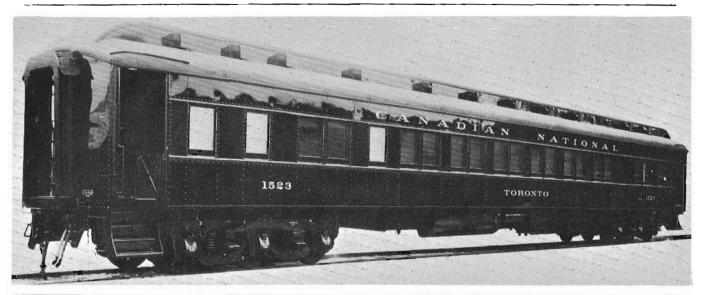
28. Drayton-Acworth Report, op. cit., p. lxv.

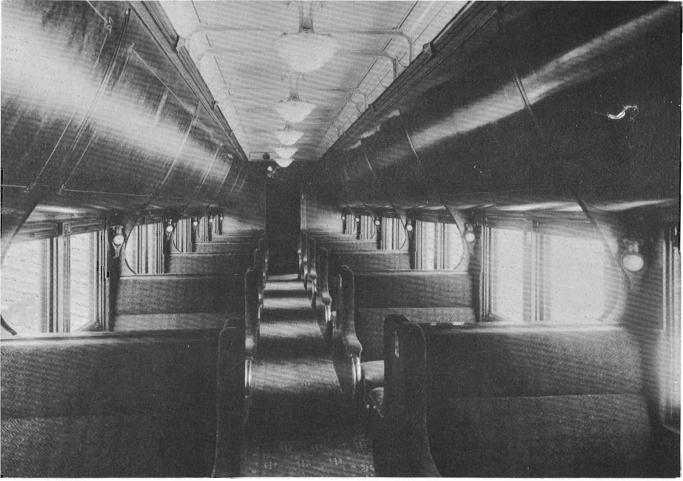
29. C.G. Moon, "A Synopsis of the Drayton-Ackworth (sic) Report - 1917; with Particular Reference to the Grand Trunk and the G.T.P.", Montreal, 13 January 1921, CNR. Records, Archivist's Collection.

30. PC. 2094, 4 October 1922.

31. PC. 181, 30 January 1923.

88





First Class Sleeper Toronto . Built by Canadian Car & Foundry, 1919. All steel, 12 sections 1 drawing room sleeper. Interior - green plush. Mahogany berths. One of 45 of its type. C.N. Photos 67542 and 67599.

# A Bed of Rails

# By Les Kosma

"In this automobile age, where elapsed time to reach our destination is an important factor, we are apt to take the history of our highways very much for granted. Cruising along, passing the ocasional historical site marker and stopping only out of sheer necessity, we can easily become restless and bored. Yet, most of us know practically nothing about the areas through which we pass. Perhaps a better appreciation of the history of the province would alleviate our boredom and open our eyes to what is around us. Highway 16 west of Edmonton is a route with a particularly fascinating past.

The road we think we know so well today had its beginnings well over 150 years ago. The area between Fort Edmonton and the Athabasca Pass, east of Jasper, was long the exclusive domain of the Indians until David Thompson became the first white man to traverse this vast region, making his way in 1810 to Kootenay House in the B.C. interior. The next significant event in the region occurred in 1823 when a half-breed furtrader with blondish hair crossed the Athabasca Pass. Hoping to build a cache further west, he crossed through yet another pass and cached his goods near the Fraser River on the opposite side of the Divide. It was his nickname that

became attached to this latter pass — Tete Jaune, French for Yellow Head.

In the 1870's, surveys for a transcontinental railway (a condition of British Columbia joining Confederation), sparked considerable interest in the area. Prepared by noted government engineer Sanford Fleming, this proposed route carried the line west from Winnipeg to a point just south of Edmonton, through the Yellowhead Pass and on to Vancouver. However it was later found expedient to shift the proposed line further south, shortening the mileage to Vancouver and ensuring that the new railway would compete favourably with American railways south of the border. It also proved to be politically useful as a deterrent against American expansionary movements towards Canada.

As a result the Canadian Pacific Railway abandoned its Yellowhead alignment in favour of a new one through Calgary, thence striking west through the Kicking Horse and Rogers Passes in British Columbia. The region west of Edmonton fell silent again, peopled only by Indians and furtraders, for the next thirty years.

Alberta became a province in 1905. Fittingly, late that same year the Canadian Northern Railway (CNoR) — considered a "local" railway — reached Edmonton from Winnipeg. The next year it



This was the private train carrying Grand Trunk Pacific officials on their first inspection visit to Edmonton in 1904. Provincial Archives of Alberta, E. Brown Collection No. B6219.

completed branchlines to Morinville and Stony Plains. This latter branch was planned as the initial phase of the CNoR's mainline to Vancouver, B.C. Competition arrived in Edmonton in 1909 in the form of the Grand Trunk Pacific (GTP), an off-shoot of the old Grand Trunk Railway system (GTR) in the east.

An intense corporate rivalry developed between the CNoR and GTP. This competitiveness was further fuelled by public opinion: westerners saw these new railways as a way of breaking what they felt was a monopoly in the west by the wellestablished Canadian Pacific Railway. Sensing the attitude of their constituents, the two senior levels of government jumped on the railway bandwagon and government purse strings were loosened. Scores of subsidies and bond guarantees were offered to railways in return for development of new lines throughout western Canada. Overnight, railways of every conceivable nature sprang up out of nowhere. It was in this prevailing mood that the CNoR and GTP plunged headlong into an extension of their railway empires.

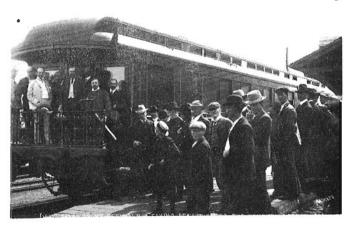
Without pausing in Edmonton the GTP relentlessly continued its main line west through Stony Plains, passing Lake Wabamun and continuing on to Edson. By 1912 steel had reached Tete Jaune Cache in B.C. Portions of the main line west of Edmonton opened as early as 1910, but the line was not officially completed to Prince Rupert until 1914.

Earlier, through political manoeuvering, the GTP gained the upper hand over its rival. Concentrated lobbying in Ottawa by the GTP to the Board of Railway Commissioners forced the CNoR to abandon hopes of using its Stony Plain branch as a springboard for its main line west. Licking its corporate wounds, the CNoR consolidated itself and only resumed building its main line in 1911, but with a revised location that left St. Albert on the Morinville Branch. Proceeding west past Onoway it skirted Lac Saint Anne and Lake Isle to Evansburg. The line passed three miles south of Edson to Tollerton, thence north of Brule Lake to Jasper. In the mountains, it climbed the Yellowhead summit before swinging south towards Vancouver. The CNoR's main line was ultimately opened in 1915.

Several factors during construction of both main lines created havor with the railways. Both companies found themselves in a financial squeeze as a consequence of a mild depression in 1913. The outbreak of the Great War in August 1914 brought further woes: rampant inflationtook its toll and government guarantees and the bond market — on which the railways relied heavily — quickly dried up.

Both railways had barely completed their respective main lines before they were on the brink of collapse:

History has recorded that senseless duplication of

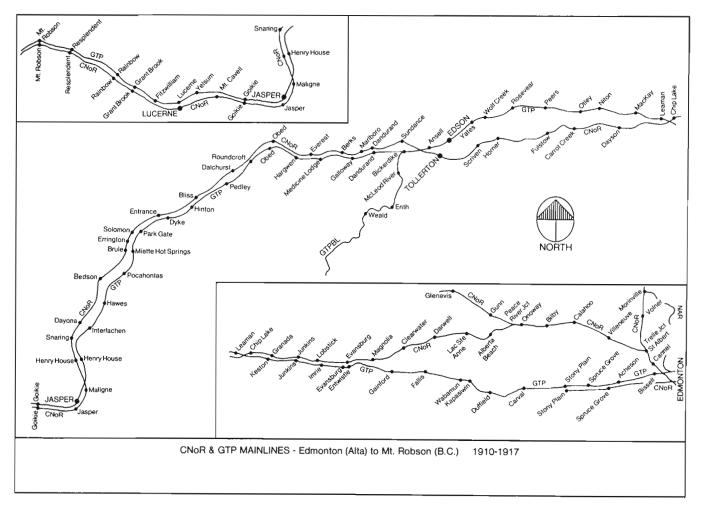


Grand Trunk Pacific officials leaving Edmonton after their first inspection visit to the district in 1904. Provincial Archives of Alberta, E. Brown Collection No. B6218.

rail lines, especially through areas of limited potential, were economic blunders of the first magnitude. It proved to be the undoing of the CNoR and GTP, as well as numerous other railways across Canada. Many railway companies dropped from the corporate registers, culminating in the formation of the Canadian Government Railways in 1915 and the Canadian National Railway in 1918, which "gobbled-up" the defunct CNoR that same year. The Grand Trunk Railway system succumbed to a similar fate in 1923, after protracted discussions with the federal government under the guise of a Royal Commission.

As constructed, the CNoR and GTP main lines were parallel to each other. From Edmonton west there were never more than five miles apart and in many cases only a stone's throw separated their respective grades until they diverged for good near Mount Robson, B.C. During World War One a shortage of rails overseas prompted the dominion government to investigate the feasibility of consolidating the numerous Canadian rail lines. The set of dplicate lines west of Edmonton was a likely candidate. In 1917, under the powers granted by the War Measures Act, the rails from portions of both main lines between Imrie (now Styal) and Resplendent (near Red Pass Junction, B.C.) were removed and the remanants of the two lines were combined into a composite main line. Since the GTP was built to a higher standard, most of the track removal occurred on the Canadian Northern. Over 200 miles of grade was stripped of its rail; only the ties and bridges remained.

Lacking better alternatives, settlers found the abandoned grades to be convenient wagon roads. The railways still retained ownership of the grades as they believed that the consolidation was merely



temporary, anticipating that the pre-war services could be restored at the cessation of hostilities in Europe. Although use of the grades as *ad hoc* public roads was technically illegal, the railways turned a blind eye for a while.

But the steel was never relaid and in 1921 the Edmonton Chamber of Commerce, the Alberta Good Roads Association and the Alberta Motor Association appealed to the provincial government to acquire the roadbed for highway purposes. The joint petition declared that a highway based on the utilization of abandoned grades would be an asset to the province and provide employment to veterans of the war. It was also felt that if the 210 miles of old grade were not maintained they would revert to a wild state. The petition urged work to proceed immediately and declared that it would require an estimated \$94,500 to convert the railway grades. But as the grades remained the property of the railways the provincial government was very reluctant to commit funds to maintaining the roadbed.

The next year, the province initiated negotiation: with Canadian National Railways, (trustee of the CNoR and GTP Companies), regarding the use of the abandoned grades as roadways. But terms could not be found to suit both parties and legal technicalities prevented outright purchase of the grades in question. The CNR was still adamant that

the abandoned lines would be later rehabilitated and put back into operation. The province would not consider leasing the grades only temporarily for use as a road and so no settlement was reached.

In spite of this impasse the roadbed continued to be used by residents and travellers as extemporaneous roadways. Frustrated by the lack of progress of the negotiations, the Edmonton Good Roads Association decided to take a diferent tack. In an effort to publicize the necessity of having an all-weather road to Jasper the Association offered a prize to the drivers of the first car to travel from Edmonton via the Yellowhead Pass to Victoria, B.C. The challenge was taken up by Messrs. Neimeyer and Silverthorne in the summer of 1922. Utilizing the old grades for much of the first part of the trip they reached Jasper in four days.

Contrary to expectations, the region was not totally lacking roadways. Road construction west of Edmonton had been started as early as 1906. By fits and starts, a rudimentary road was extended by 1910 to Entwistle, where traffic was ferried across the Pembina River to Evansburg. Various minor road work was also initiated further west. Continual improvements to the Edmonton-Evansburg road made it all the more imperative to get a reasonable road the rest of the way to Jasper Park.

In 1924 the province entered an agreement with the federal government under the Canada Highway Act (1924). Provided with loans under the Act to expand its main highways system, the province initiated upgrading of the Evansburg road. A steel bridge was thrown across the Pembina River and the 74-mile road was gravelled. It now became Highway 14. As a show of good faith, in 1924 motorists in Edmonton and surrounding centres raised \$5000 by public subscription. This enabled clearing of parts of the old railway tote roads, repairing stretches of the abandoned grade, and the surfacing of some trestles.

By the early 1930's the province had extended the road from Evansburg to the Jasper Park Gates. But because it was unable to exploit the abandoned grades, the road was rather primitive. In contrast, a fine gravelled road from the park gates to the town of Jasper was developed by the federal government, using the old grade extensively.

Provincial negotiations with the CNR reached fruition in 1935 with an agreement that authorized the province to utilize 80 miles of abandoned grade between Evansburg and Pedley as public roads. The highway had finally "made the grade" and the old roadbed and many unemployed men were put to work. By 1941 the highway, now renumbered to 16, had become a significant transportation link in

Alberta. Upgrading continued and in 1970 the highway was incorporated into and opened as part of the Yellowhead Route. Stretching from Portage La Prairie, Manitoba, to Prince George, B.C., it proved to be a convenient alternative to the Trans-Canada Highway in western Canada.

Reminders of the past endure along the route from Edmonton to Jasper. Long stretches of the original railway grade survive intact with old railway structures including stations, round-houses, and bridge abutments; railway camps, abandoned townsites and mines waiting to reward the history-seekers. They remain as testaments not nly to the mistakes of the past, but also to the vision of those who contributed to the evolution of the Highway 16 of today.

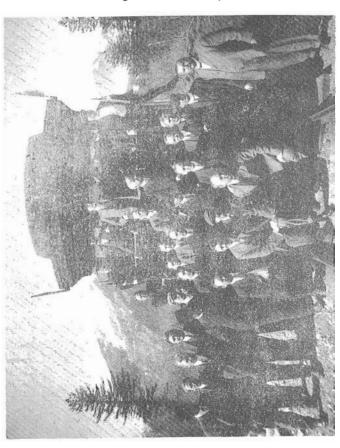
**Overland by the Yellowhead** by J.G. MacGregor, Western Producer Book Service, Saskatoon, 1974.

Canadian Railway and Marine World, June 1917. (Microfilm: University of Alberta).

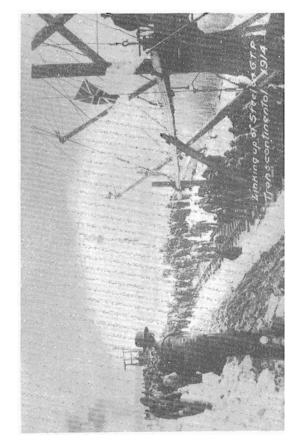
**Edmonton-Edson-Jasper Road, M.** Kehr. Unpublished report by Alberta Transportation.

**Department of Public Works Annual Reports,** 1905 - 1941. Alberta Transportatin Library.

Reprinted from Alberta Transportation magazine. We wish to express our thanks to Lon Marsh of Edmonton for selecting the photos to illustrate this article.



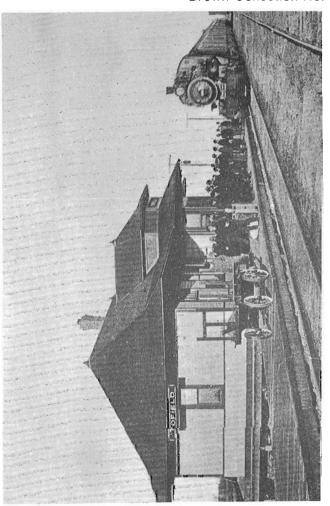
GTP officials on train attending driving of last spike at Nechako River Crossing, Finmoore, BC. (mile 1372.7) 8 April 1914. C.N. Photo 73247-3.



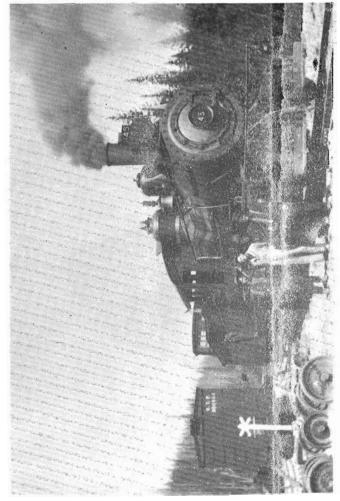
Linking up steel on the Grand Trunk Pacific transcontinental line in 1914. Provincial Archives of Alberta, E. Brown Collection No. B6190.



The Grand Trunk station in Edmonton was still under construction when the first train arrived on November 4, 1905. Provincial Archives of Alberta, E. Brown Collection No. B7071.



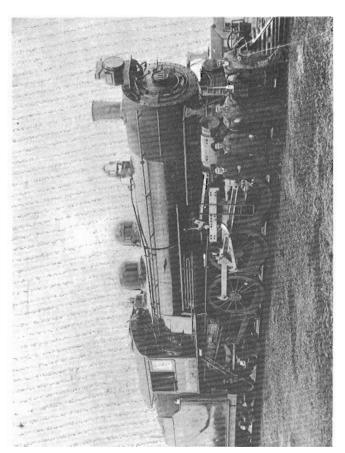
Train No. 1 of the Grand Trunk Pacific arriving at Tofield Station in 1908. Provincial Archives of Alberta No. A2912.



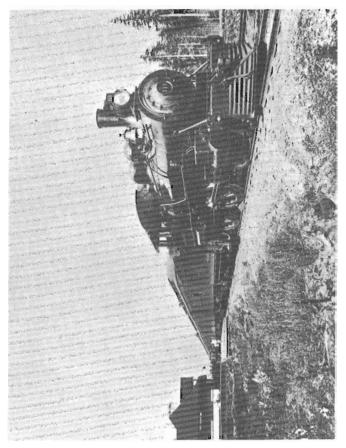
Grand Trunk engine No. 45 and crew, photograph taken by Ed. McCann circa 1910. Provincial Archives of Alberta, E. Brown Collection No. B6144.



"Early Construction Days - circa 1912-14" Grand Trunk Pacific. C.N. Photo X-36158.



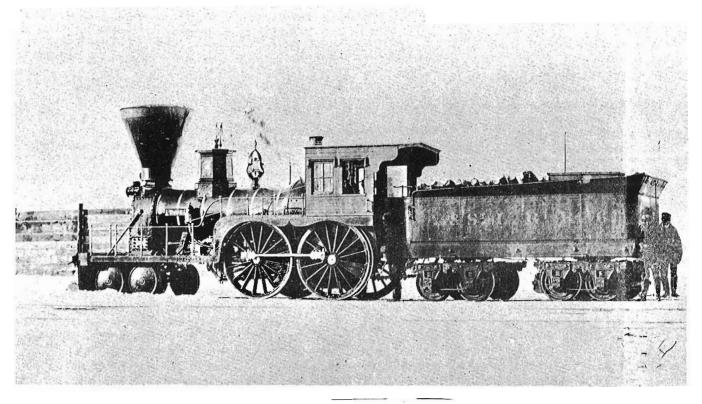
GTP 4-6-2 No. 1111 and crew photographed in 1912. Photo courtesy Provincial Archives of Alberta No. A3349.



"Standard Grand Trunk Pacific Passenger Train. At Pacific, B.C. Station, 119.4 miles east of Prince Rupert. (alt. 371 feet); picking up passengers en route to Jasper. Headed by 4-4-0 loc. GTP 111. built 1909 by Montreal Locomotive Works, later CN No. 385. Scrapped 1927. Line first opened 4 June 1912. C.N. Photo X-51181-10

# THE GRAND TRUNK RAILWAY THE PROVINCE OF CANADA'S POLITICAL FOOTBALL

By: A.L. Smaltz



FEW PHOTOGRAPHS SURVIVE of Grand Trunk locomotives of the 1850's. This view is the oldest known and was taken in 1856. The engine is G.T.R. No. 106 built by Portland in February 1850 and formerly the "COOS" of the Atlantic and St. Lawrence R.R.

"It would be harder to say whether the Grand Trunk Railway corrupted Canadian politics or whether Canadian politics corrupted the Grand Trunk."

When noted Canadian historian of the stature of Chester Martin makes such a forthright statement as the above, it offers considerable food for thought to a student of the history of transportation in Canada. In singling out the Grand Trunk railroad by name Martin focusses attention upon its many strengths, weaknesses and influences on the politics of the times.

The railroad was a favorite target for politicians

during the union of the two Canadas. It was used as a political football by many of them in their attempts to curry public favour, to harass their opponents and to promote any pet projects they happened to desire at that particular time. The Grand Trunk was created in good faith with high ideals and the welfare of Canada as its major goal. Controversial and conniving actions on the part of contractors, financiers and politicians soon obscured these objectives. Political arguments in both Britain's House of Commons and Canada's own assembly began after the railroad's inception. These arguments soon turned the feelings of the

1. Chester Martin, Foundations of Canadian Nationhood, Toronto, The University of Toronto Press, 1965, p. 230.

Canadian public towards the railway from those of willing acceptance and cooperation to dislike and mistrust. Many of the newspapers of the time launched violent attacks upon it to enhance this animosity. Their items were often based on rumors and malevolent distortions of facts.

The purpose of this essay is to examine some of the more important reasons why the Grand Trunk Railway became one of the Province of Canada's major political footballs.

Before we can examine and understand the reasons why the railroad got into such difficulties, a brief examination of a few ground facts relating to the railway itself and the Canadian political structures of the times would be helpful.

When Britain abolished the preferential duties on colonial grain in 1846 and then swung over to full free trade by 1849, she removed Canada's advantage as a seller in the British market. This appeared to be a decided threat to Canada'a economic welfare. "There was danger that the carrying industry . . . of Western Canada as that term was then understood, would become diverted to railways over the border." <sup>2</sup> Hence a demand arose for an all Canadian railway which could tap the American middle east--west transportation system which would help to offset some of Canada's trade losses in the British market. This would be accomplished by lowering the selling price of Canadian goods through cheaper freight rates.

The Grand Trunk Railway was the answer to this demand. It was built between 1852 and 1856 and connected Toronto to Montreal. In 1852 it also leased the lines of St. Laurence and Atlantic railway which extended from Montreal, to Portland, Maine. In 1859 the line was extended west from Toronto to Sarnia and a line was leased from Detroit to Port Huron. Thus by 1860 the Grand Trunk railway owned or controlled trackage running all the way from Detroit through the Canadas to the Atlantic seaboard, realizing the dream of many Canadian politicians who had felt "The great and

increasing trade of the Western country with the seaboard, renders it therefore a matter of the highest importance . . . to establish a rapid, short and uninterrupted line of communication between the two." <sup>3</sup>

The Grand Trunk was a privately owned company which was incorporated in Canada and consisted of a board of eighteen directors and the shareholders. Of the directors nine were to be appointed by the government.<sup>4</sup> A large part of its capital came from English investors and eventually a large part from the Canadian government. The head office of the company was in London. Six of the nine Canadian directors were officers of the crown. They were:

- 1. John Ross, Solicitor-General,
- 2. Francis Hinks, Inspector-General,
- 3. E.P. Tache, Receiver-General,
- Malcolm Cameron, President of the Executive Council,
- 5. James Morris, Postmaster-General,
- 6. R.E. Caron, Speaker of the Legislative Assembly.5

Sir Georges Etienne Cartier, a leading figure in Canadian politics, was made the company's legal advisor.

Such an impressive array of government hierarachy attached to a private company was to say the least, unusual. Later events showed that this laid the groundwork for an era in which "parliament became the field of railway debate." To make matters worse, these crown officers names were officially listed as government supporters of the railway in the orginal prospectus which was published by the Grand Trunk. This had serious repercussions later on.

The Canadian political structure of the period cannot be described so easily. Strange as it may seem, there were no clear cut political parties in existence such as we have today. In the assembly "members . . . were broadly grouped as those in power or those out." However loose party group-

- 2. Norman Thompson and J.H. Edgar, Canadian Railway Development, Toronto, The Macmillan Company of Canada Limited, 1933, p. 59.
- 3. G. P. deT. Glazebrook, A History of Transportation in Canada, Toronto, McLelland and Stewart Limited, 1964, vol. 1 p. 159.
- 4. S.J. McLean, "National Highways Overland." Canada and Its Provinces, Toronto, Publishers' Association of Canada Limited, 1913, vol. 10, p. 396.
- 5. J. Castell Hopkins, "Grand Trunk Railway," Canada, an Encyclopaedia of the Country, Toronto, The Linscott Publishing Company, 1898, vol. 2, p. 111.
  - 6. Oscar D. Skelton, The Railway Builders, Toronto, Glasgow, Brook and Company, 1922, p. 53.
- 7. Paul G. Cornell, The Alignment of Political Groups in Canada 1841-1867, Toronto, University of Toronto Press, 1962, p. 83.

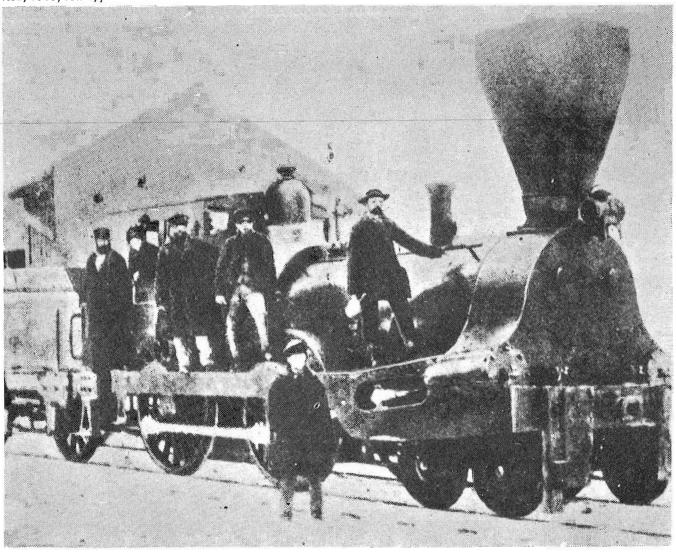
ings did appear in both English and French Canada and all told, there were eight definable groupings during the union of the two Canadas.8 From 1854-1864 there were ten different ministries which governed the province of Canada. 9

We have now examined the basic concepts behind the formation of the Grand Trunk Railway and also taken a cursory look at the political structure of the times. How then did the railroad get enmeshed in politics and become a political football? There were many reasons including finances, overoptimism, poor planning and plain bungling. One of the major reasons was that many politicians of the period used Grand Trunk as a tool in combination with other railroad projects of the times, to further their own political and selfish ends.

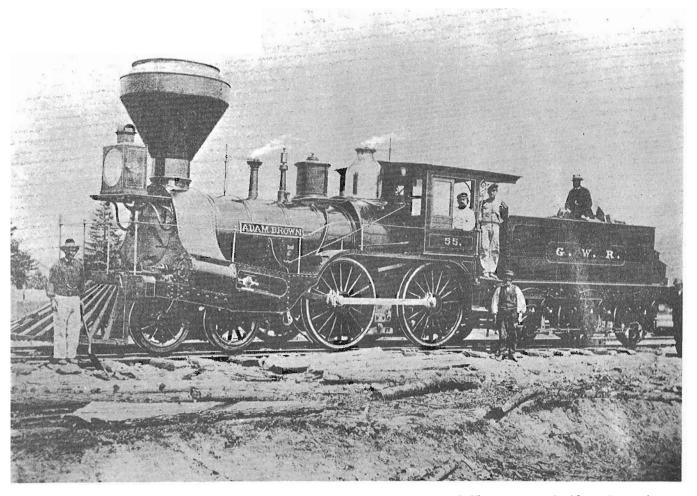
One politician whose name crops up repeatedly in early Grand Trunk history is Sir. Francis Hincks. He was Inspector-General in the Baldwin-Lafontaine

8. Ibid., pp. 67-68.

9. G. R. Stevens, Canadian National Railways, Sixty years of trial and error, Toronto, Clarke, Irwin & Company Limited, 1960, vol. 1, p. 254.



A FAMOUS SERIES OF G.T.R. LOCOMOTIVES was the "Birkenhead" type, fifty of which were built at the "Canada Works" in Birkenhead England in the 1850's. This is G.T.R. No. 50 at Riviere du Loup in 1860. This engine was built in January 1856 and is one of the earlier type.



A CLEARER VIEW OF A BIRKENHEAD is this one of No. 55 of the Great Western Railway. It was built in November 1855 and although it was not a Grand Trunk engine it is similar to the G.T.R. engines built at the same time.

cabinet (1848-1851), and then became premier of the united Canadas from 1851 to 1854 under a Hincks-Morin Reform coalition. It was under his leadership that Grand Trunk railway was incorporated, granted a charter, and construction began on the line from Toronto to Montreal. As previously noted he was one of its first directors.

While it is true he was one of Canada's pioneer railway promoters, he used his political power on many occasions for his own personal benefit. In 1854 after being suspected of many shady deals in connection with the railroads, "Hincks, after a furious scene in the assembly, was driven from office." A month later the legislature forced him to appear before a special committee on charges of corruption. He was questioned regarding the owner-

ship of 1,008 shares of Grand Trunk stock worth £25,000. He was charged with having speculated in the stock of the St. Lawrence and Atlantic railroad-which was the Grand Trunk's eastern extension to the Atlantic seaboard. He was also accused of changing the location of a short railway so it would enable him to make a profit on some land he had bought. Finally he was charged with profiteering in bonds of the City of Toronto which it had placed at the disposal of the Toronto, Simcoe and Lake Huron railroad, (later acquired by the Grand Trunk). 11

After examining the evidence, the committee absolved Hinks of all wrong-doing and "by inference it relieved the Grand Trunk of all the charges that it was a corrupting influence on Cana-

10. Ibid., p. 463

11. A. W. Currie, The Grand Trunk Railway of Canada, Toronto, The University of Toronto Press, 1957, pp. 35-36.

dian public life."12 The president of the Grand Trunk railway stated publicly that the charges against Hinks were laid by local contractors whose pride was wounded because he employed English builders.

This neat dismissal of the charges and the reason for them being laid do not explain certain facts. Hincks at no time was able to explain satisfactorily how he came into ownership of the \$25,000 worth of Grand Trunk stock.<sup>13</sup> He never did satisfactorily explain the charges of manipulating St. Lawrence and Atlantic railroad stock, said manipulations resulting in him being privately rewarded by banking interests. This accusation was not "entirely unfounded." He also did not explain why he purchased a large amount of the City of Toronto bonds at a discount of twenty percent and later resold them to the city at par. The amount involved was £40,000.<sup>15</sup>

Whether the charges against Hincks were true or not the best that can be said is that "they lowered his political prestige and led to his defeat, at their worst they tell the story of a public man to whom the temptations of office proved overwhelming." Hinck's actions while a director of the Grand Trunk railway and a power in the Canadian government were unquestionably one of the reasons why, in the eyes of the public, it became a political football.

Another prominent figure whose association with the Grand Trunk railroad and other lines caused many a flurry in parliament was Sir Alexander Tilloch Galt. In many of our school history textbooks the impression is created that this Father of Confederation was an eminent and honorable statesman.

The records indicate that he was a railroad opportunist of the highest degree and "entered politics for the specific purpose of forwarding his business interests." 17

At first his accomplishments in promoting railroads appeared to be highly commendable. He was sincerely interested in seeing a railroad built from Portland, Maine to Montreal for the benefits it would bring to the Eastern townships which he represented in the legislature. Starting in 1848, through sheer determination and after many difficulties he had seen this line through to completion as the St. Lawerence and Atlantic railroad. After Hincks and the Grand Trunk charters appeared on the scene, his ventures became somewhat dubious, especially after he established a full partnership with one Casimir Gzowski, a railroad contractor from Poland.<sup>18</sup>

For instance, knowing the Grand Trunk railroad wanted his line as its eastern extension, he represented it as being complete and ready for operation and as Gzowski and Company sold it to them for £8.500 per mile. 19 The number of miles sold was 142. It was later revealed this selling price was twice Galt's orginal costs of construction. 20 His allegation that the railway was in good condition was such a case of flagrant misrepresentation that the deal nearly brought the Grand Trunk to "brink of ruin." 21 By 1856 Grand Trunk shares were only worth sixpence on the shilling at par value.

In 1852 Hincks made a public announcement in parliament about the Grand Trunk railway and stated it would operate between Montreal and Toronto. Galt and his associates immediately bought practically the entire stock of the Kingston and Montreal railroad.22 They surmised correctly that the Grand Trunk would try to buy out this railroad with the object of eliminationg possible competition along their own proposed route. William Jackson, the Grand Trunk contractor's emissary, offered to buy this stock at cost but Galt and company refused to part with their shares. Once again the public was treated to another parliamentary investigation. The Railway Committee of the Legislative Assembly, which was considering the Grand Trunk scheme, investigated Galt to procure all the facts relative to his possession of this stock. Their findings were simply that Galt and company "were obstructing an arrangement calculated to be of essential benefit to the Province."23 They concluded Galt's subscriptions were designed to control the legislature and government

<sup>12.</sup> Ibid., p. 36.

<sup>13.</sup> Stevens, Canadian National Railways, vol. 1, p. 79.

<sup>14.</sup> Currie, The Grand Trunk Railway, p. 170.

<sup>15.</sup> Stevens, op. cit., p. 394.

<sup>16.</sup> Ronald Stewart Longley, Sir Francis Hincks, Toronto, The University of Toronto Press, 1943, p. 241.

<sup>17.</sup> Edgar McInnis, Canada, A Political and Social History, Toronto, Rhinehart & Company, 1954, p. 260.

<sup>18.</sup> Oscar Douglas Skelton, The Life and Times of Sir Alexander Tilloch Galt, Toronto, Oxford University Press, 1920, p. 96.

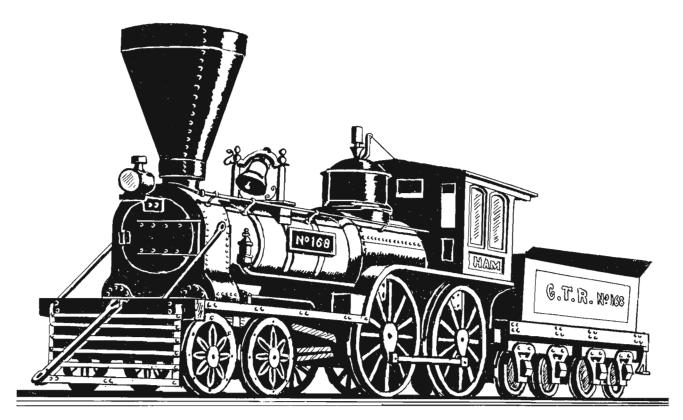
<sup>19.</sup> Stevens, Canadian National Railways, Vol. 1, p. 85.

<sup>20.</sup> Ibid., p. 265.

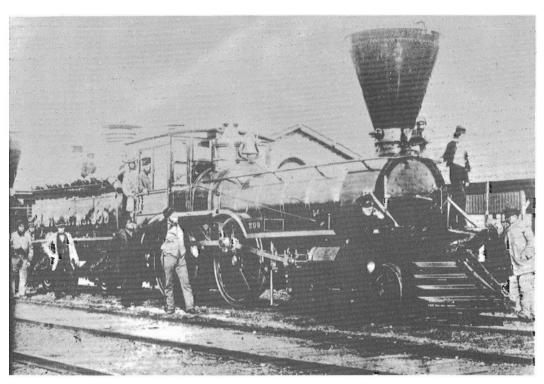
<sup>21.</sup> Ibid., p. 264.

<sup>22.</sup> Skelton, Galt, p. 88.

<sup>23.</sup> Currie, The Grand Trunk Railway, p. 11.



IN APRIL 1857 the firm of Gunn and Co. of Hamilton produced No. 168 for the Grand Trunk. It was named "HAM" and was one of a trio (the other two were "SHEM" and "JAPETH"), and this engine was involved in a dark moment of railway history when it pulled the ill fated train that crashed into the canal at Beloeil in 1864 killing 99 people.



THE FIRST ENGINE BUILT BY THE GRAND TRUNK in its Pointe St. Charles shops was No. 209 "TREVITHICK" outshopped in May 1859. A year later it pulled the royal train when the Prince of Wales visited Canada.

of Canada.<sup>24</sup> An eventual solution of the problem was reached when Galt finally agreed to stop blocking the Grand Trunk railway with the "understanding that he and some of his associates should be made directors of Grand Trunk." <sup>25</sup>

It was Galt's credit that he did not sit on the board of directors and resigned shortly thereafter.<sup>26</sup>

A deal which Galt participated in appeared to be bordering on outright theft. At this time due to his official position as Inspector-General, he was able to impede any attempts to hold a parliamentary investigation. Gzowski and Company, (Galt's partner), had received from the Canadian government under terms of the Grand Trunk Relief Act of 1856, the sum of £125,000 to build a branch line 30 miles long from Three Rivers to Arthabaska. It had never been built, the money had never been returned. G.R. Stevens says in his book on the C.N.R., "Could it have been because Alexander Tillcoch Galt . . . was now Inspector-General and the principal dispenser of official largesse?" <sup>26</sup>

Another example of Galt's machinations was revealed before a parliamentary committee when he admitted that Gzowski and Company received £24,000 from the Grand Trunk Railway for land they had purchased in Sarnia from the government's ordinance board for the ridiculously small sum of £165 10s. <sup>28</sup>

In examining Galt and his association with Grand Trunk railway from our 20th Century perspective, it must be realized viewpoints on this extraordinary man could be coloured by whatever historian the student happens to be reading at that particular time. O.D. Skelton in his biography on Galt makes him out as a noble and honorable character while G.R. Stevens in his history of the C.N.R. makes him appear as an unprincipled profiteer. However our problem is not to pass judgment on the man but merely to assess his relationship with the Grand Trunk railway in terms of it being a political football. One can only conclude that his actions and plans which were frequently revealed in parliament and in the press of the time, were a major reason why the Grand Trunk railway was considered a hot political issue.

For a final look at personalities as related to the Grand Trunk railway and politics, let us take a breif look at George Brown, the prominent editor of the Globe, a leading newspaper of the day. He was also a member of the legislature for Toronto and participated in many debates on the Grand Trunk railway in the legislative assembly. D. Creighton stated that "resistance to the Grand Trunk . . . became an integral part of the new liberalism which Brown and his accociates were building up in Canada West. The railway was represented . . . as a malign creature of Montreal finance which robbed the public treasury and impoverished the poor farmers."29 This type of criticism certainly did not help the railroad politically, or do anything to add to its stature in the eyes of the public.

This same George Brown, ostensibly an honorable and fighting leader of the Clear Grit party, was supposed to have done very well for himself out of one of the railroads, the Great Western which was later absorbed by the Grand Trunk. He purchased a woodland property in Bothwell, Kent county and when the railroad crossed his land he arranged a cordwood contract with them which yielded him, according to contemporary reports, as much as £50,000 ayear.<sup>30</sup> This comment can be taken with a grain of salt however, because according to J.M.S. Careless' biography of George Brown, a few years later he was so short of funds he made a trip to Montreal in order to arrange a \$20,000 mortgage on this same property. <sup>31</sup>

Again, our issue is not with George Brown or his associates but politics and the Grand Trunk. His political attacks certainly hurt any public image the railway was trying to maintain. This time the reasons for this type of footballing could be laid to Brown's aim to discredit the government whenever he was in opposition. "His remarks were influenced in large measure by opposition to Hinks." 3 2

Plain bungling as previously noted, a large part in making the Grand Trunk a political issue. Also mentioned was the fact that six officers of the crown had attached their names to the original prospectus of the Grand Trunk railway. This was

<sup>24.</sup> loc. cit.

<sup>25.</sup> Longley, Hincks, p. 227.

<sup>26.</sup> Glazebrook, Transportation in Canada, vol. 1, p. 162.

<sup>27.</sup> Stevens, Canadian National Railways, vol. 1, p. 285.

<sup>28.</sup> Ibid., p. 288.

<sup>29.</sup> Donald Creighton, John A. Macdonald, The Young Politician, Toronto, The Macmillan Company of Canada Limited, 1956, p. 250.

<sup>30.</sup> Stevens, The Canadian National Railways, vol. 1. p. 251.

<sup>31.</sup> J.M.S. Careless, Brown of the Globe, Toronto, The Macmillan Company of Canada Limited, 1959, vol. 2 p. 7.

<sup>32.</sup> Longley, Hincks, p. 234.

# GRAND TRUNK RAILWAY OF CANADA.

STATEMENT SHEWING THE LEADING PARTICULARS OF PRESENT LOCOMOTIVE STOCK. OCTOBER~1859.

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then circulated in England to entice the public to invest their funds in Grand Trunk stock in order to build the railway. With these funds, plus financial assistance from the Canadian government, the contractors proceeded to go ahead and build. Progress was sporadic due to lack of funds and on many occasions, the financial "condition of the Grand Trunk--three times in succession rescued by the government was desperate in the extreme." 33

A grave error was made by the crown officers of the government in allowing their names to be affixed to the prospectus. This blunder resulted in major repercussions in both the Canadian and British parliaments, and generated ill will on both sides of the Atlantic which lasted for years. The situation evolved in this manner:

In 1856 the railroad's finances reached such a crisis due to a shortage of funds, the English stockholders sent over the Hon. William Napier, a British financier and shareholder, to see if something could be done about it, such as government intervention. In presenting his case, Napier claimed that many private investors had bought Grand Trunk stocks and bonds because the signatures of the crown officers on the prospectus fooled them into believing the Grand Trunk railway was backed by the Canadian government. He also pointed out that these same officials were in the board of directors thus enhancing this belief. "Under such circumstances the partnership of the company and the province had been presumed and on the strength of that partnership the British investors had put their money into the venture." 34

To make matters worse, Cayley, the Inspector-General of the McNab-Morin administration evaded some of Napier's arguments in parliament and yet privately accepted his contractions. <sup>35</sup>These should have been strongly refuted because the Grand Trunk from the very outset had been clearly indicated as a private venture.

The acceptance of Napier's claims by Cayley immediately stirred up a hornet's nest in both the British and Canadian parliaments. Many members of the house of Lords and other prominent figures in Britain berated "the Canadian government for its sharp practices and deceptions." 36 There was even agitation in England for Great Britain to cut herself loose from this corrupt colony.

The Canadian reaction to these charges was equally hostile. Joseph Howe rose to his feet in parliament and "gave vent to a mighty roar . . . and compiled a recriminatory catalogue of blots on the escutcheon of Great Britain." 37

Once again the Canadian public was treated to the spectacle of the Grand Trunk being kicked around by politicians, and this time the issue encompassed two major governments--those of Canada and Great Britain. It is no wonder many of the people came to regard the mere mention of the Grand Trunk with violent distaste. And the cause of this particular footballing was simple--the government in power, the Lafontaine-Baldwin ministry, was short sighted in allowing crown ministers to attach their names to the prospectus of a private company. Thus it could be stated that plain governmental blundering was, in this particular instance, another reason for the Grand Trunk becoming a political football

Poor planning was also a major cause of the railway being booted around the floor of the legislature. In November of 1860 the government appointed a commission of three to enquire into financial position and management of the railway. Their report contained much information related directly to the poor planning which went into the building of the railway. Here are two examples:

"For more than half its length, the Grand Trunk runs parallel to the grandest water communication in the world . . . and upon which the prosperity of Canada and of all interests connected with it, mainly depends. Yet from the inception of the Grand Trunk. . . the policy has been to run in competition with the water, to regard it as an enemy, rather than a most efficient ally." 38

The second example taken from the report is equally revealing. "The Grand Trunk seems systematically to have placed itself beyond the reach of the business of almost every town it passes. On the whole length of the line from Sarnia to Montreal, it is only at Guelph and Toronto that the station is in proximity to the town." <sup>39</sup>

Exposures such as these on the floor of parliament provided much political propaganda for the newspapers of the day. It is much wonder that members of the legislature like George Brown felt

<sup>33.</sup> Creighton, Macdonald, p. 253.

<sup>34.</sup> Stevens, The Canadian National Railways, vol. 1, p. 274.

<sup>35.</sup> Loc. cit.

<sup>36.</sup> Stevens, op. cit., p. 276.

<sup>37.</sup> Loc. cit.

<sup>38.</sup> Hopkins, Canada, An Encyclopaedia, vol. 2, p. 123.

<sup>39.</sup> Loc. cit.

# GRAND TRUNK RAILWAY.

Montreal & Toronto District.—S. T. Webster, Supt. Montreal & Kingston Dist. J. S. Martir, Supt. Toronto & Kingston Dist. · Wm. Shanly, General Manager.

STANDARD OF TIME-Clock at Depot; Montreal, 25 minutes faster than Hamilton.

Montreal to Toronto.					Toront	o to Montreal.	
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ONE OF THE FIRST G.T.R. Montreal-Toronto schedules. Thirteen hours was a great improvement over the older methods, and even today the speed has only been increased by a factor of three!





### GBAND TRUNK RAILWAY.

THE PUBLIC ARE RESPECTFULLY IN-FORMED that the RAILWAY WILL BE OPENED THROUGH-OUT TO TORONTO,

On MONDAY, OCTOBER 27.
TRAINS WILL RUN AS FOLLOWS:

THROUGH TRAINS,

STOPPING AT ALL PRINCIPAL STATIONS,
Will leave MONTREAL every morning, (Sundays excepted,) at 7:80
A. M., arriving at TORONTO at 9:80 P. M.
Will leave TORONTO at 7:00 A. M., arriving at MONTREAL at 9:00
P. M.

## LOCAL TRAINS,

STOPPING AT STATIONS,

Will leave BROCK VILLE, daily, for MON1REAL, at 8:80, A. M.; returning from MONTREAL at 8:80, P. M.

Will leave BELLEVILLE, daily, for BROCKVILLE, at 7:00, A. M. returning from BROCKVILLE at 8:15, P. M.

Will leave COBOURG, daily, for TORONTO, at 6:80, A. M.; returning from TORONTO at 4:45, P. M

The Trains will be run on Montreal Time, which is—
8% Minutes faster than Brockville Time.

12 Kingston

14% "Belleville "Toronto

Freight Trains will not run between Brockville and Toronto during the first week.

8. P. BIDDER,

Montreal, October 18, 1856.

General Manager, 1025 THE GRAND TRUNK STATIONS WERE WELL BUILT and some of the original ones have survived to the present. This stone one at St. Mary's Junction was built in 1856 and has been preserved as a heritage building. The photo was taken by Gordon Taylor on February 24 1983.

THE ORIGINAL NEWSPAPER ADVERTISEMENT which told the public that the long-awaited Grand Trunk line was open for service all the way from Montreal to Toronto. This historic date was Oct. 27 1856.

justified in attacking the Grand Trunk railway at every opportunity?

The foregoing has been in broad terms, an attempt to cite a few of the chief reasons for the Grand Trunk Railway becoming a political puppet of the day. One can easily come to an overall conclusion even from the few situations we have discussed.

Most of the major reasons why the Grand Trunk Railway became a political football in the province of Canada can be summarized as follows:

- 1. Many politicians used it as a means to further their own selfish ends, not realizing there could be a possibility of exposure in parliament.
- 2. Some politicians such as George Brown when a member of the opposition, used it as an instrument to publicly discredit the government.
- 3. Many of its appearances as a topic of debate in parliament were caused by lack of sufficient capital

and short-sightedness and bumbling on the part of government officials.

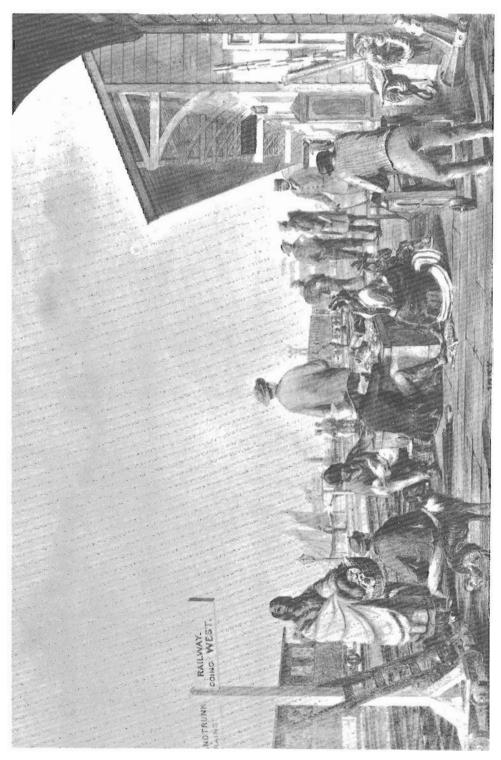
4. Finally, poor planning and management caused its name to be bandied about on the floor of the legislature.

Nevertheless, while many of the people who built the Grand Trunk had feet of clay, it was built. And it was built at a crucial time in Canada's history when politicians were striving desperately to unite the gravely divided British North American colonies. These strivings resulted in Confederation, a union of the provinces which has stood for 116 years. The Grand Trunk railway, despite being a political football, did tie the country together and help create a bigger and more prosperous Canada. One cannot help but see the logic in Mason Wade's remarks when he said the Grand Trunk railway was a unifying force "without whose assistance the union of British North America would have been a farce." 40

40. Mason Wade, The French Canadians 1760-1945, Toronto, The Macmillan Company of Canada Limited, 1956, p. 314

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A SCENE OF CONSIDERABLE ACTIVITY as passengers wait for a train at the Grand Trunk station in Toronto in 1857, less than a year after the line opened. Despite the fact that it was a political football the G.T.R. was built to high standards and cave Canada the distinction of posessing the longest railway in the world.

# C.R.H.A. communications

# C.R.H.A. COMMUNICATIONS MAY - JUNE 1983 1983 BOARD OF DIRECTORS

The following slate of Directors was elected at the Annual Meeting of the C.R.H.A., responsibilities were assigned at a subsequent Board Meeting as follows:

President: David W. Johnson Vice-president: Charles DeJean Vice-president, Public relations: Roger Desautels Vice-president and Treasurer: A.Stephen Walbridge Secretary: Bernard Martin Robert V.V. Nicholls Honorary president, Archivist: Editor Canadian Rail: Fred F. Angus Alan Blackburn Director: Legal consul: C. Stephen Cheasley Acquisition committee: Ken Goslett CO-editor Canadian Rail: M. Peter Murphy Director Membership Promotion: Louis Guyette

In addition each C.R.H.A. Division is invited to send one representative to the Board of Directors, to date the following representatives have been appointed:

New Brunswick, John K. A. Pollard, Niagara, Ken Gent, Toronto & York, J. Cris Kyle, St. Laurence Valley, J. P. Chartrand.

Mr. Jim Patterson has been retained in the capacity of Membership Services for 1983.

We invite all remaining C.R.H.A. Divisions to nominate their representative to the Board of Directors and notify Mr. Bernard Martin, Secretary as soon as possible of your nominee.

# NEWS FROM THE DIVISIONS Rideau Valley Division:

We are pleased and proud to announce the formation of our twelfth Division located in Smith Falls, Ontario and serving members located in the

Rideau Valley and Brockville areas. Your Board of Directors approved the submission presented on behalf of the Division at its last meeting, the Division application was signed by 11 members and was headed up by William Le Surf. The mailing address for this new Division will be:

Rideau Valley Division, P.O. Box 962, Smith Falls, Ontario K7A 5A5 Welcome aboard.

# Rocky Mountain Div./APRA.

The gang in Edmonton during the winter continued their active pace at the Museum. Work continued on the station with construction of a full-length platform and repairs to the stucco siding. The platform and station will be completed in time to greet visitors to the Museum this summer.

Four ex-Northern Alberta Rly. work cars have been acquired for use on steam-powered trips. The cars will be converted back into passenger cars and require a good deal of restoration although they are serviceable.

# Calgary & Southwestern Div.

1983 is the 10th anniversary of the founding of the Division. Founding members included A. Coverdale, C. Ellington, E.R. Dubber, G. Fillion, D.L. Gilbert, A.W. Haynes, E. Holm, E. Johnson, R. Keller, T. Kirkham, L. Unwin, S. Wieser, G.M. Whitlock and D. Wingfield. Some interesting events are planned.

For example in March, N.R. (Buck) Crump, Honourary President cut a cake afterwhich a meeting was held with Gary Anderson of the Cranbrook Landmark & Museum presenting a slide and talk shown on the restoration of the 1929 Trans-Canada Limited. These activities formed part of a weekend during which members of the Crowsnest and Kettle Valley Division of CRHA were guests. There were visits to Calgary Transit Shops, Heritage Park, CP Alyth Yard and the Sarcee CN Rail facilities.

C & SW, along with the Alberta Pioneer Railway Assoc. participated in the preservation of a very old CP first class passenger car which had been situated at Blairmore Alberta. Numbered 54 the car had been used by the old Western Canadian Collieries mine as an assay office.

The plan called for moving the car to Heritage Park and the move was completed successfully on Friday February 25 and Saturday February 26. A protective cover will be placed over No. 54.

The APRA who is spearheading the restoration is now working on funding for restoration and storage at Heritage Park is guaranteed only until May 1, 1983. Hopefully someone at C & SW or APRA will provide a complete story on Car 54 for Canadian Rail (hint hint!)

C & SW is also helping to develop a tourist railway line in conjunction with the Province of Alberta and the City of Drumheller. Besides the operation of a steam train the line would include a Museum of Mining & Accommodations.

The Division's display at the Calgary Area Model Railway Show was well received by the visitors to the show. As the accompanying photos show, the C & SW members had some interesting items and photos on display. Plans are being made for the 1984 version which will be held on February 4 and 5.





# **Toronto & York Division**

During February the Division exhibited a display of railway artifacts in an East York library. The exhibit included an N-guage model layout and was organized to appeal to both children and adults. This could be a good idea for other Divisions to publicize their organization and many public Ilibraries are looking for displays.

# **Bytown Railway Society**

Twenty-two members of the Society participated in a very interesting excursion organized by a number of the participants.

The excursion was held on March 4 and 5 to mark the last run of member Don Gaw as a conductor Don retired after 43 years on the C.P.R. VIA run from Ottawa to Sudbury and return. To mark the occasion a buffet supper was held at the hotel in Sudbury where members stayed the night. A special sign was made and placed on the front of the RDC-train for the Saturday trip home. Everyone enjoyed themselves with lots of rail activities in Sudbury and the CP line between there and Carleton Place.



Work crews have been busy on Car 27 at Thurso this past winter. The light can now be seen at the end of the tunnel in the restoration of the car. The main work to be completed yet is the stripping of paint inside and the applying of stain and varnish. Other members have at the same time been working on the steam locomotives at the Museum of Science & Technology, cleaning and painting them.

# **SWITCH LIST**

83-4

K. D. Mosher, 116 Des Pins, R.R. No. 2, Marieville Que., JOL 1JO is collecting switch keys from railroads both past and present that have operated in Canada.

83-5

Ralph A. Percy, 50 Heath St., Toronto Ont. N4T 1S3 is still offering for sale back issues of Canadian Rail particularly since 1971 as well as Upper Canada Railway Society's

"Newsletter" ("Rail & Transit") since 1960. He also has some 1947 - 48 - 49 "Trains" all of 1951 - 52 - 53 Trains. All are in good shape.

### 83-6

Peter D. Willmott, Tasia Consulting Services, P.O. Box 127 Station U, Toronto Ont. will have a new catalogue of rail photographs available at the beginning of June. Price is \$2.50 each for CRHA members. The June issue will be an expanded version of the 82 - 83 winter catalogue which included photos of CN locomotives, freight and passenger cars in B & W and colour; Conrail, Florida East Coast, VIA Rail, GO Transit as well as photos of CP and CN structures.

Mr. Willmott advises that for every photograph purchased by CRHA members a duplicate will be donated to the CRHA Museum in the area inwhich the member lives. This offer will run to the end of 1983.

Mr. Willmott will be contacting directors of the CRHA Divisions to have a member designated to co-ordinate this program. So order your catalogue and talk to your Division directors concerning this offer.

### 83-7

Alan F. Lill, 5569 Corfez Rd., North Vancouver, B.C. V7R 4P9 is looking for copies of diagrams and/or unpublished photos for C.N.R. passenger equipment in service in the early to mid-1950's that was not in service by the 1970's (eg. wooden and non-air-conditioned steel equipment). Mr. Lill is building a model railway and needs data such as numbers etc. for some of his equipment.

Of particular interest: 1) wooden express/mail-car-numbers? (used in Palmerston Ont. area). 2) steel express/mail cars-numbers? (used in Jasper-Prince Rupert area) 3) wood 4-wheel truck express cars-numbers etc. Mr. Lill would like to hear from anyone who has diagrams or photos and can provide more details of what he is looking for.

# NOTES FROM MEMBERS

A number of members have written concerning the changes to Canadian Rail in particular the incorporation of "Communications" as part of the magazine rather than a separate insert. R.L. Kennedy writes that he "would be content with a single quarterly issue to save money" and suggested that "news items and all current stuff be removed and put in an expanded 'Communications' and mailed monthly, making Canadian Rail content all

historical plus features."

Lorne Unwin at the Calgary and Southwestern Division writes about the concern of members of the Division over the timeliness of information provided through "Communications" which it is felt will be worse under the new arrangements.

The timeliness of "Communications" has been a continuing concern of your Directors ever since it was introduced in the early 1970's. With budget constraints and depending on volunteer workers it is hard for any non-profit group to meet desired deadlines in the way a money-making organization can.

The changes to a bi-monthly should hopefully improve things rather than make them worse. With the experience gained with the new format and with the bi-monthly publishing the Canadian Rail crew is finding the scheduling of production for each issue much easier. As one member says "we should have done it this way a long time ago."

This issue of "Communications" is to appear in the May-June issue of Canadian Rail and is up to date as of April 1. With the first three "new issues" completed we should have a pretty good idea of scheduling for "Communications" as well as Canadian Rail. From this I hope to come up with a news and events submission deadline for the Divisions and other contributors to "Communications" (likely about 3 months which is not bad compared to commercial railfan magazines).

So please bear with us while we work on this. Hopefully we can again provide timely notices and news, making "Communication" a useful link among the Divisions.

Bruce Ballantyne

# MANY THANKS

Every year the C.R.H.A. benefits from the donations received from many individuals. We would like to thank all who contributed to the Association in the last vear. the followina:

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# BACK COVER

Compartment - Library - Buffet Car No. 1062. "Fort Alexander". As built in July 1920, one of twenty built by Can-Car between 1920 and 1927. Note the Canadian Northern Symbol modified to read "Canadian National". These cars were converted to bedroom-buffet-lounge cars in the late 1940's C.N. Photo 67604.

# **Canadian Rail**

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