

# A DEVELOPMENT TOOL:

## *W.A.C. Bennett and the PGE Railway*

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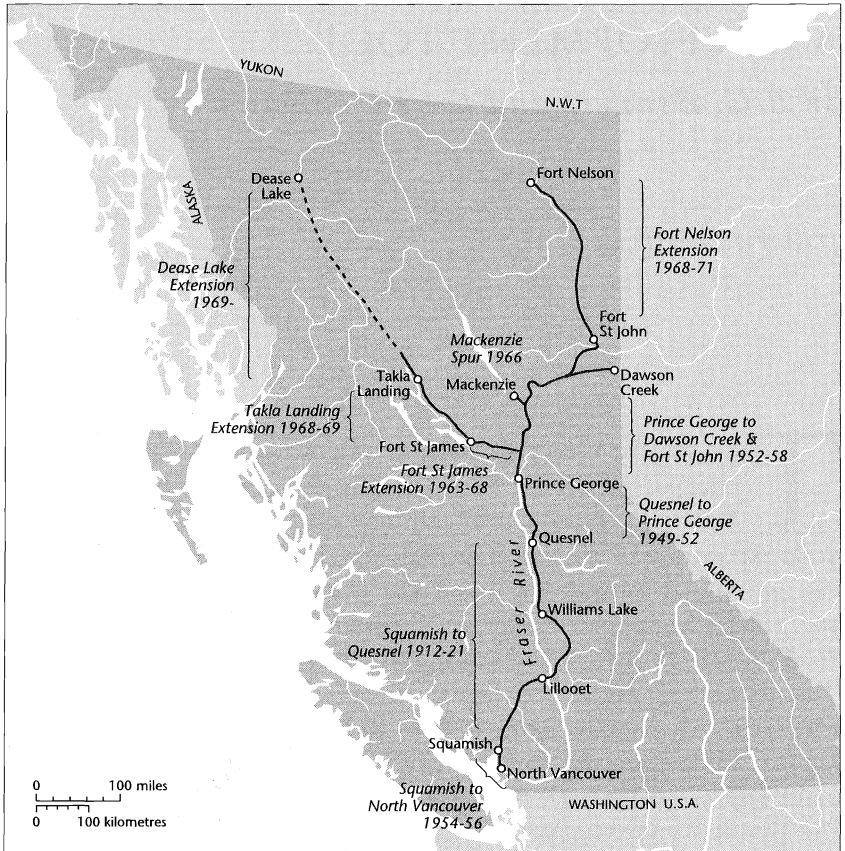
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**T**he Pacific Great Eastern (PGE) railway was a major pre-occupation of the W.A.C. Bennett government (1952-72). Bennett's Social Credit administration undertook two large-scale expansions of the PGE. The first, between 1954 and 1958, extended the provincial railway (renamed the British Columbia Railway in 1972) north from Prince George to Dawson Creek and Fort St John in the Peace River district, and south from Squamish to North Vancouver. The second program, between 1963 and 1972, comprised a series of further northern extensions to Fort St James (1963-68), Mackenzie (1966), Takla Landing (1968-69), Fort Nelson (1968-71), and Dease Lake (1969-). Although the Dease Lake line was never completed, the Bennett government added over 800 miles of new track to the PGE, almost doubling its length (Map 1).

Why did it undertake these huge railway-building programs? An article in *BC Studies* (Spring 1990) by Stephen Tomblin has emphasized "defensive expansionism" as a major motive. Borrowing a term used by H.G.J. Aitken, Tomblin argues that infrastructural development during the Bennett years was analogous to the National Policy, which "featured a defensive expansionist strategy that aimed at defending the territory of Canada against American expansionism."<sup>1</sup> Similarly, the Bennett government's goal in expanding the PGE and other transportation services was "to defend the needs of the periphery against outside governmental and entrepreneurial interests," specifically against the competition of Ottawa and Alberta in central and northern British Columbia.<sup>2</sup> By

<sup>1</sup> Stephen G. Tomblin, "W.A.C. Bennett and Province-Building in British Columbia," *BC Studies* 85 (Spring 1990): 49. See also H.G.J. Aitken, "Defensive Expansion: The State and Economic Growth in Canada," in W.T. Easterbrook and M.H. Watkins, eds., *Approaches to Canadian Economic History* (Toronto/Montreal: McClelland and Stewart, 1967), 204.

<sup>2</sup> Tomblin, "W.A.C. Bennett and Province-Building," 49.



Map 1: Building the Pacific Great Eastern Railway.

extending the PGE, Bennett was seeking to protect his government's territorial interests in the interior and the north and, in so doing, to shape the economic growth of those regions along provincial lines.<sup>3</sup>

This interpretation has some merit. Protecting provincial interests in the north and ensuring that the province benefited from the development of that region were important to the Bennett government. But this article will show that Tomblin's analysis does not embrace the full range of motives that inspired the PGE's expansion and that it exaggerates the influence of external pressures and defensive concerns. Those concerns, particularly over the federal government's involvement in the north, had little bearing on the Bennett government's

<sup>3</sup> Tomblin provides a fuller statement of this interpretation in "The Pacific Great Eastern Railway and W.A.C. Bennett's Defense of the North," *Journal of Canadian Studies* 24 (Winter 1989-90): 29-40.

railway-building strategy prior to 1968. "Defensive expansionism," moreover, implies an anti-Ottawa approach to northern rail development, whereas the Bennett government was keenly interested in federal co-operation and sought Ottawa's support for its PGE initiatives throughout the period.

Nor does "defensive expansionism" account sufficiently for the Bennett government's view of the PGE as a "development tool," the main purpose of which was to spur the growth of resource industries in central and northern British Columbia. That purpose, according to the report of a 1977 Royal Commission inquiry (headed by Lloyd G. McKenzie), was the chief inspiration for nearly all of the Bennett government's PGE extensions.<sup>4</sup> This article supports that interpretation and argues that the Bennett government assigned a special developmental role to the PGE – a role considered essential for fulfilling Bennett's ambitious northern development dreams. Those dreams were pursued regardless of outside pressures or competition and were the primary reason for the railway's expansion during the W.A.C. Bennett years.

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When the Bennett government came to power, the PGE was an unfinished railway that had never been profitable. It operated only from Squamish to Quesnel, with an eighty-mile extension from Quesnel to Prince George (undertaken by the preceding Coalition government) just nearing completion. Its northern destination since 1912 – the Peace River district – had yet to be reached, while in the south a costly tug-and-barge system handled freight traffic over an uncompleted section of the main line between Squamish and North Vancouver. So poorly had the PGE performed over the years that the province had tried repeatedly to sell it to the federal government and Canada's two transcontinental railways – the Canadian National Railways (CNR) and Canadian Pacific Railway (CPR) – and have them incorporate it into a national system.<sup>5</sup>

<sup>4</sup> *Report of the Royal Commission on the BC Railway*, vol. 2, chap. 3, pp. 155-97. The commission defines "development tool" as the "concept of building a railroad in advance of need for the purpose of promoting development" (Ibid., vol. 2, chap. 2, p. 80).

<sup>5</sup> For the early history of the PGE see Bruce Ramsey, *PGE: Railway to the North* (Vancouver: Mitchell, 1962). For an account of the failed attempts to sell the PGE to Ottawa and the national railways see Morris Zaslow, "The Struggle for the Peace River Outlet: A Chapter in the Politics of Canadian Development," in Carl Berger, ed., *The West and the Nation: Essays in Honour of W.L. Morton* (Toronto: McClelland and Stewart, 1976), 273-99; see also John Wedley, "The BC-Ottawa PGE Talks, 1945-53: Final Chapter in the Struggle for the

When Bennett became premier, he was obviously determined to complete the PGE and make it a success: "Of all the interests I have in public life," he stated two years later, "none is a greater challenge ... no money in this province could pay me for the satisfaction [I would feel] if this railway were changed from a joke and put on a sound financial basis."<sup>6</sup> According to Tomblin, such strong views on the PGE's importance reflected a desire "to restructure the transportation system of the province to serve his own political interests."<sup>7</sup> Others have also suggested that his motives were essentially political.<sup>8</sup> But Bennett's main interest in the railway was economic, not political. As David Mitchell observes, Bennett valued the PGE because it figured so prominently in his goals for northern development.<sup>9</sup> He had enormous faith in the future of northern British Columbia and considered the PGE a vital component of regional economic development.<sup>10</sup>

Bennett's northern ambitions involved two complementary and sometimes overlapping goals. The first was to develop northern British Columbia as part of his government's overall aim of hinterland expansion. When Bennett became premier, a general consensus prevailed that settlement and economic activity in British Columbia were too heavily concentrated in the southwest corner of the province. The preceding Coalition administration had already begun implementing policies to speed up development in the north and other hinterland regions, and the Bennett government continued and expanded those

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Peace River Outlet," in Kenneth S. Coates and William R. Morrison, eds., *For Purposes of Dominion, Essays in Honour of Morris Zaslow* (North York: Captus, 1989), 139-56.

<sup>6</sup> *Sessional Clipping Book: Newspaper Accounts of the Debates* (Victoria, 1954), part 1, *Vancouver Province*, 25 March.

<sup>7</sup> Tomblin, "The Pacific Great Eastern Railway," 30.

<sup>8</sup> Martin Robin, for example, notes that: "Above all the grand achievements of his regime, Bennett valued the completion and extension of the PGE, the railway which had effected the demise of several of his political predecessors." Martin Robin, *Pillars of Profit: The Company Province, 1934-72* (Toronto: McClelland and Stewart, 1973), 278. Joseph Broadbent, general manager of the railway during the Bennett era, also felt that "there had been so much criticism of previous governments and previous extensions of the railway ... that he [Bennett] wanted to make it work. I think that was his real interest in the railway" (Personal interview, 10 August 1984). These statements, however, overlook Bennett's strong faith and interest in the PGE's economic development role.

<sup>9</sup> David J. Mitchell, *W.A.C. Bennett and the Rise of British Columbia* (Vancouver/Toronto: Douglas and McIntyre, 1983), 209.

<sup>10</sup> Transcripts, W.A.C. Bennett interviewed by David Mitchell, 18 June 1977, 1,675-23, track 2, p. 4, British Columbia Archives and Records Service (BCARS). The extent to which Bennett was responsible for PGE policy is difficult to determine, but there can be little doubt that as premier and president of the PGE he became the chief architect of his government's railway-building policies. The McKenzie Commission concluded that the "railway's head office was nominally in Victoria and its direction came from the Office of the Premier" (*Report of the Royal Commission on the BC Railway*, vol. 1, chap. 1, p. 12).

policies throughout the 1950s and 1960s.<sup>11</sup> The second goal involved the Yukon and western Northwest Territories. During the Bennett years, those territories, along with Alaska, were often predicted to be on the verge of large-scale economic expansion, and the premier wanted British Columbians to share in the future development forecast for that region.<sup>12</sup>

Achieving these goals required transportation improvements in the north, which for Bennett meant extending the PGE. As is well known, the Bennett government also used highway construction to encourage hinterland development,<sup>13</sup> but this was mainly in the central and southern interior regions that were already traversed by railway lines. In the north, the Bennett government made some additions to the province's highway system,<sup>14</sup> but when it came to opening up virgin territory for resource use, roads took a back seat to the PGE because the premier believed that the railway was indispensable for frontier development.

In effect, Bennett handed the PGE a pioneering role reminiscent of the early years of the CPR – it was to open the north as the CPR had

<sup>11</sup> Tomblin ("The Pacific Great Eastern Railway," 31) asserts that Bennett's determination "to reverse the problem of underdevelopment in the interior and the north" involved a "new approach to politics." As has been shown elsewhere, however, there was considerable continuity between Bennett's hinterland development policies and those of preceding administrations. See John R. Wedley, "Laying the Golden Egg: The Coalition Government's Role in Post-War Northern Development," *BC Studies* 88 (Winter 1990-91): 58-92.

<sup>12</sup> It has been suggested that Bennett's northern policies, particularly those to do with the PGE, had the ultimate political ambition of extending British Columbia's northern boundaries to include the Yukon. See Karl M. Ruppenthal and Thomas Keast, *A Railway Derailed* (Vancouver: Centre for Transportation Studies, University of British Columbia, 1979), 19-20; see also Tomblin, "The Pacific Great Eastern Railway," 36. Most evidence, however, indicates that Bennett was more interested in economic than in political or territorial expansion. Despite his repeated proposals to annex the Yukon and western Northwest Territories, his government never vigorously pursued that goal, and Bennett himself claimed the opposite – that his main interest was economic development of the north. He believed the north could be developed more rapidly under provincial control, and he proposed expanding British Columbia's jurisdiction principally for that purpose. As he told the press in 1953: "We want to see development up there, whether part of BC or not" (*Victoria Colonist*, 6 May 1955, 3). Three of Bennett's cabinet ministers have concurred that his main aim was to promote northern economic development (Personal interviews with Ray Williston, 8 August 1984; Ken Kiernan, 10 August 1984; and Robert Bonner, 13 August 1984). It should be noted, too, that this goal of northward economic expansion was by no means original. It was part of an ongoing northern development dream that extended back to the days of Premier Richard McBride (1903-15) and that had been revived most recently by the Coalition government in response to the construction of the Alaska Highway and other defence-related projects in the Canadian Northwest during the Second World War. See Wedley, "Laying the Golden Egg," 61-64. For a fuller discussion of Bennett's northern views see John R. Wedley, "Infrastructure and Resources: Governments and their Promotion of Northern Development in British Columbia, 1945-75" (PhD thesis, University of Western Ontario, 1986), 142-50.

<sup>13</sup> Mitchell, *W.A.C.*, 260-62.

<sup>14</sup> For a short summary of these additions, see Wedley, "Laying the Golden Egg," 85-86.

once opened the west. But at the same time, Bennett viewed the PGE's expansion as a means of extending British Columbia's influence north of the 60th parallel. Bennett's policy was to keep new developments in that region within easy reach of the province's transportation system (again mainly the PGE) so that British Columbia would be in a better position to acquire a share of the resulting business moving south.<sup>15</sup> In other words, the PGE was to become Bennett's key "development tool" in northern British Columbia, while capturing trade from the territories beyond the province's northern borders.

The role Bennett assigned the PGE was reflected in his government's first expansion program during the 1950s. In 1954, the Bennett government introduced a bill authorizing the PGE to borrow \$30 million to extend its track to Dawson Creek and Fort St John in the Peace River district, and also to complete its southern link between Squamish and North Vancouver. Those extensions were needed, Bennett told the legislature, to spur development in the Peace River area and contiguous territories. In addition, since the PGE would offer the Peace River district a shorter route to the coast (both to Vancouver and Prince Rupert), it would assist the province in tapping the future wealth of northeastern British Columbia, Alberta's Peace River district, and the Mackenzie Basin. It was his government's responsibility, the premier said, to ensure that the trade of that vast area was channeled through British Columbia to the west coast.<sup>16</sup>

The Bennett government also believed that the program would eventually transform the PGE into a profitable enterprise. In his speech to the legislature, Bennett painted a rosy picture of northeastern British Columbia's resource potential and of the traffic to be won by extending the line to Dawson Creek and Fort St John. Grain traffic of some 300,000 tons per annum would be acquired, along with 200,000 tons of forest products (perhaps 500,000 tons eventually) and at least 300,000 tons of coal from the Pine Pass area. A similar quantity of other minerals (asbestos and base metal concentrates) could be handled through trucking connections along the Alaska Highway. Based on those projections, Bennett concluded that while the Peace River extensions themselves would not be immediately profitable, they would create profitable traffic over the PGE system as a whole.<sup>17</sup>

<sup>15</sup> *Vancouver Sun*, 8 December 1956, 10.

<sup>16</sup> *Sessional Clipping Book*, 1954, part 1, *Vancouver Province*, 25 March.

<sup>17</sup> *Ibid.* Although Bennett made no mention of it at the time, the government was also apparently anticipating development of the petroleum and natural gas industries in

As for the southern extension, the premier noted that the rapid escalation of traffic on the PGE over the past nine years had made the tug-and-barge system out of Squamish highly inadequate and expensive. With an anticipated increase in future traffic, a Squamish to North Vancouver rail link would save a predicted \$300,000 per annum by 1956 and over \$1 million per annum once the Peace River extensions were completed.<sup>18</sup>

It is important to emphasize that the Bennett government did not fear federal competition in the north when it launched this program, as the “defensive expansionism” argument would have it. Rather, the opposite. The Bennett government hoped to persuade a reluctant Ottawa to lend its assistance. Bennett was prepared to “go it alone” if necessary, but he was convinced that Ottawa should rightfully share in the program’s costs. The federal government “gets the lion’s share of revenue from such developments,” he told the legislature in 1953 and, therefore, should assume some of the financial burden.<sup>19</sup>

To enlist federal support, Bennett tried initially to interest Ottawa and the national railways in a joint investment program that would see the PGE incorporated into their rail network and extended to the Peace River district.<sup>20</sup> At the time, he had reason to believe that Ottawa might finally participate in such a plan. It had earlier provided a subsidy of \$15,000 per mile for construction of the Prince George line and had indicated that eventually it would consider additional subsidies for a Peace River extension.<sup>21</sup> Ottawa, as it turned out, was still willing to consider such subsidies, but when the premier visited Ottawa in the fall of 1953, Prime Minister Louis St. Laurent rejected Bennett’s request to take over the PGE, and the national railways once again refused to become involved with a joint undertaking. Donald Gordon, president of Canadian National Railways, advised Bennett that the Peace River district was already adequately served by the Northern Alberta Railways’ (NAR) line to Dawson Creek. That line (owned jointly by the CNR and CPR) could be extended westward in short stages to tap additional traffic; “the very large capital cost and the actual needs of traffic” did not justify their investing in another

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northeastern British Columbia, which would also provide new traffic for the PGE and generate revenues to help pay the program’s costs. See *Victoria Colonist*, 19 June 1954, 1, 3.

<sup>18</sup> *Sessional Clipping Book*, 1954, part 1, *Vancouver Province*, 25 March.

<sup>19</sup> *Ibid.*, 1953, part 2, *Victoria Times*, 19 September.

<sup>20</sup> Bennett had earlier been sceptical that the eastern parties would ever participate in such a scheme. But once in office he seemed to change his view. See Bennett to H.G.T. Perry, 24 April 1946, W.A.C. Bennett Papers, MG1/2, box 3, file 1, Simon Fraser University Archives.

<sup>21</sup> Canada, House of Commons, *Debates*, 2nd Session, 1949, vol. 2, 1,448-61.

line across the mountains into the Peace River area.<sup>22</sup> The CNR, in other words, could see no benefit in extending the PGE and (along with the CPR and the federal government) was perfectly content to have the NAR retain its status as the sole railway into the Peace River country.

Given that attitude, Bennett decided that British Columbia, on its own, should complete the PGE to the Peace River district.<sup>23</sup> This decision, however, did not mean that Ottawa's co-operation should no longer be sought. Bennett believed, on the contrary, that by taking the initiative and starting construction he would eventually compel the federal government to lend assistance. Hence, the government asked the legislature for only half of the estimated \$60 million required for construction.<sup>24</sup> Ottawa was expected to make up the difference, and in May 1954 Bennett asked the St. Laurent government to contribute to the expansion program on the same basis as it had done for the Prince George extension.<sup>25</sup> After further study, Ottawa agreed to provide a subsidy of \$25,000 per mile but only for the first fifty miles north of Prince George. That fifty-mile line was required, Ottawa concluded, to assist development of valuable timber resources, but in its view the resource traffic potential of the region beyond fifty miles was too bleak to warrant further extension of the PGE at that time. As for the southern link, Ottawa considered the replacement of the tug-and-barge system to be an improvement of existing transportation facilities, not an extension, and therefore ineligible for federal aid.<sup>26</sup>

According to Tomblin, Ottawa's refusal to cooperate with the province reflected a desire "to designate Alberta as the gateway to the north," an obstacle to Bennett's ambitions that he henceforth set out to challenge and undermine.<sup>27</sup> That interpretation, however, overlooks Ottawa's economic reasons for caution. The federal government had long been sceptical of the economic merits of a Peace River connection, and the Bennett government offered little that was new and reassuring. Its assessments were contained in a 1954 Bureau of Economics and Statistics report that (in the words of Joseph Broadbent, who helped prepare it) was "more or less just a rehash of all the studies that had been done or completed before and brought

<sup>22</sup> Donald Gordon to W.A.C. Bennett, 22 October 1953, Premiers' Papers, GR 1414, box 17, file 4, BCARS.

<sup>23</sup> *Sessional Clipping Book*, 1954, part 1, *Vancouver Province*, 25 March.

<sup>24</sup> *Ibid.*, 1954, part 3, *Victoria Colonist*, 7 April.

<sup>25</sup> Canada, House of Commons, *Debates*, 1955, vol. 1, 50.

<sup>26</sup> *Ibid.*, vol. 4, 4,390-91.

<sup>27</sup> Tomblin, "The Pacific Great Eastern Railway," 38; see also Tomblin, "W.A.C. Bennett and Province-Building," 50-51.



into one volume.”<sup>28</sup> No new resource surveys or traffic studies were conducted in northern British Columbia, and the statistics for the Peace River extensions were adapted mainly from a report prepared in 1947 by the preceding Coalition government.<sup>29</sup> Since that report had been used in an earlier attempt to sway Ottawa,<sup>30</sup> it is not surprising that the federal government showed no greater sympathy for the province’s proposals than in the past. The new report concluded that the Peace River lines were “more or less economic,” providing “low interest capital, or preferred stock type of capital” was available.<sup>31</sup> Under those conditions, the northern lines would provide enough increased freight traffic and revenue to make the whole railway profitable (as Bennett later stressed to the legislature).<sup>32</sup> But the report also indicated that the Peace River extensions by themselves would not be able to pay their full capital charges without some federal aid.<sup>33</sup>

The prospect that the Peace River connection would improve the PGE’s overall financial situation was obviously an incentive for Bennett to proceed with the program, even without federal assistance. But whereas the province had something to gain in that respect, Ottawa was unwilling to support what it considered would be unprofitable rail lines in northern British Columbia. Nor would it endorse Bennett’s risky approach to railway-building. The bureau’s report also concluded that the northern extensions could be justified only if there was reasonable expectation that the long-term development of the Peace River district would ultimately make them profitable or, alternatively, if the non-economic benefits were worth the permanent subsidy required to maintain them.<sup>34</sup> There were, of course, numerous non-economic benefits to be gained. But the Bennett government did not believe the extensions would require permanent subsidies,<sup>35</sup>

<sup>28</sup> Personal interview, 10 August 1984. See British Columbia Bureau of Economics and Statistics, Department of Trade and Industry, “Report on Extensions of the Pacific Great Eastern Railway,” Victoria, 12 February 1954, exhibit no. 1001-40, Royal Commission on the BC Railway, GR 500, box 16, file 17, BCARS. This report was a summary of the data used in the federal-provincial negotiations of 1953. It was later used to justify the government’s decision to build the extensions in 1954.

<sup>29</sup> Bureau of Economics and Statistics, “Report on Extensions,” 2, 12.

<sup>30</sup> The details of this earlier report are discussed in Wedley, “The BC-Ottawa PGE Talks,” 147.

<sup>31</sup> Bureau of Economics and Statistics, “Report on Extensions,” 2.

<sup>32</sup> A profit of \$2,753,550 per annum was predicted for the railway after capital costs were fully distributed. *Ibid.*, 21.

<sup>33</sup> *Ibid.*, 17-19, 23.

<sup>34</sup> *Ibid.*, 25.

<sup>35</sup> *Report of the Royal Commission on the BC Railway*, vol. 2, chap. 3, p. 164; see also Joseph Broadbent, “Submission to the Royal Commission on the BC Railway,” *Ibid.*, vol. 4, chap. 8, p. 73.

and it was gambling that they would spur enough resource development in northeastern British Columbia to make them profitable. In other words, it was counting on the PGE as a "development tool." Neither the federal government nor the two national railways shared the province's optimism, however, nor were they willing to risk a "development tool" approach to rail construction.<sup>36</sup>

As the owner of the CNR, the federal government viewed the problem of providing railway access to the Peace River district differently than did the province and had a motive to preserve the status quo in that region. But in refusing to co-operate, it was not just defending the CNR's interest, nor was it intentionally favouring Alberta. The bottom line was that it simply did not agree with the province about the economic advantages of building new railway lines in northeastern British Columbia.

That Bennett realized this was demonstrated by his reaction to St. Laurent's "melancholy prediction" of the economics of railway expansion in northern British Columbia.<sup>37</sup> Bennett remained forever critical of the St. Laurent government's negative assessment of the 1954 PGE expansion plan. It was the first break in federal-provincial co-operation during his premiership, and it led him to conclude that Ottawa could not be trusted to undertake a bold northern vision: "It shows lack of vision and lack of confidence in northern development," he complained to the press at the time.<sup>38</sup> This disenchantment with Ottawa marked the beginnings of the increased provincialism that would characterize the Bennett government's northern development policies for the remainder of its term in office. Afterwards, the Bennett government tended to "go it alone" and to formulate a northern strategy based on individual provincial initiatives which, in many instances, caused considerable acrimony between the two levels of government.<sup>39</sup>

<sup>36</sup> CNR President Donald Gordon told Bennett that "generally our attitude is that we should be guided by commercial and business considerations" and that there was no "business basis" for accepting the province's proposals. Donald Gordon to W.A.C. Bennett, 22 October 1953, Premiers' Papers, GR 1414, box 17, file 4, BCARS. The Eastern parties were not alone in doubting the economic merits of the program. Many critics in British Columbia at the time questioned whether the government's traffic projections could be realized. See Wedley, "Infrastructure and Resources," 178-83.

<sup>37</sup> "Melancholy prediction" was how the 1977 Royal Commission referred to St. Laurent's assessment of the economics of the PGE extension north of Prince George. See *Report of the Royal Commission on the BC Railway*, vol. 2, chap. 3, p. 162.

<sup>38</sup> *Victoria Colonist*, 4 June 1955, 13. Bennett's view did not change over the next twenty years. "They talked northern vision, but produced none of it," he declared again in 1977. See Transcripts, W.A.C. Bennett interviewed by David Mitchell, 18 June 1977, 1675-23, track 2, p. 4, BCARS.

<sup>39</sup> This was especially the case with regard to the Peace River power project that the Bennett government endorsed in 1958 as a means of promoting northern industrial expansion. The

And yet, significantly, the Bennett government repeatedly strove for federal co-operation and financial support for the PGE and other transportation developments, and it continued to seek a federal subsidy for the remaining portions of the Peace River lines long after they were completed.<sup>40</sup> Bennett appears to have realized that his ambitions for the PGE (he hoped eventually to extend it to the Yukon) could only be achieved with federal assistance. In part, his strategy in pushing ahead was to demonstrate that the St. Laurent government's assessment was wrong; this established, he hoped that Ottawa would be willing to participate in further railway-building and to provide retroactive aid for the extensions already built.<sup>41</sup> So strong was this objective that in the late 1960s, when the federal government appeared at last to recognize the value of northern rail development, the Bennett government immediately embarked upon further extensions of the PGE, largely in the hope of finally achieving a co-operative arrangement.

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The Bennett government's second PGE expansion program during the 1960s and early 1970s was, in many respects, a continuation of the first. When it launched the Peace River extensions in 1954, the Bennett government stressed that Fort St John was by no means the end of the line. And before those extensions were completed, Bennett was telling British Columbians that his government's dream was to extend the PGE farther north to link with the Yukon, Alaska, and the Great Slave Lake region of the Northwest Territories.<sup>42</sup> While the second program eventually would reflect those grandiose dreams, initially its objectives were more limited. The aim of the first two extensions constructed in the 1960s – the Mackenzie and Fort St James lines – was simply to provide access to new timber resources

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Peace River project conflicted with the federal government's view of how hydro development in British Columbia should proceed (Ottawa preferred a Columbia River plan) and caused a serious breach in federal-provincial relations that lasted well into the following decade. See Wedley, "Infrastructure and Resources," chap. 7; see also John R. Wedley, "The Wenner-Gren and Peace River Power Development Programs," in Thomas Thorner, ed., *Sa Ts'e: Historical Perspectives on Northern British Columbia* (Prince George: College of New Caledonia Press, 1989), 515-46,

<sup>40</sup> *Sessional Clipping Book*, 1954, part 3, *Victoria Colonist*, 7 April; 1955, part 2, *Victoria Times*, 4 February; 1957, part 2, *Vancouver Province*, 20 March; 1961, part 2, *Victoria Times*, 11 February.

<sup>41</sup> W.A.C. Bennett, "Submission to the Royal Commission on the BC Railway," *Report of the Royal Commission on the BC Railway*, vol. 4, chap. 8, p. 37. This point is examined more thoroughly below.

<sup>42</sup> *Vancouver Sun*, 8 December 1956, 10.

in northern British Columbia and to create more freight traffic for the PGE.

The decisions to construct the Mackenzie and Fort St James additions (as well as the more grandiose projects that followed) were inspired, in part, by the favourable economic climate for resource development in the 1960s. Advantageous markets and high resource prices were assisting forestry, mining, and petroleum operations in the accessible areas of northern British Columbia, but the vast region north of the established transportation corridors between Prince Rupert and Prince George, and east from Prince George to the Peace River district, remained relatively underutilized. An important consideration in planning nearly all the northern extensions of the 1960s was the belief that improved transportation would open up additional resources capable of development. In that regard, the PGE's designated function as a "development tool" continued to play a major role in the Bennett government's railway-building strategy.<sup>43</sup>

The Mackenzie line, however, was essentially an industrial spur to serve the forest industry complex already under construction at Mackenzie, twenty-three miles north of the PGE's main line. It was built to a resource area already under development, and it was also a fairly low-risk undertaking considering the short distance involved and the commitments of Alexandra Forest Industries Limited and Cattermole Timber Limited to have large integrated pulp and sawmill complexes in operation by the early 1970s.<sup>44</sup> The expectation of substantial traffic from those sources proved correct, and by 1976 the Mackenzie spur would become one of the railway's most balanced and profitable operations.<sup>45</sup>

The Fort St James extension resembled the Mackenzie spur in that it was designed to serve a promising forest industry area in the vicinity of Stuart, Trembleur, and Takla Lakes. It was required to ship the

<sup>43</sup> The PGE's continued use as a "development tool" in the 1960s was inspired to some extent by a mistaken impression that the Peace River extensions had been a tremendous success. The provision of railway service to Fort St John and Dawson Creek in 1958 coincided with rapid industrial expansion in the Peace River district, and industrial progress along the PGE route as a whole during the 1950s and 1960s greatly increased freight traffic for the railway and improved its overall financial performance. Those developments were the result of many factors and were only marginally influenced by the Peace River extensions. Nevertheless, they were pointed to as proof of the Bennett government's wisdom in extending the railway in 1954. The belief that the "development tool" approach had proved successful in the past thus became, in part, the justification for further railway-building ventures. See Wedley, "Infrastructure and Resources," 183-200.

<sup>44</sup> Ruppenthal and Keast, *A Railway Derailed*, 18-19.

<sup>45</sup> *Report of the Royal Commission on the BC Railway*, vol. 2, chap. 3, p. 172.

lumber processed at Fort St James as well as pulpwood and chips for the mills located at Prince George.<sup>46</sup> The Fort St James branch also had the objectives of providing access to the region north of the CNR line and of capturing its resource traffic for the PGE. Ray Williston (Bennett's minister of lands and forests and a director of the PGE) later explained that by originating new traffic in that region, the PGE could obtain a greater share of the resulting revenue.<sup>47</sup>

The Fort St. James extension was basically a development line that never proved as profitable as the Mackenzie spur.<sup>48</sup> Nevertheless, the improvement of business on the entire railway during the late 1960s seemed to justify the continued use of the PGE as a "development tool" and boosted the government's confidence to undertake much more ambitious extensions later in the decade.<sup>49</sup>

In 1965, Bennett announced that the Fort St James branch would be extended to Takla Landing to provide more direct access to the forest resources of the Stuart, Trembleur, and Takla Lakes region.<sup>50</sup> The federal fisheries department had refused to allow the use of those lakes and the adjoining river system to transport logs to Fort St James, so the further extension to Takla Landing was necessary and in keeping with the original motive behind the Fort St James line.<sup>51</sup> But by this time it was also becoming apparent that more grandiose plans were in the making. A year earlier, Bennett hinted that he was contemplating the construction of the railway to Whitehorse in the Yukon.<sup>52</sup> He also suggested that the Fort St James line would continue on from Takla Landing to Stewart on the west coast, and later it was revealed that the branch would then run north from Stewart to Whitehorse.<sup>53</sup>

<sup>46</sup> *Vancouver Province*, 24 June 1963, 1; 25 June 1963, 27. Two internal reports prepared prior to construction of the Fort St James line outlined this traffic potential. See PGE Railway, Research and Development Department, "The First Hundred Miles: Economic and Financial Aspects of a Rail Extension from Summit Lake to Takla Lake," August 1961; *Ibid.*, "Fort St James Extension: From Mile 496 PGE Railway (Summit Lake) to Vicinity of Fort St James, BC," 21 June 1963, in "Northern Extensions: Fort St James, Dease Lake, Fort Nelson: Collection of Studies, 1961-1969," David Lam Management Research Library, University of British Columbia.

<sup>47</sup> According to Williston, "What paid the BCR in those days was the trans-provincial carriers, and you got a higher percentage from originating traffic ... We tried to originate as much on BCR as possible because you get a better return if it goes to the Eastern States or wherever it goes" (Personal interview, 8 August 1984).

<sup>48</sup> *Report of the Royal Commission on the BC Railway*, vol. 2, chap. 3, pp. 173-74, 193.

<sup>49</sup> Carloadings on the PGE increased dramatically in the late 1960s owing mainly to the growing central interior pulp and paper industry along the PGE's main line. See PGE Railway, *Annual Reports*, 1966-70.

<sup>50</sup> *Vancouver Province*, 28 April 1965, 1.

<sup>51</sup> *Report of the Royal Commission on the BC Railway*, vol. 2, chap. 3, p. 184.

<sup>52</sup> *Vancouver Province*, 24 September 1964, 25.

<sup>53</sup> *Victoria Times*, 7 March 1964, 14; *Vancouver Sun*, 14 December 1968, 10.

Meanwhile, the government announced on several occasions that it was considering a concurrent extension of the northeastern branch of the PGE beyond Fort St John to Fort Nelson, Nelson Forks, and to Whitehorse, where it would join with the western Stewart-to-Whitehorse line.<sup>54</sup>

Although Bennett appeared to be “drawing hypothetical rail lines all over northern British Columbia,” as one observer noted,<sup>55</sup> his many proposals were in keeping with the railway’s policy of providing access to new resource areas in northern British Columbia. The Takla Landing-Stewart extension, for example, which would parallel the CNR’s line from Prince George to Prince Rupert, aimed at continued expansion of the PGE into the territory north of the CNR route so as to capture the potential wealth of that vast hinterland for the provincial railway. To develop those resources (mainly timber and minerals) effectively, an outlet port on the northwest coast was essential – the rationale for extending the line to Stewart which, unlike Prince Rupert or Kitimat, was not already serviced by the CNR.

The resources of northwestern British Columbia, however, were only the first objective. As Bennett’s announcements indicated, his government contemplated an eventual link with the Yukon. Interest in the Yukon’s economic potential had been growing since the early 1960s, and the provision of transportation was considered an essential precondition to development.<sup>56</sup> Hence, the revival of the old idea of a railway linking Canada’s existing rail network with the Yukon and possibly Alaska.<sup>57</sup> The BC government had long been interested in such a link, and the conviction in Victoria that a Yukon/Alaska railway would soon be economically feasible and necessary provided additional incentive for expanding the PGE in northern British Columbia.

Other developments over the past decade had also sustained the Bennett government’s belief that the PGE should eventually reach the Yukon. In 1956, an Alaska International Rail and Highway

<sup>54</sup> *Vancouver Province*, 24 September 1964, 25; 28 April 1965, 1; 29 June 1968, 27; 30 September 1968, 1; *Vancouver Sun*, 14 December 1968, 10.

<sup>55</sup> John Pousette, “Canadian National Northern Transcanada – Yukon Territories Railway Extension,” unpublished report, Kitimat-Stikine Regional District, 1970.

<sup>56</sup> One study in particular appears to have influenced views about the Yukon’s potential: Canada, Department of Indian Affairs and Northern Development and the Government of the Yukon Territories, “The Yukon Economy: Its Potential for Growth and Continuity,” prepared by William D. Carr and Associates, Ottawa, 1968. See BC Railway, “Economic Report on Northern Extensions – Past, Present and Future,” 28 February 1975, exhibit no. 1018-1, Royal Commission on the BC Railway, GR 500, box 20, file 19, p. 9, BCARS.

<sup>57</sup> The idea of the PGE becoming part of a larger Canada-Alaska railway project dated back to the railway’s founding in 1912. See Wedley, “The BC-Ottawa PGE Talks,” 141.

Commission was established by Congress to investigate the possibilities of improving transportation links between Alaska and the lower forty-eight states. A consulting firm – the Battelle Memorial Institute – was commissioned to make a thorough analysis of potential resources and traffic of the regions that would be traversed by possible roads and railways.<sup>58</sup> The investigations continued for over four years and, while nothing came of them, the US study stimulated discussion of a possible Alaska railroad during the late 1950s, and in Victoria it kept alive the hope of assistance for extending the PGE. Alternatively, the Bennett government had hoped that the Pacific Northern Railway scheme of the late 1950s and early 1960s might achieve the province's expansionary goals under private auspices.<sup>59</sup> And even after that program collapsed, Victoria remained keenly interested in a Yukon railway. The province's presentations at a series of conferences involving the governments of Alaska, British Columbia, and the Yukon between 1960 and 1964 highlighted that objective over all other considerations.<sup>60</sup>

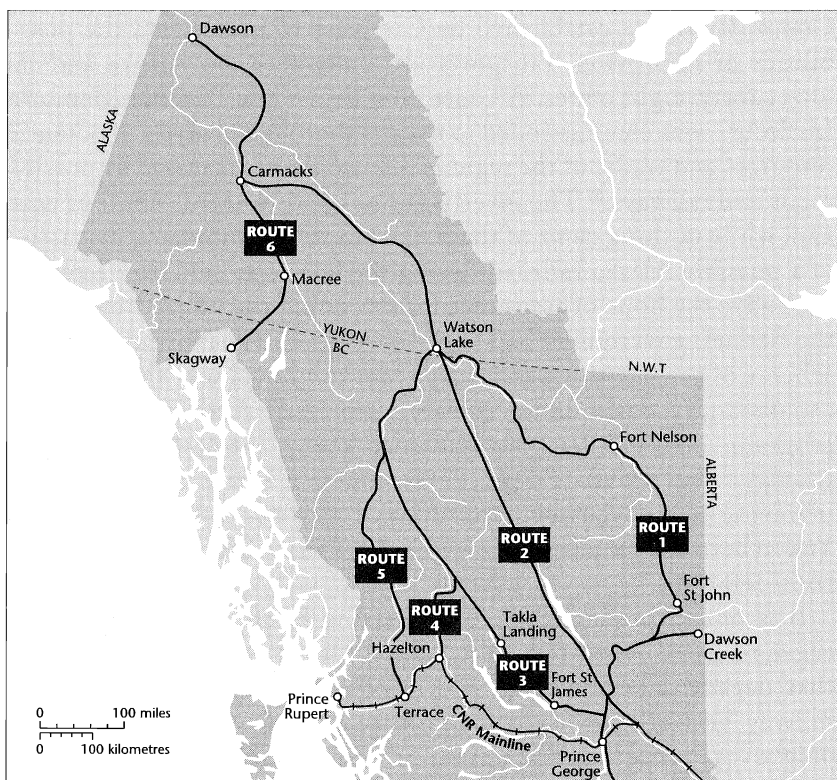
It is not surprising, therefore, that the Bennett government was eager to listen when talk of a Yukon/Alaska railway resumed later that decade. The inclusion of the PGE in a larger Canada/Alaska railway network ideally complemented the Bennett government's objectives for northern expansion. It would establish the long-sought commercial link with the regions north of the 60th parallel and secure financial aid for the continued expansion of the PGE in northern British Columbia (from either or both of the US and Canadian governments). Those considerations, understandably, once again came to the forefront in the late 1960s, when for the first time in years the federal government began displaying strong interest in northern transportation.

At this stage, a policy resembling "defensive expansionism" began to unfold. In the summer of 1968, the CNR made an aerial survey of northern British Columbia, and in the following year Ottawa

<sup>58</sup> P.R. Johansson, "A Study in Regional Strategy: The Alaska-British Columbia-Yukon Conferences," *BC Studies* 28 (Winter 1975-76): 33-35.

<sup>59</sup> The Pacific Northern Railway was a project promoted by Swedish industrialist Axel Wenner-Gren. It planned to run from Summit Lake, thirty miles north of Prince George, to the Yukon border and operate as an adjunct to the PGE. The project was officially launched in June 1960 but had difficulty raising financing and was halted shortly afterwards. See Wedley, "Infrastructure and Resources," 283-87.

<sup>60</sup> Johansson, "The Alaska-British Columbia-Yukon Conferences," 48. For an indication of the government's response to some of these external events, see Ray Williston's comments in *Transcripts, Royal Commission on the BC Railway*, GR 500, box 12, vol. 42, 5873-76, BCARS.



Map 2: Proposed northern rail lines.

commissioned Hedlin, Menzies and Associates Limited to study the economic viability of five possible rail connections with the Yukon (Map 2). Soon after the federal studies were authorized, the PGE's board of directors decided to extend the Takla Landing branch north to Dease Lake rather than to Stewart, as was originally planned. Why this change was made is uncertain, but it appears the provincial government was anticipating CNR expansion northward from Terrace or Hazelton and was anxious to extend the PGE into that area first. Construction of the line to Dease Lake would then force Ottawa to negotiate with the province if it decided to develop the Yukon by means of northward extensions of the CNR.<sup>61</sup> The premier later explained that the aim after completion of the project was "to negotiate with Ottawa, and with Washington, DC, not with a dream in mind

<sup>61</sup> *Report of the Royal Commission on the BC Railway*, vol. 2., chap. 3, pp. 183-84. See also the testimony of Mac Norris, Transcripts, Royal Commission on the BC Railway, CR 500, box 13, vol. 64, 9051, BCARS.



but with hardware in hand. An operating railway to Dease Lake would have been a bargaining position that could not have been denied, uniquely poised for the final steps into the Yukon and Alaska.<sup>62</sup>

The decision in 1969 to embark on the Dease Lake line was thus an extension of Bennett's tactic of using unilateral action to induce the federal government to co-operate with the province on northern rail development. Previously, that tactic had been unsuccessful, but the recent federal interest in a Yukon railway encouraged the belief that an agreement with Ottawa could now be reached. Two years after the Dease Lake line was started, the province renewed its quest for a co-operative arrangement that would finally recognize the PGE's long-standing claims to construction grants and operating subsidies. That arrangement (which was verbally accepted but not finalized when the Bennett government fell from power) would also have given the PGE access through traffic interchange and/or running rights to the proposed federal Yukon railway line as well as to the port of Prince Rupert, thereby eliminating the need to develop Stewart as a separate port for use by the provincial railway.<sup>63</sup>

Thus the Dease Lake extension, while essentially a continuation of the Fort St James and Takla Landing lines, was embarked upon for fundamentally different reasons. The rationale was mostly strategic and imperial. It was designed to ensure that British Columbia participated in the federal government's plans and, thereby, shared in any future economic development in the Yukon and Alaska. Local economic considerations were also involved: the PGE's research department had just completed a study of the potential traffic benefits of a Dease Lake extension, which were thought to be substantial. The study predicted rapid development of the forest industry with the construction of sawmills at Dease Lake, Takla Landing, and in the Groundhog area, and a 750-ton per day pulp mill and sawmill at Stikine Crossing. It also foresaw traffic originating from the Cassiar

<sup>62</sup> W.A.C. Bennett, "Submission to the Royal Commission on the BC Railway," 37.

<sup>63</sup> Whether the Stewart connection was a serious consideration or just a ploy to get the federal government interested in northwest rail expansion and port development is difficult to determine. The District of Stewart in 1977 could find no evidence of any feasibility studies having been done on a Stewart rail connection, nor any investigation of Stewart as a possible deep-sea port. See District of Stewart, "Bear River Pass Railway Feasibility Study," prepared by Stothert Group, September 1976, exhibit no. 137, Royal Commission on the BC Railway, GR 500, box 7, file 9, pp. 4, 8, BCARS. The background of British Columbia's efforts to obtain federal assistance for the PGE and its position with regard to a co-operative arrangement can be found in J.S. Broadbent and A.L. Peel, "Joint Study of Railway Transport Development in the Canadian North," August 1971, exhibit no. 1001-42, Royal Commission on the BC Railway, GR 500, box 16, file 19, BCARS.

Asbestos mine and from future development of the Groundhog coal-fields.<sup>64</sup> But from an economic standpoint there was no pressing need to begin construction of the line in 1969. The main motivation was undoubtedly the federal interest in northern rail development.<sup>65</sup>

The Fort Nelson extension, construction of which began the previous year, was also designed to forestall possible expansion of the Northern Alberta Railways northwest towards the Yukon.<sup>66</sup> Again, other considerations were involved: recent studies had predicted that the new line would facilitate sawmill and pulp mill construction and provide access to mineral resources thought capable of development.<sup>67</sup> A rail connection to Fort Nelson would also assist forest fire protection and demonstrate British Columbia's commitment to northern development, which Victoria felt was necessary to offset Alberta's influence in the northeastern part of the province.<sup>68</sup> But, above all, the decision to launch the Fort Nelson extension was motivated by the government's imperial vision of extending British Columbia's hegemony northward. The Fort Nelson line was expected to link with the Mackenzie delta via the Liard River (and eventually via a proposed highway connection to Fort Simpson) so that the PGE could penetrate

<sup>64</sup> PGE, Research and Development Branch, "Dease Lake Extension Study," December 1969, exhibit no. 179, Royal Commission on the BC Railway, GR 500, box 8, file 6, pp. 14-21, BCARS.

<sup>65</sup> Bennett later claimed there was an urgency to begin the Dease Lake line in 1969 in order to avoid expected inflation. But there is little evidence of this concern at the time and, in fact, the PGE's study of the Dease Lake extension predicted that inflation was unlikely to continue at the high levels experienced in 1968-69. *Ibid.*, 23; W.A.C. Bennett, "Submission to the Royal Commission on the BC Railway," 35.

<sup>66</sup> The Hedlin-Menzies report indicated that the routes running north from Fort Nelson and from Terrace or Hazelton were the most feasible. Canada, Ministry of Transport, *The Canadian Northwest Transportation Study - Final Report*, prepared by Hedlin, Menzies & Associates Ltd., Ottawa, 1970, xii. See map 2.

<sup>67</sup> See British Columbia, Bureau of Economics and Statistics, "Fort Nelson Extension Feasibility Study," n.d. (probably June 1965), exhibit no. 161A, Royal Commission on the BC Railway, GR 500, box 7, file 15, BCARS; *Ibid.*, "The Peace River-Liard Region, An Economic Survey," March 1966, exhibit no. 161B, Royal Commission on the BC Railway, GR 500, box 7, file 16, BCARS; PGE Railway, Research and Development Department, "Preliminary Report on the Proposed Study of the Northern Extensions and their Resource Potentials: Fort St James-Takla Lake, Fort St John-Fort Nelson," 22 August 1966, exhibit no. 161C, Royal Commission on the BC Railway, GR 500, box 7, file 17, BCARS; *Ibid.*, "Estimate of Revenue Freight Potential: Fort Nelson Extension," July 1968, exhibit no. 161D, Royal Commission on the BC Railway, GR 500, box 7, file 17, BCARS. Another report, drawing on the information from these earlier ones, was also prepared after the extension's commencement. See *Ibid.*, "Fort Nelson Extension Study," in "Northern Extensions: Fort St James, Dease Lake, Fort Nelson: Collection of Studies, 1961-1969," David Lam Management Research Library, University of British Columbia. For a summary of these reports and how they influenced the decision to build the Fort Nelson line, see British Columbia Railway, "Fort Nelson Extension," June 1977, exhibit no. 161, Royal Commission on the BC Railway, GR 500, box 7, file 14, BCARS.

<sup>68</sup> *Report of the Royal Commission on the BC Railway*, vol. 2, chap. 4, pp. 13, 45.

commercially the territory north of the 60th parallel. The Liard River route, by virtue of earlier spring breakup, enjoyed a competitive advantage over the more commonly used route via Waterways, Alberta, and the Bennett government felt it could exploit that advantage for the benefit of the provincial railway.<sup>69</sup> Thus the Fort Nelson extension, like the Dease Lake line, was extended to allow the PGE to draw the trade of regions lying beyond British Columbia's northern borders. As Ray Williston later explained, it formed part of the government's overall policy of diverting the economic activity of the Mackenzie delta area away from Alberta and into the province of British Columbia.<sup>70</sup>

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As indicated above, the phrase "defensive expansionism" has been used to explain why the Bennett government expanded the PGE between 1952 and 1972. That interpretation, however, overestimates the extent to which competition from Alberta and Ottawa influenced the Bennett government's actions. True, the Bennett government sought to reduce Alberta's influence in northeastern British Columbia and to challenge it for control of the trade from the Yukon and western Northwest Territories. Those goals had long been associated with the PGE, and they were considerations in the expansion programs of the 1950s and 1960s. But fear of federal competition was not a major concern for most of the Bennett government's railway-building endeavours. Only the Dease Lake and Fort Nelson extensions fit the "defensive expansionism" argument. Those undertakings were

<sup>69</sup> The town of Fort Nelson, which was to become a transshipment centre for goods moving down to the Arctic coast, was also expected to prosper from this connection. The merits of this competitive advantage were explored in two of the reports that preceded the decision to build. See British Columbia, Bureau of Economics and Statistics, "Fort Nelson Extension Feasibility Study," 19; PGE Railway, Research and Development Branch, "Estimate of Revenue Freight Potential - Fort Nelson Extension," 5.

<sup>70</sup> Transcripts, Ray Williston interviewed by Derek Reimer, 8 October 1975, 375-16, track 2, pp. 13, 18, BCARS; Personal interview with Ray Williston, 8 August 1984. See also Ray Williston, "Submission to the Royal Commission on the BC Railway," exhibit no. 186, Royal Commission on the BC Railway, CR 500, box 8, file 14, pp. 6-7 and accompanying appendices, BCARS. Although the results of the Bennett government's railway-building programs are beyond the scope of this study, it should be noted that both the Fort Nelson and Dease Lake extensions failed to achieve their anticipated returns. Owing in part to the wider imperial motives that impelled them, they were launched with insufficient prior planning and with no better than a superficial knowledge of potential resources and traffic. The result was that both projects proved excessively expensive and neither stimulated enough industrial activity to warrant its construction. See *Report of the Royal Commission on the BC Railway*, vol. 2, chap. 4.

embarked upon in 1968-69 because the Bennett government wanted to see the PGE included in the federal government's plans for a Yukon railway. But until then its main problem with Ottawa was not competition; it was the federal government's lack of interest in northern rail development.

That problem first appeared in 1953, when the St. Laurent government refused to become involved in a co-operative undertaking. Virtually no change occurred in Ottawa's attitude over the next fifteen years – yet the Bennett government continued expanding the PGE railway throughout much of that fifteen-year period. That it did so without federal interest or competition supports the conclusion that economic development was the driving force behind the railway's expansion. That motive, unlike defensive concerns, was a constant inspiration to extend the PGE, and it shaped and sustained the Bennett government's railway-building strategy in central and northern British Columbia.

The same conclusion can be drawn with respect to the Canadian National Railways. The Fort Nelson and Dease Lake extensions were undertaken in response to possible CNR expansion northward; before then the federally owned railway was not a major factor in the provincial government's calculations. Some of the testimony at the 1977 Royal Commission inquiry suggested that the extensions of the early 1960s (the Fort St James and Takla Landing lines) were constructed in part because of a threat of the CNR building north from Hazelton or Terrace. The Bennett government was determined, according to this view, that the PGE “not to be outpaced, or outflanked, by such a move on the part of the federal railway.”<sup>71</sup> However, there is no evidence that the Bennett government feared the CNR's expansion when those two lines were initially planned. As Bennett later claimed: “We didn't try to build our railroad to the north for the reason they said we did – to get there ahead of the CNR. The CNR wouldn't move anywhere. They were pulling up lines, not putting down new ones.”<sup>72</sup>

Bennett's assertion, of course, needs to be qualified. The Fort Nelson and Dease Lake extensions were clearly efforts to build ahead of the CNR. But his statement appears to hold true for the period before 1968. In that year the federal government and the CNR began

<sup>71</sup> *Report of the Royal Commission on the BC Railway*, vol. 2, chap. 3, p. 184; see also the testimony of Karl M. Ruppenthal, Transcripts, Royal Commission on the BC Railway, GR 500, box 13, vol. 59, 8372-74, BCARS.

<sup>72</sup> David C. Humphreys and Roger Keene, *Conversations with W.A.C. Bennett* (Toronto: Methuen, 1980), 95.

to show a renewed interest in northern rail expansion, and the Bennett government responded by launching the Fort Nelson line and (in the following year) diverting the Takla Landing extension from Stewart to Dease Lake. But such concerns played little if any role in the extensions launched during the early and mid-1960s. Those undertakings, in other words, were not so much examples of "defensive expansionism" as further uses of the railway as a "development tool" in northern British Columbia. Their main objectives were to spur the development of northern resources and to create more business for the PGE.

The evidence that the Bennett government sought federal support for the PGE throughout the period also detracts from the "defensive expansionism" argument. The Bennett government was not as firmly anti-Ottawa in its approach to northern rail development as that interpretation suggests. The strong provincialism that characterized its dealings with the PGE was dictated by necessity, not by choice, because the federal government simply did not share the province's view of the economic need or desirability of building new railway lines in northern British Columbia.<sup>73</sup> Bennett was forced to launch his programs independently, he informed the McKenzie Commission in 1977, because of "vacillation and procrastination" in Ottawa. It was only after failing "to illustrate the negligence of national railway policy" that he made the decision that "British Columbia had to pioneer on its own."<sup>74</sup> Yet even then, Bennett appears to have accepted that federal co-operation was essential to achieving his goals and never abandoned hope that an arrangement with Ottawa could be reached. Even the Fort Nelson and Dease Lake extensions, which were conceived as direct challenges to the federal government's railway-building plans, were undertaken with that purpose in mind.

It is also important to note that Bennett did not perceive that he was following the federal government's and CNR's lead when he embarked on the Dease Lake and Fort Nelson lines. Rather, he believed that Ottawa had finally awakened to the need for northern rail development as a result of the province's earlier initiatives. Bennett believed that the only way to deal with Ottawa was through bold and independent action. He did not, however, see himself engaged with Ottawa "in a bitter struggle over control of northern development,"

<sup>73</sup> This interpretation has been presented elsewhere. See Wedley, "The BC-Ottawa PGE Talks," 151-52.

<sup>74</sup> W.A.C. Bennett, "Submission to the Royal Commission on the BC Railway," 35.

as Tomblin has put it.<sup>75</sup> Rather, he perceived that his efforts were needed to force the federal government's hand: "The national railway, content with the conventional operation and cash flow of the Edmonton to Prince Rupert corridor, ignoring both north and south, shyed [sic] away from virgin and pioneer territory. Only when the risks were taken by this Province, and the hard work completed, did the CNR and federal Ottawa express interest in the opened frontier."<sup>76</sup> The aim was to awaken the federal government to the value and need of northern rail expansion and, once this was accomplished, to ensure that British Columbia benefited from any federally initiated developments in that region.

In that context, the protection of provincial interests in northern development was definitely a concern of the Bennett government. But to contend that the "major purpose of the PGE was to give the provincial government the power necessary to defend its development interests against Ottawa" is an overstatement.<sup>77</sup> The Bennett government perceived a more important function for the PGE. Developing the north, not defending it, was its major purpose. Its employment as a "development tool," opening up new resource areas in central and northern British Columbia for industrial expansion (and positioned to capture any future trade from the territories beyond British Columbia's northern borders) – that was the primary role the Bennett government assigned to the PGE.

<sup>75</sup> Tomblin, "The Pacific Great Eastern Railway," 33.

<sup>76</sup> W.A.C. Bennett, "Submission to the Royal Commission on the BC Railway," 35.

<sup>77</sup> Tomblin, "The Pacific Great Eastern Railway," 34.