

## WHEN THE TITANS MET:

### *Railway Rivalry in the Okanagan and Kelowna's Rise as a Fruit-Shipping Centre*

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TODAY, THE CHALLENGE OF moving Okanagan fruit to distant markets has diverse and complex solutions: for example, a container of fresh cherries may leave the Okanagan on a refrigerated truck, move overnight to Seattle, and from there head to markets in China via air freight to Hong Kong, finally arriving by river barge to the mainland in a trip that is counted in hours rather than days.<sup>1</sup> From the beginning, though, the challenge of fruit transportation in the Okanagan was complex. As soon as the first industrial scale plantings of Okanagan orchards reached maturity after the First World War, there was a demand for a sophisticated shipping system made up of interrelated components: shippers, packinghouses, buyers, cold storage plants, and a railway network to collect and distribute the fruit. However, to date there has been no scholarship on the relationship between the transportation system and the growth of the Okanagan fruit industry.<sup>2</sup>

I trace the history of the Canadian National Railway's (hereafter CNR's) Kamloops-Kelowna line and argue that the CNR's invasion of Canadian Pacific Railway (CPR) territory, marked by the completion of the new line to Kelowna in 1925, played a crucial part in the evolution of a competitive transportation system that was essential to the needs of Okanagan fruit growers. In tracing the CNR's invasion, I consider the company's ambivalent position as both a traditional railway corporation and a state-sponsored railway, as seen in the attempts by the company and the federal government to define the new branch line's role. Equally important is the way that the CNR's initial plan to block the CPR from

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<sup>1</sup> Conversation with Christine Dendy, East Kelowna fruit grower, June 2012.

<sup>2</sup> For a scholarly examination of the growth of the fruit industry, see David Dendy and Kathleen M. Kyle, *A Fruitful Century*, ed. Joan McIntyre (Kelowna: British Columbia Fruit Growers' Association, 1990).

rail access to territory south of Vernon was altered, and how the CNR ultimately came to hold the revisionist view that it had been an instigator in building a competitive rail network in the Okanagan that gave fruit shippers equal access to both railway companies. In discussing the origins of the line, I draw on the framework offered by Richard White in his examination of the uses and abuses of line construction during the expansionist era of North American railways.<sup>3</sup> In examining the government's thinking, and the shift in CNR corporate thinking on the uses of the line, I use as a starting point James A. Ward's exploration of the influence of the language of statecraft on the corporate rhetoric of North American railways.<sup>4</sup>

The development of the Okanagan transportation corridor took place in three interrelated phases. The first phase, extending from 1887 to 1918, witnessed the establishment of the CPR's Okanagan monopoly resulting from the completion of its transcontinental main line in 1885 and the construction of its branch line, the Shuswap and Okanagan Railway (S&O), completed from Sicamous to Vernon in 1891. This phase also saw the ensuing regional rivalry between the CPR and the Canadian Northern Railway over the construction of a proposed branch line that would penetrate more deeply into the Okanagan Valley than the S&O. The second phase, from 1919 to 1925, was marked by the emergence of a new rival, the CNR, which inherited the Canadian Northern project in 1919; by a fruit-shipping crisis in 1919; and by the CNR's decision to build its railway line to Kelowna, completed in 1925. The third phase, from 1926 to 1937, saw the CNR-CPR rivalry contribute to an expansion of boat, barge, and railway services and the emergence of Kelowna as the Okanagan's fruit-shipping centre.

The Okanagan Valley in British Columbia's southern interior lies just south of the CPR's transcontinental line. In 1887, two years after the completion of the line, Moses Lumby, an Okanagan grain farmer, wrote presciently about the potential of the valley for fruit farming: "Some old apple trees, planted by the fathers of the O.M.I. mission at Okanagan [the Oblates of Mary Immaculate at Okanagan Mission], are wonderfully productive and of good quality. At Mr. Ellis', at the foot of Okanagan lake, fine peaches are grown and I see no reason why they

<sup>3</sup> Richard White, *Railroaded: The Transcontinentals and the Making of Modern America* (New York: W.W. Norton, 2011).

<sup>4</sup> James A. Ward, "Image and Reality: The Railway Corporate-State Metaphor," *Business History Review* 55, 4 (1981): 491-516.

should not be extensively raised.”<sup>5</sup> Although the orcharding industry that he foresaw took time to establish itself, in the end, Moses Lumby’s vision turned out to be right.

The CPR was the first railway to arrive in the Okanagan via the S&O, completed in 1891. Built by private concerns but taken over by the CPR as soon as construction was complete, it reached Vernon from the CPR main line at Sicamous, following a relatively easy route with almost no railway grades. The arrival of the railway coincided with Lord and Lady Aberdeen’s purchase of the McDougall ranch further south, in what was then called the Mission Valley.<sup>6</sup> Historians often point to the redevelopment of this farm, named “Guisachan” by the Aberdeens, as the opening salvo in establishing large-scale fruit farming in the central Okanagan, although the project ultimately failed.<sup>7</sup> In 1893, the CPR launched the sternwheeler *Aberdeen* at Okanagan Landing, adjacent to Vernon, and inaugurated a system that used Okanagan Lake to ferry goods and passengers up and down the Okanagan Valley. At the time, the Okanagan was still in the early stages of European settlement, with an economy driven largely by cattle ranching and gold mining.<sup>8</sup> Given the low volumes of traffic, the CPR’s sternwheeler strategy made sense, and it saved the cost of building forty-eight kilometres of track to Kelowna, recently founded in 1892, and located at a point in the central Okanagan midway between Vernon and Penticton, where the Mission Valley meets Okanagan Lake.

A railway branch from Vernon to Kelowna would have been an ideal way to ship agricultural produce from the central Okanagan. A direct route led down the Mission Valley, which runs in a north-south direction from Vernon to Kelowna via Kalamalka (Long) Lake and Wood (Wood’s) Lake, parallel to the valley in which Okanagan Lake is situated but separated from it by a range of hills.<sup>9</sup> At the time of the

<sup>5</sup> “Description of Country Tributary to the Proposed Shuswap and Okanagan Railway,” Library and Archives Canada (hereafter LAC), RG 12, vol. 1867, file 3268-44, 12. Tom Ellis was a Penticton cattle rancher.

<sup>6</sup> Although the name is no longer used, throughout this article I use the term “Mission Valley.” Even though the municipality of Lake Country now takes in much of the area, there is no newer term that so exactly encompasses the series of lakes and the small communities that still survive, although rapidly succumbing to urban sprawl, between Vernon and Kelowna.

<sup>7</sup> For a detailed analysis, see Marjory Harper, “A Gullible Pioneer? Lord Aberdeen and the Development of Fruit Farming in the Okanagan Valley, 1890-1921,” *British Journal of Canadian Studies* 1, 2 (1986): 256-81.

<sup>8</sup> Duane Thomson has written extensively on the Okanagan economy at this time. See Duane Thomson, “A History of the Okanagan: Indians and Whites in the Settlement Era, 1860-1920” (PhD diss., University of British Columbia, 1985).

<sup>9</sup> The term “Long Lake” originally described what became separately described as Kalamalka Lake and Woods Lake. The term “Wood’s Lake” fell out of general use sometime in the

S&O's completion, a railway branch line from Vernon to Kelowna was proposed and chartered as the Vernon and Okanagan Railway. Had it been built, it would have extended the CPR's reach down the Mission Valley to Kelowna.<sup>10</sup> However, as with many railway charters of the time, the Vernon and Okanagan's was allowed to lapse, likely because the timing was not propitious. David Dendy argues that the economic depression that began in 1893, and the failure of Lord Aberdeen's orchard experiment at Guisachan, meant that early fruit tree planting in the Kelowna area came to a virtual halt.<sup>11</sup> A small, struggling agricultural community was not a sufficient reason for a further extension of the CPR's S&O line into the valley. Okanagan Lake, with its sternwheeler traffic, continued to be the principal transportation corridor for Kelowna and the central Okanagan, including the Mission Valley. Optimism prevailed despite the economic downturn, as an 1894 advertisement made clear: it proclaimed Kelowna to be the "natural shipping and distribution point for the fertile Okanagan Mission Valley."<sup>12</sup>

Over the next three decades, the lack of a railway line to Kelowna probably discouraged cattle ranchers in the Wood Lake, Duck Lake, and Ellison areas from switching to intensive agriculture. However, the lack was most keenly felt by orchardists at Oyama, immediately south of Kalamalka Lake, which developed in the early 1900s. The settlement did not have a good connection with the CPR's Okanagan Lake service, and growers had to take their fruit by wagon to a small, independent barge service on Kalamalka Lake and Wood Lake that carried their fruit to Vernon (Figure 1).<sup>13</sup>

Thus, without any competition from outside railways, the CPR was able to maintain an unimpeded monopoly over agricultural produce flowing out of the Okanagan.<sup>14</sup> However, in 1910, a serious threat to

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twentieth century. In this article, I use the current terms: "Kalamalka Lake" and "Wood Lake."

<sup>10</sup> *Journals of the Legislative Assembly of British Columbia*, vol. 20, 1891 (Victoria: Queen's Printer, 1891), app., ix.

<sup>11</sup> There was no virtually new planting in Kelowna between 1893 and 1903. See Dendy and Kyle, *Fruitful Century*, 17.

<sup>12</sup> *Vernon News* (hereafter *VN*), 5 July 1894.

<sup>13</sup> The barge service reached Wood Lake in 1908 via a canal that connected the two lakes. South of Wood Lake, transportation by wagon road presented its challenges: Price Ellison, the Vernon MP, had to ship hay by wagon all the way from the Postill Ranch in the Mission Valley to the government wharf on Okanagan Lake at Okanagan Centre. See "The Indians Called It a 'Good Feeding Place,'" *VN*, 21 October 1937.

<sup>14</sup> There was an abortive attempt by the promoters of the Midway and Vernon to cross through Okanagan territory. In 1901, the company had received a charter to build a railway that would have joined the mining area of British Columbia's Boundary District with the CPR main line via a connection at Vernon with the Shuswap and Okanagan. The Midway and Vernon had



Figure 1. The steamer *Maude Allen* with a freight scow on Kalamalka (Long) Lake, near Oyama, 1910s. Source: Royal BC Museum, BC Archives, B-01997.

its grip on the Okanagan came when the Canadian Northern Pacific Railway, which was engaged in building the BC section of the parent Canadian Northern's line west from Winnipeg, announced plans to build a branch into the Okanagan.<sup>15</sup> Backed by a provincial bond guarantee, the Canadian Northern planned to build via "Campbell Creek and the upper Salmon River Valley."<sup>16</sup> This move brought the transportation issue in the Okanagan into sharp focus. In her discussion of Premier Richard McBride's railway policy, Patricia Roy points out that provincial support for an Okanagan branch line fit McBride's policy of encouraging regional railway construction, and it met local demand: once the depression of the 1890s eased, orchard planting in the Okanagan began to expand rapidly.<sup>17</sup> It also fit McBride's policy of bringing in railways that would compete with the CPR.<sup>18</sup> From the

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started grading at the south end of its proposed line, near Midway, in 1905, but had made little progress. See Barrie Sanford, *McCulloch's Wonder* (West Vancouver: Whitecap Books, 1977), 77-79.

<sup>15</sup> G.R. Stevens, *Canadian National Railways*, vol. 2 (Toronto: Clarke, Irwin, 1962), 103.

<sup>16</sup> *VN*, 10 July 1910.

<sup>17</sup> Roy notes that, in the 1909 election campaign, Premier McBride proposed a regional line in the Okanagan, backed by provincially guaranteed bonds. See Patricia E. Roy, "Progress, Prosperity, and Politics: The Railway Policies of Richard McBride," *BC Studies* 47 (1980): 13. Large-scale plantings began in Summerland in 1903 and in Kelowna in 1904. See Dendy and Kyle, *Fruitful Century*, 29-30.

<sup>18</sup> Roy, "Progress, Prosperity, and Politics," 11. Roy (p. 19) points out that, by 1911, Okanagan fruit growers complained of inadequate shipping facilities and asked for railway competition.

railway company's point of view, the branch would arrive just in time to serve the new "fruit farming" boom. In particular, it would tap the extensive new orchard developments in Vernon, the Coldstream, and the central Okanagan, and fruit from the Okanagan heading to the Coast and to the Prairies would give the Canadian Northern a source of badly needed feeder traffic for its main line.

Moreover, the new line would penetrate what until then had been CPR territory. The Canadian Northern, which on the Prairies had generally established its own territory to the north of the CPR, was about to begin an invasion of southern British Columbia. Put in the context of railway expansion in North America at the time, the Canadian Northern's Okanagan project would not have appeared audacious from a business point of view. As Richard White notes in his analysis of how North American railways rationalized their behaviour: "The incentive to build into a rival's unoccupied territory, or into an occupied territory with an increasing population, was economically rational – a calculated response to rising costs of cooperation and the rising gains of [what economist C. Knick Harley calls] 'pre-emptive capture of unbuilt lines.'"<sup>19</sup> The provincial legislation in February 1912, which authorized construction, was the beginning of what was to become a low-key but protracted rivalry between the CPR and the invading company and its successors (Figure 2).<sup>20</sup>

The CPR was caught off guard by the Canadian Northern's proposed branch at the north end of the Okanagan Valley. The evidence suggests that, in 1908, a year before McBride first announced support for regional railway construction in the Okanagan, the CPR made a strategic decision not to build a railway to Kelowna; instead, in November, it launched a railway transfer barge on Okanagan Lake.<sup>21</sup> It was a sound decision as the barges brought a technological leap to transportation on the lake.

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The CPR was resented in Kelowna for inconvenient passenger schedules and for a host of minor grievances. Shipping agricultural produce could be frustrating, as revealed in a 1902 letter from a shipper to W.D. Hobson, an Okanagan Mission farmer. Hobson had sent two carloads of hay from Kelowna to Phoenix on a wildly roundabout route via Revelstoke on the CPR – a trip of over five hundred kilometres. One of Hobson's carloads was undeliverable because it arrived at its destination "musty." See Local Manager, Brackman-Ker Milling Co., Nelson, BC, to W.D. Hobson, 17 September 1902, Hobson Family Papers, in the private collection of Robert Hobson.

<sup>19</sup> White, *Railroaded*, 213.

<sup>20</sup> The legislation for the Kamloops-Kelowna line was passed in February 1912. See Roy, "Progress, Prosperity, and Politics," 17.

<sup>21</sup> *Kelowna Courier and Okanagan Orchardist* (hereafter *KC&OO*), 19 November 1908. See my forthcoming article, "The Introduction of Railway Transfer Barges in the Okanagan," *76th Okanagan Historical Society Report*, 2012, 111–19.

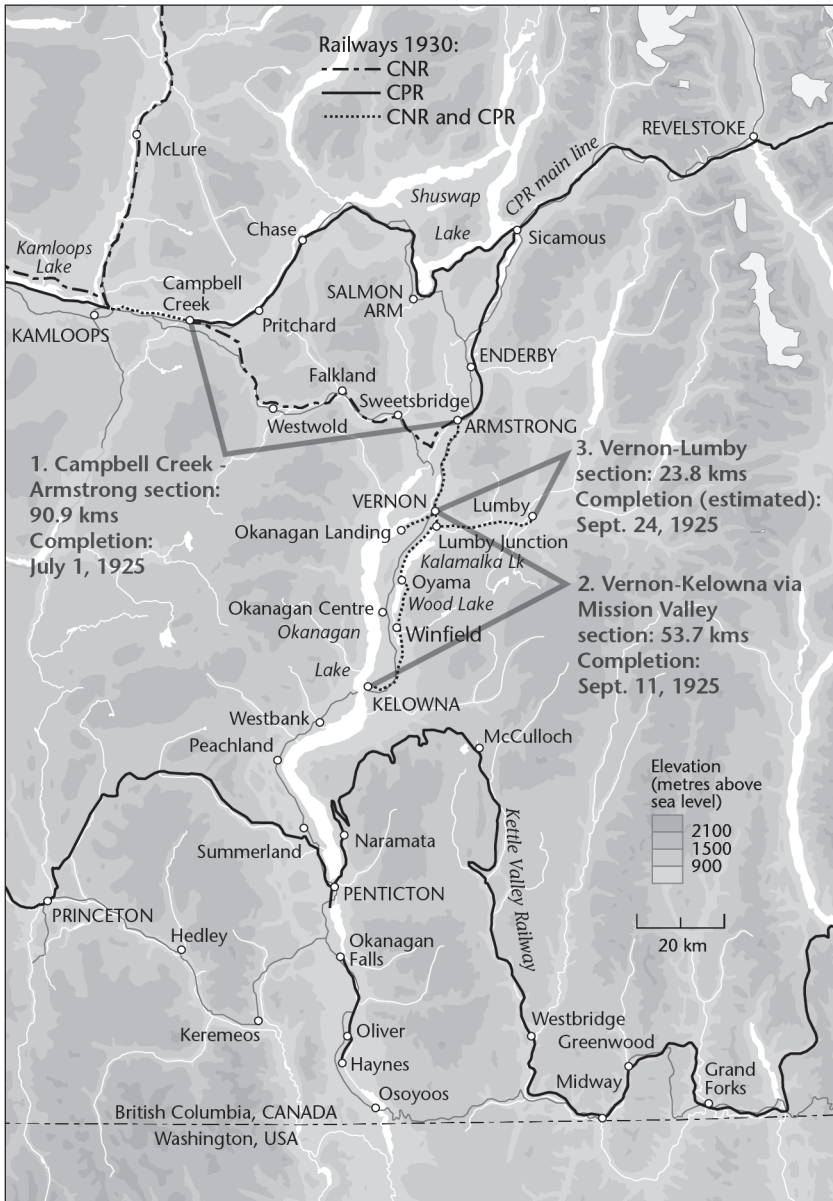


Figure 2. The CNR's Kamloops-Kelowna line, and Lumby branch. Cartography by Eric Leinberger.

Compared to the sternwheelers, they could handle high volumes of fruit and enabled modern refrigerator cars to be handled directly from isolated shipping points. This marked the beginning of a service that responded to the needs of the pre-First World War fruit-growing boom in communities along Okanagan Lake, especially Kelowna, which, in 1909, was the first town to be connected to the new service. The CPR added barges, tugs, and barge slips as the demand grew, and it handled fruit traffic in this way without major issues for the next ten years.

However, the CPR also expanded at the south end of Okanagan Lake. Although it had initiated a steamship service to Penticton in 1893, the CPR had left the South Okanagan as largely undeveloped territory. The Kettle Valley Railway (KVR), at the time an independent company closely associated with the CPR and soon to become a subsidiary, was already building a line from Midway to Hope via Penticton. In the difficult terrain to the east and west of Penticton, and further west in the Hope Mountains, the company was facing high construction costs. In December 1909, J.J. Warren, president of the KVR, suggested to George P. Graham, federal minister of railways and canals, that proposed federal subsidies for the undeveloped northern part of the Midway and Vernon charter, the section directly south of Vernon through the Mission Valley, might be diverted to assist in the construction of the Kettle Valley Railway.<sup>22</sup> Warren's request suggests that neither the CPR nor the KVR yet contemplated building a railway from Vernon to Kelowna.<sup>23</sup>

The CPR's response to the threatened incursion into what it considered to be its territory by the Canadian Northern came in the form of a KVR attempt to regain the initiative on behalf of the CPR: in early January 1912, the *Kelowna Courier* reported that the KVR would counter the Canadian Northern's proposal to build from Kamloops to Kelowna with an application for an "enlargement" of KVR charter powers that would allow it to build its own branch line from Vernon to Kelowna.<sup>24</sup> The new rivalry began to heat up on the ground: by January, both the

<sup>22</sup> James J. Warren to Hon. George P. Graham, 24 December 1909, LAC, Graham Papers, MG 27 II D8, vol. 64. In September 1909, the KVR acquired the assets of the Midway and Vernon Railway, intending to use only the southern section of the right of way along the Kettle River as part of the KVR line from Midway to Penticton. The northernmost section, which the KVR didn't need, included the only feasible right of way from Vernon to Kelowna, down the Mission Valley.

<sup>23</sup> A north-south line could have reached Kelowna easily enough, but the engineering challenges of building through the mountains from Kelowna to Penticton would have been formidable. Instead, the CPR adapted its barge service to handle through traffic: a barge slip was built at Penticton in 1911, and rolling stock and locomotives for use in KVR construction were ferried from Okanagan Landing to Penticton down Okanagan Lake.

<sup>24</sup> *KC&OO*, 4 January 1912.



Canadian Northern and the CPR had survey crews in the Kelowna and Rutland areas.<sup>25</sup> In late February, the *Kelowna Courier* mentioned the McBride government's plan to guarantee bonds for Canadian Northern construction to Kelowna, but, in the same breath, it speculated optimistically that the CPR would also be extending its own line.<sup>26</sup> During the 1912 provincial election campaign, in a speech at the Kelowna Opera House in March, Premier McBride reinforced this speculation when he predicted that both companies would soon be building branch lines to Kelowna.<sup>27</sup> Significantly, the emergent fruit industry would have been the main recipient of the promised railway lines.

Following the initial surveys, months went by with no construction by either company, although the CPR kept the idea of its own branch line alive through the newspapers and by reminding the Canadian Northern, via its legal department, that it intended to remain a player. The obvious obstacle to building two independent lines to Kelowna was the difficult topography of the north end of the Mission Valley, which for practical reasons allowed for only one route. Steep bluffs on the west side of Kalamalka Lake, and several kilometres of vertical rock on the east side, meant that an alternate route would have entailed much higher construction costs. The CPR's planned route, labelled as a KVR "extension" and outlined in a map that the CPR's solicitor sent to the Canadian Northern in April 1912, showed that it was proposing to follow the same path as indicated in the Canadian Northern's survey.<sup>28</sup> A memo attached to the map showed the CPR's serious intent: it notified the Canadian Northern that the KVR application for a branch line "extension" was being sent to the federal minister of railways.<sup>29</sup> In November, the KVR applied for an extension of its federal charter, granting it the option to build between Vernon and Penticton via Kelowna.<sup>30</sup>

<sup>25</sup> Ibid. By February, the CPR crew was camped at Kalamalka Lake. The *Vernon News* refers to it as the "Kettle Valley survey crew." See *VN*, 27 February 1912.

<sup>26</sup> *KC&OO*, 29 February 1912. Possibly in anticipation of future expansion of through traffic between the KVR and the main line, the CPR kept its options open.

<sup>27</sup> *KC&OO*, 21 March 1912.

<sup>28</sup> LAC, RG 30, vol. 9535, CNR deposit no. 51, legal dept. file no. 1161-63-1. The CPR's map also shows a proposed branch to the Coldstream Estate, which replicates the initial section of the Canadian Northern's proposed branch to Lumby.

<sup>29</sup> George F. MacDonnell, barrister for the CPR, to F.H. Phippen, General Counsel, Canadian Northern Railway, 4 April 1912, LAC, RG 30, vol. 9535, CNR deposit no. 51, legal dept. file no. 1161-63-1. Later, the CPR seems to have backed off the pursuit of its claim: by June, J.J. Warren, on behalf of the CPR/KVR, had sent a letter to MacDonnell, saying that he was awaiting a copy of the Canadian Northern's location map from Phippen and that, in the meantime, the KVR would "not press for approval" of its route map. See Warren to MacDonnell, 21 June 1912, LAC, RG 30, vol. 9535, CNR deposit no. 51, legal dept. file no. 1161-63-1.

<sup>30</sup> *Canada Gazette*, vol. 46, no. 20, 16 November 1912.

A year later, in November 1913, KVR president Warren urged the Kelowna Board of Trade to lobby the provincial government for support for a KVR (and therefore CPR) branch line from Vernon to Kelowna. And, as late as June 1914, David McNicoll, a CPR vice-president, was quoted as saying: "The CPR will spend much money in the Okanagan this year and next and we will gridiron it with railways before long."<sup>31</sup>

In the end, for all the CPR's posturing and manoeuvring, nothing came of the company's belated interest in building a competing line to Kelowna. Several reasons explain this. Faced with a rival that had staked a competing claim to the best route, and that had financial guarantees from the provincial government, the CPR was at a disadvantage.<sup>32</sup> That the Vernon-Kelowna route was being negotiated by the KVR suggests that it was acting as a proxy for the CPR, but the KVR had already received subsidies for construction of its portion of the CPR's Kootenay-to-Coast route and would have been in a decidedly weak position to ask for money to finance an arguably redundant regional railway line.<sup>33</sup> For its part, by 1913, the provincial government was no longer in the mood to back fresh railway development; McBride's railway policy was in serious trouble in the economic recession of that year, and there was little likelihood that new proposals for railway expansion would receive aid.<sup>34</sup> And, significantly, the CPR, through its transfer barge service, was adequately meeting the demand from central Okanagan fruit shippers.<sup>35</sup> The outbreak of the First World War in August 1914 brought to an abrupt halt the CPR's airy talk of expansion.

For its part, the Canadian Northern, despite making land purchases between Kamloops and Kelowna in 1911 and 1912, including, significantly, the purchase of land for a railway terminus at Kelowna,<sup>36</sup> made no progress in building the Okanagan line. The recession of 1913 and the Canadian Northern's financial woes postponed construction indefinitely.

<sup>31</sup> *KC&OO*, 20 November 1913, and 4 June 1914.

<sup>32</sup> The government had guaranteed interest on bonds to be issued at the rate of \$35,000 per mile. See Roy, "Progress, Prosperity, and Politics," 10.

<sup>33</sup> The KVR's involvement in the Vernon-Kelowna route is touched on in MacDonnell's previously mentioned memo. See MacDonnell to Phippen, 4 April 1912, LAC, RG 30, vol. 9535, CNR deposit no. 51, legal dept. file no. 1161-63-1.

<sup>34</sup> Roy, "Progress, Prosperity, and Politics," 23. Roy points out that, by late 1912, railway builders were finding it difficult to sell bonds on the London money market.

<sup>35</sup> In 1914, with four eight-car railway transfer barges and two tugs in service, the CPR estimated that the Okanagan fruit crop would be three thousand carloads. See *Summerland Review* (hereafter *SR*), 30 April 1914.

<sup>36</sup> *KC&OO*, 20 June 1912. From the South Thompson to the Okanagan, the survey for the new line followed the route of the old HBC Brigade Trail, abandoned in 1846. The 1871 wagon road to the Okanagan followed the same route, via Monte Lake and Grande Prairie (Westwold) to Priests Valley (Vernon).

By August 1914, the Canadian Northern halted all branch line work throughout British Columbia.<sup>37</sup>

Documents held in the British Columbia Archives suggest that the provincial government, which still held the bond money intended to finance the construction of the Canadian Northern's BC branch lines, was increasingly wary of the company. A Canadian Northern analysis of progress on the Okanagan line of December 1913 noted the total estimated cost of the line as \$5 million, of which \$800,000 had already been spent, mostly on land purchases for the right-of-way.<sup>38</sup> However, no track had actually been laid. In the 1916 provincial elections the Conservatives lost, and, by November 1916, under the new Liberal government, the Railway Department began scrutinizing the Canadian Northern accounts. In an analysis of billing practices and release of bond money to Canadian Northern, the Railway Department calculated an overpayment of about \$240,000 on the Kelowna branch, nearly 40 percent more than it felt should have been paid out.<sup>39</sup> Given the new government's antipathy to McBride's railway policies, the Railway Department's scathing analysis is hardly surprising. And, as late as early 1918, Premier John Oliver was accusing the Canadian Northern of "improperly" obtaining bond money.<sup>40</sup> Throughout the remainder of the First World War, the remaining bond money allocated for the line sat largely unused.<sup>41</sup>

Therefore, plans for the Okanagan branch had entered a state of limbo by the outbreak of the First World War: the surveys had been done, and the land for railway yards had been acquired, but very little construction had taken place. On the other hand, had either the Canadian Northern or the CPR succeeded in building to Kelowna in 1913 or 1914, the immediate traffic would have been disappointing. The McBride-era economic boom marked a preproduction phase in the development of

<sup>37</sup> Roy, "Progress, Prosperity, and Politics," 24.

<sup>38</sup> "Canadian Northern Pacific Railway Statement of cost as at 31 December 1913," 27 January 1914, British Columbia Archives (hereafter BCA) GR 0817, box 8, file 29.

<sup>39</sup> "Position as to government release of proceeds of bonds," November 1916, BCA, GR 0817, box 8, file 28.

<sup>40</sup> John Oliver, Premier and Minister of Railways, to Sir William Mackenzie, 18 February 1918, BCA, GR 0817, box 8, file 28. The Canadian Northern later submitted a new statement of expenditure that gave a higher total expenditure. A January 1919 Railway Department memo notes: "the overpayment is considerably less than that previously shown." See Chief Engineer, Railway Department, to Premier Oliver, 6 January 1919, BCA, GR 0817, box 8, file 29.

<sup>41</sup> The only piece of construction on the Kamloops-Kelowna branch that was completed during the war was a bridge over the Thompson River at Kamloops that connected the Canadian Northern main line with downtown Kamloops. See "Canadian Northern Pacific Railway: Statement of Expenditure, Kamloops-Vernon Branch, August 31/1918," BCA, GR 0817, box 8, file 29.

the new tree fruit industry, a time when the orchards were laid out and planted and irrigation systems built. The new orchards did not mature until after the war; consequently, the challenges facing the Okanagan transportation system that came with full fruit production were still over the horizon.<sup>42</sup>

In 1918, the struggling Canadian Northern, facing bankruptcy, was taken over by the Canadian government, and the following year a new rival to the CPR emerged when the newly formed Canadian National Railway (CNR) inherited and reignited the Canadian Northern's scheme for a branch line to Kelowna.<sup>43</sup> In late January 1919, CNR president David Blyth Hanna informed Premier John Oliver that the CNR would be proceeding with the long-delayed construction of the line.<sup>44</sup> Although the CNR was strapped for cash and facing continued deficits, three factors provided strong motivation for the company to proceed: first, the need to generate traffic for its main line; second, the opportunity to spend the bond money held by the province for construction of the line; and third, pressure from the federal government. An internal CNR report noted that the restart of construction in 1919 was "somewhat influenced by the desire of the Government to provide employment to returned soldiers."<sup>45</sup> Contracts were let in April, and crews probably began work from the Kamloops end in May.<sup>46</sup> Much of the original Canadian Northern survey between Campbell Creek, on the South Thompson, and Kelowna was, with some alterations, cleared and graded.<sup>47</sup> However, unlike the previous plan, proposed by the Canadian Northern in the giddy days of railway expansion and economic optimism under the McBride government, the CNR, operating in the new climate of postwar

<sup>42</sup> T.D. Regehr argues that the "virtual abandonment of the Okanagan branch lines" in 1914 was not, at the time, "disastrous," especially compared to unbuilt branch lines in Saskatchewan, where the lack of transport spelled real hardship for grain farmers in certain areas. See T.D. Regehr, *The Canadian Northern Railway* (Toronto: Macmillan, 1976), 358-60. Dendy points out that, during the boom years between 1910 and 1913, orchards were planted but full production did not come until after the First World War, when trees "came into full bearing." See Dendy and Kyle, *Fruitful Century*, 46.

<sup>43</sup> The government-owned CNR, which included the Canadian Northern, along with the Grand Trunk Pacific and its parent company, the Grand Trunk, as well as various government railways, was the federal government's solution to the bankruptcy of the Grand Trunk Pacific and the Canadian Northern. See Frank Leonard, *A Thousand Blunders: The Grand Trunk Pacific Railway and Northern British Columbia* (Vancouver: UBC Press, 1996).

<sup>44</sup> Hanna to Oliver, 30 January 1919, BCL, Railway Department, GR 0817, box 8, file 29.

<sup>45</sup> "Canadian National Railways Report on Okanagan Branch" (n.d., but probably early 1923), LAC, RG 12, vol. 2496, file 3466-34, April 1922-29 June 1926 (pt. 2), 1.

<sup>46</sup> David L.I. Davies, "CNR Okanagan Branch - Kamloops to Armstrong Section Only - Its History," unpublished manuscript, Vernon Museum and Archives, 3.

<sup>47</sup> In this article, I use the current term, "Campbell Creek," to refer to the junction with the CPR's main line. Early CNR documents sometimes call it "Ducks" or "Bostock Junction."

corporate prudence, decided to use track-sharing agreements to reduce costs. This was a major development with immediate consequences. Instead of building all the way from Kamloops to Kelowna as had been originally planned, the CNR arranged to use an eighteen kilometre section of the CPR's main line track between Kamloops and Campbell Creek. From there it built a grade east to Armstrong, intending to negotiate a further agreement with the CPR to allow it to use the latter's tracks between Armstrong and Vernon. The revised route then picked up the old Canadian Northern right-of-way south of Vernon and continued on to Kelowna.<sup>48</sup> The last eighteen kilometres into Kelowna were graded by June 1920, but no track was laid on any CNR section of the proposed line. As if on cue, as a letter from the provincial government's chief engineer to the CNR's auditor makes clear, the remaining Canadian Northern bond money ran out.<sup>49</sup>

At this point, work stopped. The CNR's explanation in local newspapers was that labour shortages and a lack of steel rail were hampering completion, but it didn't mention that the last of the bond money was gone.<sup>50</sup> The significance of the provincially held bond money in financing this phase of construction of the branch cannot be overemphasized. Comments made by Conservative senator Gideon D. Robertson during the Senate debate of the CNR Kamloops-Kelowna branch bill in 1924 confirm this: "[In 1919] its construction had actually commenced and the bonds for the completion of the whole line had been sold, and the money was in the bank. Therefore the former [federal Conservative] Administration was simply proceeding to carry out the programme of commitment and the contract that had been entered into by the Canadian Northern with the Government of British Columbia before the railway became the property of the [federal government]."<sup>51</sup> To local orchardists, the 1920 collapse of the CNR's Kamloops-Kelowna branch line must have seemed like a frustrating repetition of the 1913 story.

The CPR, worried about the threat posed by the rival to its monopoly in the Okanagan, had countered in 1919 with a new barge slip at

<sup>48</sup> Davies, "CNR Okanagan Branch," 3.

<sup>49</sup> Chief engineer, Railway Department, to C.C. Labrie, auditor for the CNR, 19 May 1920, BCA, GR 0817, box 8, file 30.

<sup>50</sup> Labour shortages are cited in *KC&OO*, 8 January 1920; difficulties in ordering steel rail are cited in *KC&OO*, 27 January 1921; lack of government approval for the necessary funding is cited in *KC&OO*, 21 April 1921. The newspaper reports of difficulties in ordering rail are confirmed by a CNR internal memo. See C.S. Gzowski, Assistant to Vice-President, Toronto, to T.H. White, Chief Engineer, Vancouver, 14 March 1921, LAC, RG 30, vol. 14548, file 5710-5, Kamloops-Kelowna Branch, Okanagan and Lumby subs, 1920-25 (pt. 1.1).

<sup>51</sup> Senate, *Debates*, 9 July 1924, 636. Robertson was speaking from direct knowledge: in 1920, he had been labour minister in the Conservative government under Arthur Meighen.

Okanagan Centre, which was designed alongside a new packinghouse and intended to serve the relatively large fruit-growing area between Okanagan Centre and Winfield.<sup>52</sup> Even as the barge slip was being built, the CNR grade from Vernon to Kelowna was advancing down the Mission Valley and towards Winfield.<sup>53</sup> South of Okanagan Centre, the CPR briefly revived the idea of expanding its railway system in the central Okanagan. The CPR's scheme, according to an editorial in the *Kelowna Courier and Okanagan Orchardist*, would have required running rights over the new proposed CNR branch from Kelowna to Vernon and building a connecting line between Kelowna and the CPR's Kettle Valley line to the south. The *Kelowna Courier* editor, however, qualified the scheme as "rumour."<sup>54</sup> Nevertheless, had this scheme been implemented, it would have defused the CNR's challenge.

The growers, shippers, and boards of trade in the valley were becoming anxious about what they considered a weak transportation system. These anxieties were to surface periodically throughout the early 1920s as orchards planted from 1910 to 1913 came into full production and the promised railway line remained unfinished.<sup>55</sup> In January 1919, representatives from Okanagan Valley Boards of Trade, including Armstrong, Lumby, Vernon, Kelowna, Oyama, and Okanagan Centre, met at Vernon. Delegates expressed concern that the railway and transfer barge system was inadequate to handle expanding production of fruit and farm produce, and they voted to lobby the federal government for "the speedy construction of the CNR branch from Kamloops to Kelowna, with a spur to Lumby."<sup>56</sup>

The precariousness of the single-company transportation system became clear in September 1919, when the CPR was unable to keep up with fruit shipments from the Kelowna barge slip during the fall fruit "rush."<sup>57</sup> A second crisis followed in October, when the CPR attempted to compensate for the lack of refrigerator cars by using unheated freight

<sup>52</sup> *VN*, 28 August 1919.

<sup>53</sup> As late as December 1919, construction crews were still working at completing the grade just north of Winfield. See *KC&OO*, 4 December 1919.

<sup>54</sup> *KC&OO*, 24 April 1919.

<sup>55</sup> Dendy and Kyle, *Fruitful Century*, 46. Fruit shipment figures taken from data in Vernon Fruit Union balance sheet bear this out: vfu apple shipments for 1919 were over 40 percent higher than were shipments during the previous two years. See *VN*, 18 March 1920. Data in the *Vernon News* shows that, in 1919, provincial output of fruit and berries rose 33 percent over the previous three years. Data in the same issue show that, in 1919, provincial apple production, mostly from the Okanagan, increased more than 80 percent over the previous three years. See *VN*, 30 September 1920.

<sup>56</sup> *KC&OO*, 2 January 1919.

<sup>57</sup> The car shortage is mentioned in *KC&OO*, 11 September 1919.

cars; however, as it turned out, unexpectedly cold weather on the Prairies meant serious damage to fruit through freezing in transit.<sup>58</sup> At the British Columbia Fruit Growers' Association (BCFGA) annual convention a few months later, R.M. Winslow, manager of the BC Traffic and Credit Association, an agency that acted on behalf of shippers, phrased the problem succinctly: "Once the weather on the Prairies gets a little cold we might as well leave the fruit at home as put it in box cars."<sup>59</sup> The CPR promised more refrigerator cars and the speedy completion of a new barge but not before a good deal of anxiety had been created among Kelowna shippers.<sup>60</sup> As a local packinghouse representative put it: "The present shortage of cars and the apparent gross neglect and indifference of the CPR cannot be voiced too strongly."<sup>61</sup>

In 1922, with the CNR's line still trackless (photographs from the period show weeds spreading randomly), the CPR's inability to handle fruit reliably came to the fore once again. The company experienced car shortages in early November, and in mid-December the CPR, citing difficulties caused by cold weather, put an embargo on fruit shipments that lasted a week.<sup>62</sup> The Okanagan required a more rapid and reliable shipping service that could handle high tonnages, especially during the fall rush. Throughout the early 1920s, growers and shippers in the central Okanagan repeatedly asked the federal government to complete the CNR branch line to Kelowna; they were disillusioned with the CPR's barge service and felt that a rail link with the outside world was the only way to guarantee shipment of the fruit crop.<sup>63</sup> Early in 1922, a Winfield fruit grower complained to the federal minister of railways of the cost of the long haul from orchard to shipping point. "Winfield is about 20 miles from Vernon and 16 miles from Kelowna," wrote J.S. Aberdeen,

<sup>58</sup> R.M. Winslow, manager of the BC Traffic and Credit Association, speaking at the BCFGAs convention in January 1920, mentioned that there had been a "shortage of barges" in October. See "Sugar Shortage and Transport Problems," *KC&OO*, 8 January 1920. See also *KC&OO*, 29 January 1920.

<sup>59</sup> *BCFGA Annual Report*, 1919, 33.

<sup>60</sup> A CPR promise of the new barge and more refrigerator cars appears in *KC&OO*, 30 October 1919. In *KC&OO*, 29 January 1920, grower anxieties are mentioned in a report covering the growers' annual convention.

<sup>61</sup> *KC&OO*, 11 September 1919.

<sup>62</sup> *KC&OO*, 1 November, 14 December, 28 December 1922. The embargo was probably due to the grounding of a barge and the sinking of another one in a storm on 14 December.

<sup>63</sup> BCFGAs conventions in 1920, 1921, 1922, and 1923 passed resolutions urging speedy completion of the line. The 1922 resolution was an endorsement of a similar resolution passed by the South Okanagan District Association of the United Farmers. See *KC&OO*, 27 January 1921 and 23 November 1922. See also *BCFGA Annual Report*, 1922, 67.

“and my fruit was all hauled to Kelowna to be shipped [by the] CPR and at a cost to me of nearly \$900.”<sup>64</sup>

Despite the complaints, the CNR took no action. Elsewhere in the country, the company was struggling to implement deferred maintenance and to rehabilitate a patchwork of ailing railways that formed the new transcontinental system, and money for the Kelowna branch construction was not forthcoming.<sup>65</sup> This changed after October 1922, when Sir Henry Thornton, the new president of the CNR, set about improving existing lines and service and expanding the CNR’s railway system, particularly in the west.<sup>66</sup> A 1923 CNR feasibility study urged the benefits of completing the Okanagan line: “All the shipping which has been done in the past by the CPR will naturally ... come to us.”<sup>67</sup> The CNR’s plan saw the expansion into the central Okanagan in terms of a potentially successful invasion of CPR territory. This local example supports the observation of railway historian James A. Ward that the idea of “invasion” to gain “spoils” was part of the “language of statecraft” used by North American railways in the late nineteenth century.<sup>68</sup>

The act of Parliament that would have funded some of the new branch lines, including the CNR’s Okanagan branch, was delayed by the Senate in 1923, but the legislation was reintroduced as part of a Liberal federal government program to expand branch lines in 1924. Parts of the 1923 feasibility study were included verbatim in the government’s presentation of the Kamloops-Kelowna Branch Line Bill to Parliament, but the tenor of the original study was altered: the section that emphasized invasion and profit was omitted. What might have been a pertinent argument for a railway company’s shareholders’ meeting was deemed inappropriate for Parliament: mindful of the CNR’s public image as a government-sponsored railway, the government was careful to avoid ascribing what might have been seen as nineteenth-century railway company tactics. As historian Richard White observes, the bad public reputation gained by North American railways as far back as the 1880s was in part due to

<sup>64</sup> J.S. Aberdeen, Vernon, BC, to W.C. Kennedy, Minister of Railways, 20 April 1922, LAC, RG 12, Ministry of Transport, Railway Operation and Maintenance, vol. 2496, file 3466-34, leases and running rights, Kamloops-Kelowna joint section, CNR and CPR (pt. 1).

<sup>65</sup> G.P. de T. Glazebrook, *A History of Transportation in Canada*, vol. 2 (Toronto: Ryerson Press, 1938), 183.

<sup>66</sup> Glazebrook, *History of Transportation in Canada*, 177, 184. General figures on new CPR and CNR mileage in Canada between 1925 and 1930 during the expansionist period are given on 195.

<sup>67</sup> “Canadian National Railways Report on Okanagan Branch” (n.d. but probably early 1923), LAC, RG 12, vol. 2496, file 3466-34, April 1922–29 June 1926 (pt. 2), 6.

<sup>68</sup> Ward, “Image and Reality,” 495.



the “construction of railroad lines that fulfilled little or no discernable need except the enrichment of the promoter.”<sup>69</sup>

Thus, in the presentation of the bill to Parliament, the government quietly dropped the CNR’s primary goal of siphoning Kelowna traffic from the CPR. Instead, although the presentation retained what Ward calls the traditional railway corporation’s “concept of territory,” the parliamentary presentation quoted the part of the feasibility study that painted a picture of unoccupied territory, even though this was being selective with the truth.<sup>70</sup> The presentation stated:

From Vernon to Kelowna the line follows a valley parallel to and about four miles distant from Okanagan Lake. From about 13 or 14 miles from Vernon, at the head of Long Lake, through to Kelowna, this valley is quite extensively developed in orchards, and is susceptible of considerable [*sic*] more development as further water for irrigation is procured and put on the land. Our line runs down the centre of this development and would shorten the wagon haul for the producer in this district.<sup>71</sup>

A second reason for the choice of the final wording appears to be tactical. The federal government knew that Parliament would look less favourably on proposals that involved conflict with the CPR. For example, in the same session of Parliament, the Lloydminster (Alberta) Branch Line Bill proposed direct territorial conflict with the CPR, which some parliamentarians saw as wasteful competition. That bill got rougher treatment than did the rather sanitized Kamloops-Kelowna Branch Line Bill,<sup>72</sup> which escaped the vigorous criticism that some of its fellow bills for Prairie branch lines received in Parliament. It was passed in the summer of 1924.<sup>73</sup>

The decision to complete the line, in other words to actually lay track, after so many years of delay, was a major event in the Okanagan, especially in Kelowna, but construction could not begin immediately. In early summer 1924, the CNR began negotiations with the CPR, at the

<sup>69</sup> White, *Railroaded*, 216.

<sup>70</sup> For examples of the language of statecraft used by the railways, see Ward, “Image and Reality,” 495. The “concept of territory,” as described by Ward, implied “control of territory with a captive trade that could be charged monopolistic tariffs.” See Ward, “Image and Reality,” 499.

<sup>71</sup> House of Commons, *Debates*, 3 April 1924, 1010. The wording is taken straight from the original 1923 CNR feasibility study.

<sup>72</sup> The senate recommended that the proposed branch line out of Lloydminster, which conflicted with CPR plans, be deferred. See Senate, *Debates*, 3 July 1924, 553–59.

<sup>73</sup> For a description of the general branch line legislation, see Glazebrook, *History of Transportation*, 194. The specific legislation for the Okanagan branch passed third reading in the House of Commons on 16 May 1924. See *Statutes of Canada, 1924*, 14–15 Geo. V, c. 22.

instigation of the Senate Railway Committee, over outstanding track-sharing issues.<sup>74</sup> The two companies explored the option of reaching a track-sharing agreement on the Sicamous-Vernon CPR line instead of building the Campbell Creek-Armstrong section, but the CNR found the CPR's terms unacceptable and rejected this option.<sup>75</sup> The CNR then considered selling the incomplete Vernon-Kelowna section to the CPR in return for trackage rights into Kelowna.<sup>76</sup> By November 1924, the CPR had rejected this option, which paved the way for the CNR to initiate final discussions on track-sharing agreements on the Armstrong-Vernon, Vernon-Lumby, and Vernon-Kelowna sections, and to begin construction.

In the light of the government's careful presentation of the CNR as a benign participant in the expansion of the Okanagan's transportation system, the Senate Railway Committee's role in opening negotiations between the two companies deserves scrutiny. In his speech before the Senate summarizing the committee's activities, Senator Raoul Dandurand, the government leader in the Senate, spoke of economizing on the cost of the line as the committee's primary goal. However, his speech also shows a lack of government willingness to support a purely corporate railway strategy from the CNR and a wish to avoid any public debate over the merits of the CNR's building into CPR territory and boldly capturing CPR traffic. Acceptable railway strategy in the era of the Canadian Northern was no longer acceptable. According to Dandurand, the Railway Committee posed the question in terms of too much corporate competition for too little traffic and the need for a joint solution: "We asked ourselves if there was enough business in that section of British Columbia for two railways ... We ... came to the conclusion that if there was a possibility of the two railways coming together, it would perhaps be to the advantage of Canada."<sup>77</sup>

In October, the *Vernon News* printed a story, based on a telegram from George E. Graham, minister of railways and canals, to Colonel C.E. Edgett, alleging that the Senate had again delayed the construction of the line. This time, the newspaper claimed, the Senate had made it a condition of passing the bill that the CNR investigate the option of

<sup>74</sup> Senate, *Debates*, 9 July 1924, 628.

<sup>75</sup> Interview with British Columbia senator J.D. Taylor, *VN*, 16 October 1924.

<sup>76</sup> The CPR began its exploration of the issue in July. See Cole, Vice-President Western Lines, CPR, to A.E. Warren, General Manager, CNR, Winnipeg, 10 July 1924, LAC, RG 30, vol. 14548, file 5710-5, Kamloops and Lumby subs, 1920-25 (pt. 1.2).

<sup>77</sup> Senate, *Debates*, 9 July 1924, 628.

having the CPR complete and operate the line.<sup>78</sup> The *Kelowna Courier* entered the fray with a forceful editorial that criticized both the CPR and the Senate: “The Senate evidently desire to deliver the Okanagan Valley in perpetual bondage to one transportation system. On the other hand, the people of the Okanagan already served by the CPR are not satisfied with the service, [but] they desire the advantages of competitive service offered by direct connection with the nationally-owned system of railways.”<sup>79</sup> The vehemence of the *Courier’s* reaction probably reflected the fruit growers’ impatience with the troubled history of the project and their anxiety that it might once again be delayed.

Prime Minister Mackenzie King visited Kelowna during the federal by-election later in October 1924 and spoke at a rally organized on behalf of the Liberal candidate, Mayor D.W. Sutherland of Kelowna. In tackling the branch line issue, King, on the defensive, deflected the issue to Thornton and the CNR. “If Sir Henry Thornton had refused the terms offered by the Railway Committee of the Senate, the bill would have been lost,” stated King. Perhaps mindful of recent criticism that the CNR’s proposed Lloydminster line threatened to duplicate a CPR line, he went on to offer respectful treatment to the CPR. He quoted a telegram he had sent to Thornton on October 21: “The Senate attached a definite restriction obligating us to try to come to an amicable arrangement with the Canadian Pacific Railway which I feel in honour bound sincerely to carry out if possible.”<sup>80</sup>

Despite King’s statement that the government was honour-bound to negotiate with the CPR, the Vernon-Kelowna section remained in CNR hands. This is hardly surprising: the CPR was presumably being offered a trackless railway line. If it accepted the offer and finished construction itself, it would then have to share traffic with the CNR (under a track-sharing agreement) with a town in which it already had a monopoly

<sup>78</sup> The source of the story was a telegram from George B. Graham, Minister of Railways and Canals, to Col. C.E. Edgett, *VN*, 9 October 1924. Graham wrote: “The Senate made a condition of passing the Kamloops-Kelowna branch line bill that no construction should take place until an attempt had been made by the presidents of both the CNR and CPR to negotiate a sale of the property to the CPR. These negotiations have been in progress, which has delayed construction.” Graham’s comments appear to be in response to a query about when construction would start. See also *KC&OO*, 9 October 1924.

<sup>79</sup> *KC&OO*, 9 October 1924.

<sup>80</sup> *Ibid.*, 30 October 1924. Sutherland lost the by-election to the Conservative candidate, Grote Stirling, a Kelowna fruit grower. Local Conservatives were in favour of the line: Stirling’s predecessor, Conservative John A. MacKelvie, editor of the *Vernon News*, had spoken in favour of it during the 1924 debate over the Kamloops-Kelowna branch bill. See House of Commons, *Debates*, 3 April 1924, 1012-13. MacKelvie’s death had led to the by-election.

over freight and passenger business via Okanagan Lake.<sup>81</sup> The final discussions between CPR president Edward W. Beatty and the CNR's Sir Henry Thornton began shortly after the prime minister's speech, and they centred on the track-sharing issue, not the ownership issue.

In November 1924, prior to the Beatty-Thornton discussions, CNR vice-president S.J. Hungerford sent a memo to Thornton arguing that the offer of running rights to the CPR would not cause unacceptable harm to the CNR's goals in the Okanagan. The timing of Hungerford's memo suggests that the CNR was feeling government pressure. In his memo, he mentioned the 1923 CNR feasibility study: "It was calculated that if we operated the line entirely by ourselves, we would not expect to obtain more than 3000 cars at the present time, or 60% of the traffic to whatever proportions it may develop." Even with a track-sharing agreement, the CNR should do reasonably well: "I am of the opinion ... that we should reasonably expect to secure one-half of the entire revenue derived from the operation of the line ... The distances via our lines to eastern points are somewhat greater than those via the Canadian Pacific but notwithstanding this I think we can compete effectively in this direction."<sup>82</sup> Hungerford's advice highlights the fact that the CNR in the Okanagan was in an ambivalent position: in spite of its portrayal in Parliament as a servant of the public interest, it still saw itself primarily as a traditional railway corporation, competing with rivals for traffic.

After receiving Hungerford's memo, and evidently anxious to renegotiate inequitable track-sharing agreements with the CPR elsewhere in the country, Thornton wrote to the CPR's Beatty on 8 November 1924 offering track-sharing privileges to the CPR on the Vernon to Kelowna section in exchange for renegotiated track-sharing agreements at Fort William and Saskatoon.<sup>83</sup> After initially refusing the offer, Beatty

<sup>81</sup> Although it had come under vigorous criticism from farmers' groups and boards of trade, and had generated much anxiety, the CPR had arguably provided generally adequate service and had met the increasing demand by adding new railway barges in 1919, 1920, and 1924, and a third tug in 1920. It had also added new refrigerator cars to its fleet.

<sup>82</sup> S.J. Hungerford, Vice-President, CNR, to Sir Henry Thornton, President, CNR, 5 November 1924, LAC, RG 30, vol. 14548, file 5710-5. As an earlier internal memo makes clear, the CNR legal department had discovered that the Vernon-Kelowna section could be used as a bargaining chip because there was no need to make a trade-off between the CNR's Vernon-to-Kelowna section and the CPR's Armstrong-to-Vernon section. A clause in the Crow's Nest Agreement of 1898 specifically gave the government the authority to grant running rights over any CPR line south of the company's main line. See Hungerford to Warren, 10 July 1924, LAC, RG 30, vol. 14548, file 5710-5, Kamloops-Kelowna Branch, Okanagan and Lumby subs, 1920-25 (pt. 1).

<sup>83</sup> Thornton to Beatty, 8 November 1924, LAC, RG 30, vol. 14548, file 5710-5, Kamloops-Kelowna Branch, Okanagan and Lumby subs, 1920-25 (pt. 1).

finally accepted.<sup>84</sup> In the final agreement, signed in February 1926, the CNR conceded to the CPR the right to run trains over the Lumby branch and the Vernon-to-Kelowna section of the new line.<sup>85</sup> The details of the agreement show that it gave both railways extensive rights: it gave the CNR running rights over CPR track between Armstrong and Vernon, and the CPR obtained running rights over CNR track between Vernon and Lumby, and between Vernon and Kelowna. Each company got reciprocal access to businesses located along the other company's right-of-way, and passenger and freight facilities were to be shared.<sup>86</sup>

From the government's point of view, the final arrangement was probably a satisfactory compromise. On the one hand, it could not be criticized for treating the CPR unfairly or wastefully duplicating services. The comprehensive nature of the agreement meant that there was no chance of a subsequent and embarrassing public squabble over CPR trackage rights on the key Vernon-Kelowna section. On the other hand, the goal of CNR service to Kelowna was preserved and the arrangement for the new line from Kamloops to use portions of existing CPR trackage saved construction costs.<sup>87</sup> In addition, revenues from the line helped pay off fixed costs incurred in earlier construction.<sup>88</sup> And of no small importance, the government was seen to be addressing the concerns of the growers (see Figure 2).

The disadvantages for the CNR were clear. It would have preferred not to concede track sharing to the CPR: railways use branch lines to generate traffic for their main lines, and the Okanagan branch was the only feeder line between Red Pass Junction (in the Yellowhead Pass) and the Port Mann terminus (on the Pacific coast) to provide any extra traffic to the CNR's lengthy BC main line. As a CNR internal "Report on Okanagan Branch" put it: "The business from this line will be mostly to the Pacific Coast or prairie points, so will give the main line considerable traffic, mostly of long haul character."<sup>89</sup> The CNR's main line suffered

<sup>84</sup> Beatty to Thornton, 22 November, 17 December 1924, LAC, RG 30, vol. 14548, file 5710-5, Kamloops-Kelowna Branch, Okanagan and Lumby subs, 1920-25 (pt. 1).

<sup>85</sup> Details of the final agreement are contained in "Memo to be attached to advice no. W.782.A," LAC, RG 30, vol. 14548, file 5710-5, Kamloops-Kelowna joint section, 1925-26 (pt. 1.3). The agreement is given official notice in *Canada Gazette*, vol. 59, no. 43, 2965.

<sup>86</sup> The business on the CNR's portion, including the Lumby branch, and the Vernon-Kelowna section, far exceeded the business on the CPR's portion, the Armstrong-Vernon section.

<sup>87</sup> The schedule attached to the Act of Parliament authorizing construction clearly precludes funding for any grading or track-laying between Armstrong and Vernon.

<sup>88</sup> Senator Dandurand stated that the CNR "would salvage the \$5,500,000 already spent, and make sufficient money to pay the interest on the bonds." See Senate, *Debates*, 1924, 628.

<sup>89</sup> "Canadian National Railways Report on Okanagan Branch" (n.d., but probably early 1923), LAC, RG 12, vol. 2496, file 3466-34, April 1922-29 June 1926 (pt. 2), 6.

from the problem common to all BC main line railways. As Cole Harris notes: “[They] ran largely through wilderness where, to all intents and purposes, they had no lateral effect.”<sup>90</sup> As the 1923 feasibility study makes clear, the CNR felt it would gain important central Okanagan fruit traffic if it built the line to Kelowna on its own.<sup>91</sup>

The *Kelowna Courier* reported the agreement and welcomed it, making it clear that it was not just a fruit-growing problem that was being solved: “Improvement of the boat service to the south and acceleration of the mails may also be expected, and with the placing of Kelowna on the railway map from which it has so long been excluded many additional benefits should accrue.”<sup>92</sup>

Repairing the existing grade east from Campbell Creek began in December 1924. Track laying on the new 192-kilometre line from Kamloops via Falkland and Armstrong finally got under way in April 1925, and after almost a decade of concerns and inadequate service, tracks reached Kelowna in September.<sup>93</sup> A month earlier, on 6 August, in anticipation of the line’s completion, Sir Henry Thornton arrived in Kelowna. Perhaps to avoid risking the awkward symbolism of stepping off a CPR steamship, he motored down from Vernon.<sup>94</sup> However, symbols associated with the CPR were difficult to avoid in Kelowna: Thornton spoke at a luncheon in his honour at the Aquatic Pavilion, a few hundred metres from the CPR sternwheeler dock. In his speech celebrating the new line he quipped: “There was no doubt whatever that the shipping of thirty-five cars of onions by the first freight train on the new branch

<sup>90</sup> R. Cole Harris, “Moving Amid the Mountains, 1870-1930,” *BC Studies* 58 (1983): 23.

<sup>91</sup> The study makes no mention of setting up a CNR barge service.

<sup>92</sup> The *Courier* quoted a report in the *Vancouver Province*, which made the track-sharing agreement look like a simple trade between the two companies, which, as the evidence presented in this article shows, it was not. See *KC&OO*, 5 March 1925. Since the CPR held the mail service contract, mail service to Kelowna did not actually improve until 1935, when passenger/mail service was taken off the *Sicamous* and replaced with daily CPR passenger/mail mixed-train service to Kelowna. The *Courier* reported: “Mail now arrives much earlier than when carried by the *Sicamous*.” See *KC&OO*, 10 January 1935.

<sup>93</sup> The date re-grading started is given in “Summary of Construction in 1924, 1925,” LAC, RG 30, Gzowski Papers, ser. 5-4, Joint Facilities File, vol. 7477, “Report on work done at end of year 1925,” File 534-II, pt. 27, 18. The date track laying commenced is given in Davies, “CNR Okanagan Branch,” 4. The first train reached Kelowna on 11 September 1925. See *VN*, 27 August 1925.

<sup>94</sup> He had made it as far as Vernon in his four-car special train, taking the new CNR line, which was already usable as far as Armstrong, and then using the CPR’s tracks from Armstrong to Vernon. Since the railway was not yet complete to Kelowna, Sir Henry and his entourage travelled from Vernon to Kelowna in cars provided by the Kelowna Board of Trade. See *VN*, 13 August 1925.

would be strong, though somewhat pungent, proof of the productivity of the soil of this valley.”<sup>95</sup>

The final celebration took place on 11 September 1925. Mayor D.W. Sutherland gave a speech and drove the last spike; schoolchildren got the afternoon off to attend the ceremony. The *Kelowna Courier* enthused that it was “perhaps the most notable day in the history of Kelowna.”<sup>96</sup> The new system, which was quickly to become more than just a small branch line, evolved and expanded over the next half dozen years. In a relatively short time span, Kelowna was to turn into an important train assembly point that involved both the CNR and the CPR. The opening of the new line took place too late to have much effect on 1925 fruit and produce shipments, although, by September, the CNR had started fruit shipments from Oyama, Winfield, and Rutland.<sup>97</sup> Initially, since the Board of Railway Commissioners had not yet officially sanctioned operations, the CNR used its construction trains to haul the railway cars, but by late fall there was regular freight service between Kamloops and Kelowna.<sup>98</sup> Regular CNR passenger service began early in 1926, with a state-of-the-art diesel electric car, using shared CPR station facilities at Armstrong and Vernon, and a shared CNR station at Kelowna.<sup>99</sup> By May, the diesel electric had proved insufficient and had been replaced by a passenger train equipped with a baggage car, first-class coach, and second-class coach.<sup>100</sup>

The advantages of the new line were immediately felt. South of Vernon, it took the direct route to Kelowna originally proposed by the promoters of the Vernon and Okanagan Railway, and in doing so bypassed the top third of Okanagan Lake, a section of the lake flanked to the west by steep mountainsides that offered little developable orchard land and where the CPR had picked up only sparse traffic for its steamer and barge service. The farming communities of Oyama, Winfield, Woodside, and Rutland gained new packinghouses and canneries

<sup>95</sup> *KC&OO*, 13 August 1925. Sir Henry returned to Kelowna in early November 1926 to check on the progress of his inland terminal. This time he arrived in a special five-car CNR train. See *KC&OO*, 4 November 1926; *VN*, 4 November 1926.

<sup>96</sup> *KC&OO*, 7 September 1925.

<sup>97</sup> *VN*, 17 September 1925.

<sup>98</sup> Murphy, General Manager, CPR, Winnipeg, to Kingslund, General Manager, CNR, Winnipeg, 16 September 1925, LAC, RG 30, vol. 14548, file 5710-5, Kamloops-Kelowna joint section, 1925-26 (pt. 1.2). Murphy's letter makes it clear that the CPR wished to use the CNR construction trains to move CPR freight out of Kelowna and to points between Kelowna and Vernon as it (the CPR) was not yet operating its own trains on the line. The beginning of official freight service is mentioned in the *Vernon News* in November. See *VN*, 5 November 1925.

<sup>99</sup> *VN*, 18 February 1926.

<sup>100</sup> *VN*, 6 May 1926.

(see Figure 2).<sup>101</sup> Another advantage of the new line was that it created better access to steamer and railway barge traffic on Okanagan Lake. Kelowna was shortly to become the site for a new shipping centre and railway transfer barge terminus that was much closer than was Okanagan Landing to the main Okanagan Lake farming communities. Added to the existing industrial area, the new yards, docks, and warehouses at Kelowna made the city a major force in the railway-shipping network of the Okanagan.

The CPR, ever the rival, did not take long to turn the new CNR branch line to its own profit. In 1926, invoking its rights under the track-sharing agreement, the CPR connected its old Kelowna yard and barge slip to the new CNR Kelowna terminus.<sup>102</sup> What had been an isolated railway yard that shipped fruit via the CPR's tug-and-barge system was now directly connected, via the Vernon-to-Kelowna segment of the new CNR branch line, to the CPR line at Vernon. On 30 July, in time for the fruit-shipping season, and this time with no speeches or school holiday, the first CPR freight train rolled into Kelowna.<sup>103</sup> The new Kelowna railway route eliminated the railway barge bottleneck at Kelowna, and the concern, expressed in 1919, that the CPR could no longer move fruit out of Kelowna fast enough during the fruit rush, was no longer an issue. For example, the peak weekly carload shipment in 1928 was over four hundred cars out of Kelowna, about double what the CPR felt it could provide in 1919.<sup>104</sup> However, the CPR's decision to make use of its track-sharing rights to Kelowna meant the end of any hopes the CNR might have had for a predominant share of Okanagan fruit traffic.

<sup>101</sup> The name for the new station, "Winfield," which replaced "Wood's Lake," was created at the request of the CNR. See *KC&OO*, 11 March 1920. The CNR also chose the name "Postill" for the station that served Ellison. One of the new packinghouses at Winfield, the Kelowna Growers' Exchange plant, was built on the railway right of way in 1922, evidently in the expectation that CNR track laying was imminent. The plant, without a railway connection, was forced to ship fruit to Okanagan Centre and Kelowna by truck until 1925. See *KC&OO*, 10 August 1922; and Robert Mills, "Packing Houses," unpublished memoir, Lake Country Museum and Archives. In a similar fashion, the Vernon Fruit Union appears to have prematurely built its packinghouse in Oyama in 1920. See *VN*, 6 March 1920. The Vernon Fruit Union packinghouse at Woodsdale was built in 1936.

<sup>102</sup> For a memo mentioning that the Board of Railway Commissioners had authorized the CNR to connect with CPR tracks at Kelowna, see CNR General Manager Kingslund to H.A. Dixon, Chief Engineer, Building, Winnipeg, 29 May 1926, LAC, RG 30, vol. 14548, file 5710-5, Kamloops-Kelowna joint section, 1925-26 (pt. 1.3).

<sup>103</sup> *KC&OO*, 5 August 1926.

<sup>104</sup> The 1928 figure is based on weekly shipping data in the *Kelowna Courier*. At the tail end of the 1919 crisis, the CPR had promised, if necessary, two eight-car barges twice a day, or 224 cars a week. See *KC&OO*, 30 October 1919.



One might assume that the CPR-CNR Okanagan story ended here; however, in the summer of 1926 a new arena for competition opened on Okanagan Lake when the CPR decided to shorten its Okanagan Lake railway barge route. In early August, the *Kelowna Courier* carried a notice that the CPR was arranging to divert Okanagan Lake barge traffic originating in the south end of the valley from Okanagan Landing to Kelowna.<sup>105</sup> This time the CPR chose to mark the occasion more publicly. In early September, President Beatty visited Kelowna in a special five-car train. Perhaps to underline the prestige that still surrounded the Lake Service, and the grip the CPR still had on Lake traffic, Beatty returned to Vernon on the CPR sternwheeler *Okanagan* via Okanagan Landing.<sup>106</sup> Switching the barges from Okanagan Landing to Kelowna was a significant move. By shortening its barge run, the CPR was able to achieve immediate efficiencies. The service between Kelowna and Penticton could be handled by just two tugs. The tugs *Naramata* and *Kelowna* were retained, but the older *Castlegar* was retired at the end of the 1925 fruit-shipping season.<sup>107</sup>

In 1924, CNR vice-president Hungerford had predicted that the new line to Kelowna would lead to the abandonment of the CPR's barge service on Okanagan Lake, which up until then had provided service to Kelowna and mostly southern points, and that CPR steamboats would probably take over lake traffic, but this turned out to be wrong.<sup>108</sup> Although Kelowna itself was no longer a source of barge traffic, south of Kelowna the rugged terrain bordering both the west and east sides of Okanagan Lake did not lend itself to more railway construction, and along this part of the lake, railway barges were the only way to efficiently move fruit during the peak shipping season. On Okanagan Lake, the rivalry between the two companies was marked chiefly by the CNR's attempt to expand at the expense of the CPR. By mid-1926, the CNR entered into direct competition, not with the CPR's railway barge service, but with the CPR's sternwheeler service, for a share of passenger and LCL (less-than-carload) fruit traffic on the lake.<sup>109</sup> This

<sup>105</sup> *KC&OO*, 5 August 1926.

<sup>106</sup> *Ibid.*, 2 September 1926.

<sup>107</sup> Robert D. Turner, *The Sicamous and the Naramata* (Victoria: Sono Nis Press, 1995), 47. The CPR continued to route about 20 percent of its fruit rush barge traffic via Okanagan Landing. See CPR traffic data sheet, 1934, LAC, RG 30, vol. 9965, Consolidation of Boat and Train Services in the Okanagan District, Co-operative Committee C.N. and C.P. Rwy.

<sup>108</sup> Hungerford to Thornton, 5 November 1924, LAC, RG 30, vol. 14548, file 5710-5, Kamloops and Lumby subs, 1920-25 (pt. 1.2).

<sup>109</sup> The earliest mention of the CNR's intention to establish a competing lake service is in a speech Thornton gave to the Vernon Board of Trade in 1925. See editorial, "Reaching out for Traffic," *VN*, 13 August 1925.

had immediate advantages: it gave the CNR access to the government wharves up and down Okanagan Lake that, up until then, had been the exclusive domain of CPR sternwheelers, thus providing the new branch line with a quick source of fresh passenger and freight traffic. The CNR's thoroughly modern challenger to the sternwheelers was the *Pentowna*, a 132-gross tonne motor vessel designed to carry passengers and freight, launched at Kelowna in June 1926 (Figure 3).<sup>110</sup> In July of the same year, the rebuilding of a government wharf that was to serve the *Pentowna* was completed at Penticton, and the ship entered regular service between the new CNR passenger wharf at Kelowna and the Penticton wharf.<sup>111</sup> Given its freight capacity, the *Pentowna* was ideal as a fruit boat, especially during the seasonal rush, and soon the CNR established links with trucking services south of Penticton to supply Kelowna with fruit from the South Okanagan.<sup>112</sup>

The City of Kelowna was very much aware that these rapid transportation changes marked a boost to its economic fortunes. In a letter to the editor in December 1927, E.W. Barton, the secretary of the Kelowna Board of Trade, made much of Kelowna's new-found role in the valley's transportation system and the significance of tightly scheduled trains in the movement of perishable fruit:

As an assembly point Kelowna merits special attention, as we have special advantages possessed by no other place, due to the fact that fruit can be brought here from points south by M.S. *Pentowna*, arriving here at 12:30 p.m. and 9:30 p.m., and by S.S. *Okanagan* [a CPR sternwheeler], arriving at 10:20 p.m., allowing time for fruit to be loaded into freight cars and drawn out by midnight over the CNR and at 2 a.m. over the CPR, thereby avoiding a day's delay which would occur if these shipments were to be taken to Okanagan Landing for reshipment ... Furthermore, Kelowna produces all the necessary fruits and vegetables that go to make up a mixed car, with the exception of peaches.<sup>113</sup>

In 1928, the CNR opened yet another chapter in the ongoing CNR-CPR rivalry: having established a competing passenger-freight service on Okanagan Lake, it turned its attention to building a competing railway

<sup>110</sup> *KC&OO*, 19 June 1926. No ship's log survives from the *Pentowna* for 1926, but a log page for 27 February 1933 shows that, on its regular daily run from Kelowna to Penticton, the vessel stopped for freight at Summerland; on the northbound trip, it loaded apples at Summerland and Peachland. See Stokes Fonds, Westbank Museum.

<sup>111</sup> *VN*, 15 July 1926; *Penticton Herald* (hereafter *PH*), 31 July 1926.

<sup>112</sup> *PH*, 11 April 1926.

<sup>113</sup> *KC&OO*, 1 December 1927.



Figure 3. The CNR's *MV Pentownna* arriving at the CNR dock at Kelowna, late 1920s or early 1930s. The door on the freight deck is already open. *Source:* Kelowna Museum & Archives, 6260.

barge network. It gradually expanded its new network chiefly by looking for places where the CPR had not enhanced its sternwheeler service with barges and barge slips. Although the CPR had built barge slips in Kelowna, Summerland, and Penticton before the First World War, and at Okanagan Centre in 1919, some of the smaller farming communities along the lake – Naramata, Peachland, and Westbank – still had to rely on the inefficient sternwheelers or on railway barges that had to be hand-loaded at the dock.<sup>114</sup> The CNR set out to fill the gap. In early September 1927, it launched a six-car railway barge at Kelowna and added a new barge slip just to the north of its passenger wharf.<sup>115</sup> By the summer of 1928, the CNR had launched the tug *Radius* at Kelowna, and shortly afterwards, the new tug shepherded the first barge shipment of fruit – a carload of pears, plums, and peaches – from the newly completed

<sup>114</sup> Both companies did on occasion load railway barges at government wharves and private docks, although the procedure was inefficient.

<sup>115</sup> *KC&OO*, 1 September 1927.

CNR Naramata barge slip.<sup>116</sup> Although the circumstances behind the arrangement are unclear, by 1929 the CPR was sharing the new Naramata slip, and the CNR had access to the CPR slip at Summerland.<sup>117</sup> The CNR quickly benefitted from the arrangement; by 1934, the company was handling ninety cars a year from Naramata and almost four hundred cars a year from Summerland, which had been well established CPR barge territory.<sup>118</sup>

The upstart CNR's fleet of modern and efficient diesel-powered tugs complemented the expanded railway network and stood in marked contrast to the CPR's fleet of steam tugs and out-of-date sternwheelers. Railway transfer barges and barge slips marked a technological leap: they eliminated costly transshipment of fruit; they allowed the use of specialized railway shipment methods throughout the system; and, during the fall fruit rush, they were capable of moving much greater volumes of fruit than were the sternwheelers.<sup>119</sup>

By mid-1930, the CNR was well on its way to building what was to become a comprehensive network of barge slips throughout the southern half of Okanagan Lake.<sup>120</sup> The company added a second tug, *Canadian National No. 5*, to the service and, in a major move, completed a railway yard and barge slip in Penticton (Figure 4).<sup>121</sup> The Penticton connection, established despite CPR opposition, turned out to be a coup for the company. At the end of the new yard, the CNR built an interchange track to connect with the CPR's waterfront yard on the west side of Penticton Creek, giving it access to other Penticton packinghouses.<sup>122</sup> This track was built by order of the Board of Railway Commissioners, mainly at the instigation of Penticton shippers and the Associated Growers, the Okanagan's main cooperative shipping organization. At the hearings

<sup>116</sup> Ibid., 12 July 1928. *SR*, 10 August, 24 August 1928.

<sup>117</sup> The earliest record of the CPR's using the new Naramata slip is in February 1929. See *PH*, 28 February 1929.

<sup>118</sup> CNR traffic data sheet, 1934, LAC, RG 30, vol. 9965, Consolidation of Boat and Train Services in the Okanagan District, Co-operative Committee C.N. and C.P. Rwy.

<sup>119</sup> Cole Harris's assertion that "the number of steamboat runs declined as the rail network expanded" applies to the Okanagan Lake steamboat era but not to the railway transfer barge era, when the number of barge runs *increased* as the rail network expanded. Transfer barges complemented the railways. See Harris, "Moving Amid the Mountains," 14. With the success of the CNR's barge service came a decline in the utility of the *Pentowna*: by 1934 it was handling only about 4 percent of the CNR's fruit traffic on the Lake. See CNR data sheet, 1934, LAC, RG 30, vol. 9965, Consolidation of Boat and Train Services in the Okanagan District, Co-operative Committee C.N. and C.P. Rwy.

<sup>120</sup> The CNR referred to its Okanagan Lake system as a "Barge and Ferry Service." This term appears in the previously mentioned 1933 log for the *Pentowna*.

<sup>121</sup> *KC&OO*, 15 May, 5 June 1930.

<sup>122</sup> Ibid., 10 July 1930.



Figure 4. The CNR tugs *Radius* and *Canadian National No. 5* handling fruit on the southern part of Okanagan Lake during the fruit rush, the CPR tug *Naramata* with barge and railway cars in the foreground, 1930s or 1940s. *Source:* Kelowna Museum & Archives, 8268.

of the Board of Railway Commissioners, the shippers, including the Occidental Fruit Company and the Penticton Co-operative Growers, argued for direct CNR connections to CNR towns in the Prairies.<sup>123</sup> The Board of Railway Commissioners cited figures presented by Associated Growers and the Occidental Fruit Company to show the volume of traffic disadvantaged by a “two-line haul” (i.e., a shipment to a Prairie point that required using both CPR and CNR trackage to reach a CNR destination).<sup>124</sup>

Arguments presented at the Penticton hearings underscored the value Okanagan shippers placed on reaching the Prairie market via the new route. In addition to its main line corridor to the Prairies, the CNR’s own network of smaller Prairie towns made it a particularly effective rival with the CPR for shipments to the Prairie fruit market. At the hearings, the CPR opposed the interchange, arguing that it could provide adequate service to the two shippers with packinghouses located on its tracks.<sup>125</sup> In its final decision, the board made clear that it felt the CPR

<sup>123</sup> “Report of the Transportation Committee,” *BCFGA Annual Report*, 1929, 22. The report goes on to say: “The data presented by the Associated Growers of British Columbia was largely instrumental in influencing the favourable decision of the Railway Board.”

<sup>124</sup> Board of Railway Commissioners for Canada, *Judgments, Orders, Regulations and Rulings*, vol. 19, 1 April 1929 to 15 March 1930, 316.

<sup>125</sup> *Ibid.*, 317.

was arguing against the public interest.<sup>126</sup> Despite the CPR's argument, Penticton shippers made significant use of the new routing: by 1934, the CNR was handling almost 450 carloads a year from its Penticton barge slip and interchange.<sup>127</sup>

Having successfully built and then expanded in Penticton, the CNR added a barge slip at Westbank in 1930, and another in 1937 at Peachland, in direct competition with the CPR for fruit business.<sup>128</sup> The CNR had practical as well as competitive reasons for the new barge slips. It built them in tandem with new packinghouses constructed by local fruit cooperatives. The packinghouses were designed to tranship fruit directly to refrigerator cars.<sup>129</sup> All the new traffic tapped by the CNR's new barge slip network funnelled north to the CNR yard in Kelowna, where trains were made up for the run to Kamloops and the main line.

Initially, CNR management feared that the CPR would aggressively expand its own barge network in response to the new CNR competition for lake traffic through Kelowna.<sup>130</sup> However, the CPR was reluctant to make major new capital investment, still dominated the south end of the valley and, with lake traffic, was content to fight a rearguard action with its extensive fleet of older equipment. In 1928, it switched its express fruit service out of Penticton, and from its sternwheelers to railway barges, but thereafter did not invest further in its tug, barge, and barge slip system, with the exception of two new barges added

<sup>126</sup> The board's decision states: "It has been common for a railway to argue strongly against interchange installation, on the ground that its existing service is adequate for the existing traffic, it being further urged that the railway has made a considerable investment in building up the business of the section concerned. The railway ... relies upon this argument when it considers itself relatively firmly entrenched [sic]." The decision goes on to state: "There has been a steady broadening of the construction of the Board's powers in regard to interchange tracks ... in the public interest." See Board of Railway Commissioners for Canada, *Judgments, Orders, Regulations and Rulings*, vol. 19, 1 April 1929 to 15 March 1930, 319-20.

<sup>127</sup> Figure from previously mentioned CNR data sheet listing shipments for 1934 via *Pentowna* and CNR car barges, LAC, RG 30, vol. 9965, "Consolidation of Boat and Train Services in the Okanagan District," Co-operative Committee C.N. and C.P. Rwy's.

<sup>128</sup> *KC&OO*, 10 July 1930. The CNR's Peachland barge slip, which was built beside the new Walter's packinghouse, was not constructed until 1937, towards the end of the Depression. The first shipment from the new Peachland slip was a mixed car of vegetables for Winnipeg. See *KC&OO*, 15 July 1937.

<sup>129</sup> The CNR slip at Westbank was an exception to this rule. At Westbank, the packinghouses remained on the benchland above the lake, and fruit had to be trucked down the hill to the barge slip.

<sup>130</sup> CNR management, anxious that the CPR might install barge slips at Westbank, Naramata, and Peachland before it could get started on its own expansion program, wrote to the Department of Railways asking to be kept informed of any CPR applications for foreshore in those communities. See memo from S.E. O'Brien, Secretary, Dept. of Public Works, to Secretary, Dept. of Railways and Canals, 11 May 1927, LAC, RG 43, vol. 212, file 764, pt. 1.

later in the 1930s.<sup>131</sup> Certainly, the curtailment of expenditures by both railway companies during the Depression must have cooled the CPR's inclination to upgrade and expand in response to CNR competition.<sup>132</sup>

By the early 1930s, Kelowna had become the dominant fruit producer in the Okanagan. Over 30 percent of the Okanagan's orchards were in the Kelowna area (see Table 1).<sup>133</sup> For both railway companies, the new and expanded railway yards at Kelowna were a timely response to the city's new status as a major fruit producer. By this time, the CNR offered connections to the Prairies out of Kelowna that emphasized speed and convenient scheduling: a nightly express fruit service, connecting with evening barge service out of Penticton, and a daily express fruit car service on freight trains and passenger trains out of Kelowna. Express fruit cars on the passenger train left Kelowna in mid-afternoon and connected with the eastbound "Confederation" passenger train at Kamloops. The company offered fast fruit-shipping times to eastern points. Shipments leaving Kelowna on Tuesday would reach Edmonton by Wednesday afternoon, Winnipeg by Thursday afternoon, and Toronto by Saturday morning.<sup>134</sup>

For its part, the CPR provided freight services that also emphasized fast connections to Prairie points. Like the CNR, it drew traffic from boat wharves and barge slips on Okanagan Lake, including Okanagan Centre, Naramata, Summerland, and Penticton, and in addition drew traffic from its southern branch line to Oliver and Haynes (Figure 5).

Kelowna became a clearinghouse for eastbound LCL fruit shipments from the south end of the Valley. Cedric Boyer, who as a young man worked for the main Kelowna Growers' Exchange packinghouse, recalled fruit and vegetable shipping in the city's industrial area in the early 1930s. "Some fruits," he wrote, "that were in short supply in the Kelowna area would be shipped in from up or down the valley. On many

<sup>131</sup> The new CPR express service is mentioned in the *Summerland Review*, 22 June 1928. For mention of the new barges, see Turner, *The Sicamous and the Naramata*, 48; and *KC&OO*, 27 February 1936.

<sup>132</sup> For comparative figures on Summerland-Naramata and Westbank-Peachland acreage in production at the time, see Table 1. For the CPR practice of mooring barges at steamer docks, see A.E. Warren, CNR General Manager, Western Division, Winnipeg, to S.W. Fairweather, Chairman, CNR Section, Joint Cooperative Committee, 19 July 1935, LAC, GR 30, vol. 9965, Consolidation of Train and Barge Services in the Okanagan District.

<sup>133</sup> Data from *Country Life in British Columbia*, vol. 16, no. 6 (July 1932). The same figures show that, at the time, Vernon had 17 percent of the Okanagan's orchards and Penticton had 11 percent. See Table 1.

<sup>134</sup> *KC&OO*, 3 July 1930.



Figure 5. A CPR fruit train with refrigerator cars northbound on the outskirts of Armstrong, 1940s. Photograph by Jim Hope. Source: Revelstoke Railway Museum 03438.

occasions, we would have six or eight cars partially loaded and waiting for items that came in on the old *Sicamous* or the *Pentowna*.<sup>135</sup>

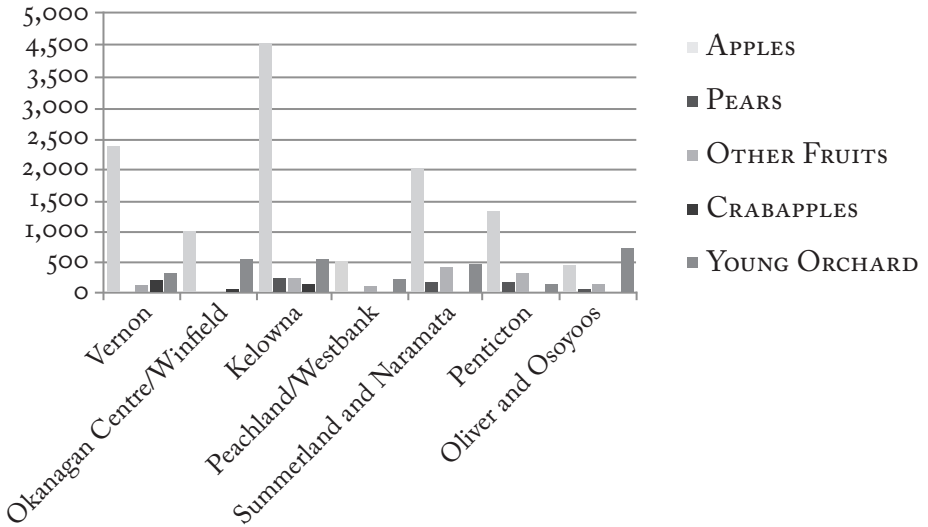
Boyer also recalled fruit being transferred off the *Sicamous*, but it is impossible to put a precise figure on how much CPR fruit traffic from Penticton and south of Penticton passed through Kelowna at the time. However, even though the CPR's Crow's Nest Pass line was improved in 1930 with the completion of a railway link along the west shore of Kootenay Lake, evidence suggests that most Prairie-bound fruit and vegetable shipments, including express shipments, followed the CPR's route through Kelowna to the main line at Sicamous.<sup>136</sup> Bill Presley, a

<sup>135</sup> Cedric Boyer, "Thirty-Three Years in the Fruit Industry!" *Okanagan Historical Society* 48 (1984): 43-44. The clearinghouse role described by Boyer depended on daily LCL shipments reaching the city via the CNR and CPR lake boats. The role would have declined after 1936, when the *Sicamous* was last used for freight service. The CNR's *Pentowna*, even after being refitted in 1937 to operate as a tug, continued to provide regular service as a freight and express boat. See *KC&OO*, 23 December 1937.

<sup>136</sup> A news item made clear that soft fruit was coming up the Lake: "The mixed cars [being shipped from Kelowna] mostly forwarded to prairie points, are made up of soft fruits, which chiefly come from south lake points." See *KC&OO*, 1 September 1927. A *Summerland Review* article



TABLE 1  
*Okanagan orchard acreages, 1932*



Source: Graph based on figures in *Country Life in British Columbia*, July 1932.

kvr trainman, who handled fruit and vegetable traffic on the Oliver branch line, recalled the importance of the Kelowna route: “Cantaloupe would come to Penticton, and then be barged to Kelowna. Not a great deal [of fruit and vegetables], as I recall went west out of Penticton. I remember the odd train with five or six reefers [refrigerator cars], but the bulk of it went up the lake. Not very much went east [i.e., via the CPR’s southern transprovincial route to the Prairies].”<sup>137</sup>

Although some of the fresh fruit and vegetable traffic out of Kelowna was destined for Vancouver, the greater part was shipped east, mostly

reveals that express fruit shipments from Penticton were being routed through Kelowna. See *SR*, 22 July 1928.

<sup>137</sup> As quoted in Robert D. Turner, *Steam on the Kettle Valley* (Victoria: Sono Nis Press, 1995), 69.

to the Prairie provinces.<sup>138</sup> The Okanagan supplied fruit and vegetables by rail to all major Prairie cities and many smaller Prairie towns.<sup>139</sup>

How close did the CNR come to meeting its goal of 50 percent of Okanagan traffic? A partial answer is provided in documents left by the CNR-CPR Joint Committee on Cooperation, which was established in response to the 1931-32 Royal Commission on Transportation and the subsequent federal legislation mandating cooperation between the two railways.<sup>140</sup> The committee, which met when the Depression was making heavy inroads on railway traffic and profits throughout Canada, proposed increased cooperation in the Okanagan to save operating costs for both companies; however, despite the committee's detailed recommendations, both companies decided to maintain the independence of their Okanagan services. However, the committee's documents provide valuable snapshots of CNR-CPR operations in the Okanagan in 1932 and 1934. By 1932, the CNR was close to its goal of 50 percent of freight traffic out of the Okanagan, a figure mentioned in Hungerford's 1924 memo. Also in 1932, the CNR's new barge and boat service on Okanagan Lake, four years after its opening and with only two barges in service against the CPR's five barges, had already gained about 20 percent of lake traffic; by 1934, its sixth year of operation, it had garnered about 30 percent of the traffic, although the CPR, with through fruit and vegetable traffic from the Oliver branch probably contributing a significant amount, still had the lion's share.<sup>141</sup>

The Joint Committee report also reveals that the CNR management was proud of its achievements in the Okanagan, and considered that its emphasis on good service had produced close ties with the fruit industry, and had given the CNR an edge over its rival. J.M. Macrae, the general freight agent for the CNR in Vancouver, observed in January 1933 that Associated Growers, who handled more than 50 percent of the

<sup>138</sup> Data for December 1927 show the season's fruit and vegetable shipments handled by Associated Growers from the Okanagan: 10 percent of traffic had gone to Vancouver; 58 percent to the Prairies; 10 percent to the United Kingdom, either via Vancouver and the Panama Canal or via Montreal. Report from sales manager, Associated Growers Directors Meeting, 6 December 1927, Vernon Museum and Archives, Associated Growers Fonds, ser. 5 (minutes of meetings, 1923-). CNR data on destinations for Okanagan fruit is sketchy, but figures for 1932 show that about 75 percent of eastbound Okanagan traffic was headed for the Prairies. See "Carload tonnage, 1932," LAC, RG 30, vol. 9965.

<sup>139</sup> Data from *Daily Courier* weekly market bulletins makes clear that all major Prairie cities were important destinations for Okanagan fruit.

<sup>140</sup> For a discussion of the legislation and its effects elsewhere in Canada, see Glazebrook, *History of Transportation*, 207-10.

<sup>141</sup> Data taken from traffic figures in LAC, GR 30, vol. 9965, Consolidation of Train and Barge Services in the Okanagan District.

valley's fruit, had started giving the CNR significant preference over the CPR for competitive fruit traffic headed for the Prairies.<sup>142</sup> Moreover, in December of the same year, Macrae sent a positive memo to W.G. Manders, freight traffic manager of the CNR's Western Division. "I need hardly say that our prestige today stands high in the Okanagan Valley," wrote Macrae. "The manner in which we are patronized with traffic in which fast time is most necessary as for instance, the cherry movement to Prairies and Eastern Canada, the great majority of which we handled this year ... is evidence of the fact."<sup>143</sup>

Macrae's comments about handling the cherry crop show that, by the late 1930s, fruit traffic out of Kelowna was handled very differently than it had been in 1919, when the CPR's railway barge service had caused so much concern. It wasn't just the CNR that was providing better, faster service; by 1937, the CPR also ran a priority fruit train from the Okanagan to Prairie points. This train was described in the October issue of the BC farming magazine *Country Life in British Columbia*:

The industry is concerned with the growing and selling of more than six million packages of a highly perishable product ... It is "big business" and calls for business organization of the most careful nature. A good example of the results of organization is the "Okanagan Fruit Train." This train is given preference over all other freight except livestock ... and it must never be delayed in the rapid delivery of the Okanagan fruit to the Prairie markets.<sup>144</sup>

With the advent of the Okanagan Fruit Train, the reorganization of the Okanagan's railway system was complete (Figure 6). The CPR, although it had surrendered its monopoly, had gained the right to run trains to Kelowna and was still a major force in this battle of Canadian transport titans for Okanagan fruit traffic; the CNR, whether by rail, barge, or truck, had built a network that extended almost everywhere in the Okanagan Valley, gained about half the fruit traffic for itself, and built a loyal clientele of fruit shippers. The CNR line to Kelowna had ended up as a success, a regional achievement based ultimately on the railway policies of the McBride era and on the expansionist policies of the new CNR system, adopted after the Liberal victory in the 1921 federal elections. Without the arrival of the CNR, it is questionable

<sup>142</sup> J.M. Macrae to W.G. Manders, 12 January 1933, LAC, GR 30, vol. 9965, Consolidation of Train and Barge Services in the Okanagan District.

<sup>143</sup> Macrae to Manders, 12 December 1933, LAC, GR 30, vol. 9965, Consolidation of Train and Barge Services in the Okanagan District.

<sup>144</sup> *Country Life in British Columbia*, vol. 21, no. 9 (October 1937), 19.



Figure 6. CPR passenger train, with a ventilated fruit express car behind the locomotive and tender, at Kelowna, 1940s. The train has turned around in the lakefront *cnr* yard and is heading back to the CNR station on Ellis Street to pick up passengers, mail, and freight for the trip north to Sicamous. Photograph by Jim Hope. *Source*: Revelstoke Railway Museum 03448.

whether the CPR, acting on its own, would have felt the need to make the major capital investment required to relocate its railway and barge network to Kelowna. Moreover, there would have been little pressure on the company to make immediate investment for better services for the more marginal and isolated fruit-growing centres.

Although CNR management continued to refer to its Kelowna branch as “Okanagan territory,” using the language of what Ward calls “the railway corporate state,” it abandoned its plan to seize and hold territory, as outlined in the company’s 1923 feasibility study.<sup>145</sup> In marked contrast to its earlier view, by the 1930s the CNR saw itself as a responsible corporate leader acting in the public interest, a railway company that had brought more open competition to the Okanagan. The comments of acting vice-president A. Fraser make this clear: “Suffice it to say that there was a definite feeling [among Okanagan growers] that the Canadian Pacific, who held a monopoly, were giving the shippers

<sup>145</sup> For a discussion of the use of the language of statecraft by North American railways and their tendency to see themselves metaphorically as independent nation-states, see Ward, “Image and Reality,” 494–95. Ward adds that language that dealt with invasion or defence of territory was common to the nation-state and large North American railways corporations alike.

very imperfect services; and that if the Canadian National entered the field competitively, these services would be very much improved.”<sup>146</sup> Comments by A.E. Warren, general manager of the CNR’s Western Division, echo Fraser’s remarks: “Since we started to operate into the Valley it can be said sincerely that up-to-date service has been given by each company.”<sup>147</sup> However, the CNR continued to think of the south Okanagan in terms of its own potential “territory.” As late as 1930, Warren considered the possibility of invading “Oliver territory.” And, in 1933, Warren referred to the Kelowna branch as “Okanagan territory,” although the term no longer carried the same significance as it did ten years earlier, when Kelowna still had no railway and lay open to “invasion.”<sup>148</sup> Perhaps the ambivalence of the company’s language reflects a struggle to rationalize the unusual nature of the Okanagan operation. In the final analysis, the shift in the CNR’s thinking about the Kelowna branch can be read as a not very convincing attempt on the part of the company to escape from the language of railway rivalry.

Despite CNR management’s revisionist explanation for its expansion into the Okanagan, careful historical analysis reveals that the unique advantages offered to shippers by the Okanagan system were not a result of CNR leadership or federal government policies. The joint nature of the operation that enabled the CNR and the CPR to deliver competitive service to fruit growers – shared trackage, shared access to packing-houses and canneries, and shared facilities such as stations and barge slips – were more the unintentional by-product of the line’s evolution than the result of any particular vision on the part of the CNR or the federal government about how the Okanagan’s transportation system might provide better access to shippers. The only case of government intervention was the Board of Railway Commissioners’ decision to allow the Penticton interchange. Here, it is true, was the deliberate implementation of a discernable policy: the decision was influenced by the board’s perception that it had a duty to support the public interest, specifically the interests of local fruit shippers, over the entrenched interests of the CPR.

<sup>146</sup> Fraser to Fairweather, 18 August 1933, LAC, GR 30, vol. 9965, Consolidation of Train and Barge Services in the Okanagan District.

<sup>147</sup> A.E. Warren, General Manager, CNR Western Division, Winnipeg, to S.W. Fairweather, 31 July 1933, LAC, GR 30, vol. 9965, Consolidation of Train and Barge Services in the Okanagan District.

<sup>148</sup> Warren to S.J. Hungerford, CNR Vice-President, 29 December 1930, LAC, GR 30, ser. 5-4, Joint Facilities File, vol. 7419, file 359-1, “Penticton Oliver BC general.” Oliver was a fruit growing area south of Penticton already served by the CPR. See Warren to Fairweather, 31 July 1933, LAC, GR 30, vol. 9965, Consolidation of Train and Barge Services in the Okanagan District.

As the evidence presented in this article shows, the arrival of the CNR railway line at Kelowna had three significant implications for the region: the first was the final penetration of a modern transportation network, in spite of the obstacles placed by the quirks of Okanagan geography, into the isolated orcharding communities in the Mission Valley and along the southern half of Okanagan Lake. In all these communities, modern packinghouses connected directly with either the new railway system or the new railway transfer barge system. At a stroke, local shippers in small localities were connected directly to faraway markets; sophisticated shipping methods, by refrigerator car or scheduled express train, were, for the first time, accessible from all areas of the valley.<sup>149</sup> The second important change was the shift from railway monopoly to railway competition, using shared trackage. Because of its extensive rail network in the Canadian Prairies, the CNR was particularly well positioned to compete with fellow railway titan, the CPR, for a share of Okanagan fruit and vegetable traffic destined for Prairie urban distribution points and a host of smaller towns. The third important change was the shift of the Valley's major fruit-shipping centre from Okanagan Landing and Vernon to Kelowna. When the new line reached Kelowna in 1925, it became the Okanagan's main fruit shipping corridor for the ensuing forty-five years.<sup>150</sup> While Penticton, with its feeder line to Oliver and its connection to Vancouver via the CPR's Kettle Valley Railway, retained some importance as a shipping point, Kelowna – with its dominant share of orchard acreage, busy port facilities, and direct links to Canada's two transcontinental railway lines – became the fruit-shipping capital of the Okanagan.

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<sup>149</sup> The opening of service on the CPR branch to Oliver and Haynes in 1923, and to Osoyoos in 1944, brought modern railway connections to the small farming communities of the South Okanagan.

<sup>150</sup> The decline of fruit shipping by rail in the 1960s and 1970s and the switch to trucks, and the decline of fruit growing in the Okanagan in the 1980s and 1990s, is outside the scope of this article.