

“To Injure Its Own Interests”: The Grand Trunk Pacific Railway Company and the Blighting of Hazelton District, 1910-1918*

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A railway must encourage the movement of goods along its line. This blunt prescription for financial survival follows from the observation that revenue from traffic provides in large part the return on the investment in the construction and operation of most new lines.¹ For lines traversing British Columbia, a region which produced little agricultural freight, the generation of traffic was particularly acute.² It is therefore not surprising that historians have frequently evaluated the activities of the three transcontinental systems in the province by the degree to which they followed the prescription.³

The success of the Canadian Pacific Railway Company (CPR) in British Columbia during its early years of high costs and limited earnings, argues H. A. Innis, stemmed in part from the company's emphasis on more

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¹ Texts concerning railway finance and economics of transportation have long maintained that the observation (and its corollary) applied in all cases. See, for example, A. M. Wellington, *The Economic Theory of the Location of Railways* (New York, 1887), 75; W. Z. Ripley, *Railroads: Finance and Organization* (New York, 1915), 47; and W. T. Jackman, *Economics of Transportation*, 1st ed. (Toronto, 1926), 54. Critics of government aid for railway construction in North America have contended that land grants and other subsidies provided the major return for many systems. In a recent comparative study of seven transcontinental systems in the United States and Canada, however, L. J. Mercer calculates that subsidies did not fully cover the investment in any system, although they represented a significant fraction of costs for some branches which the transcontinentals absorbed. *Railroads and Land Grant Policy: A Study in Government Intervention* (New York, 1982), 80-81, 144.

² H. A. Innis, *Settlement and the Mining Frontier* (Toronto, 1936), 270, 315, 399.

³ In the most recent overview of railway development in British Columbia, Cole Harris sees the ability to generate traffic (or capture it from competitors) as the key to the success of the Canadian Pacific and the failure of both the Canadian Northern and the Grand Trunk Pacific. "Moving Amid the Mountains, 1870-1930," *BC Studies* 58 (Summer 1983): 3-39.

remunerative local main- and branch-line traffic rather than through or transcontinental traffic.⁴ In his comparative study of mining development, Innis elaborates the elements in the CPR's strategy for the construction and operation of its lines in the Kootenay region in the southeastern corner of the province. By establishing a low tariff which encouraged mine owners to ship their ore, the CPR elicited an extensive local traffic which reduced the railway company's overhead costs over long stretches of otherwise non-revenue producing territory and relieved in part the cost of settlement.⁵

The owners of the Canadian Northern Railway Company, the last transcontinental to enter British Columbia, also attempted to encourage traffic along a section of the line which required greater construction expenditures and offered much less local traffic than the prairies. In his detailed study of the system, T. D. Regehr asserts that the "development of local traffic resources was certainly very much a part of Mackenzie and Mann's British Columbia plans." To generate freight, they purchased the Dunsmuir Colliery on Vancouver Island, built a huge sawmill at Fraser Mills near

⁴ Innis, *A History of the Canadian Pacific Railway [CPR]* (Toronto, 1923), 140-42. Innis does not provide data concerning traffic flows, rates, and earnings for the British Columbia section of the line to support this argument, however. G. C. Backler, "The C.P.R.'s Capacity and Investment Decisions in Rogers Pass, B.C., 1882-1916" (M.Sc. thesis, Business Administration, University of British Columbia, 1981), 81-88, marshals some scattered data to support Innis' claim concerning light traffic on the British Columbia main line before the twentieth century. The profitability of CPR activities in the province has not yet received a systematic investigation. Perhaps the greatest shortcoming of a recent collection of papers, *The CPR West: The Iron Road and the Making of A Nation*, ed. H. Dempsey (Vancouver, 1984), is the absence of a study of the operation of the road itself. One looks forward to the appearance of a study of traffic patterns and operating ratios in British Columbia to test Innis' hypothesis for the CPR success.

⁵ Innis, *Settlement*, 313-15. CPR Vice-President T. G. Shaughnessy set out his company's calculation in 1897. By reducing freight charges as well as smelting costs for mine owners in Rossland, the CPR could "increase the tonnage of ore that will be mined . . . and we shall receive our own compensation from the business of the important community that will be built up in that vicinity by such large operations." National Archives of Canada [hereafter NAC], Shaughnessy Letter books, 54, Shaughnessy to R. Cartwright, 5 Oct. 1897, quoted in J. A. Eagle, *The Canadian Pacific Railway and the Development of Western Canada, 1896-1914* (Montreal, 1989), 237. Other factors in the CPR success in the Kootenay region included CPR control of the major local smelter, its ability in both Ottawa and Victoria to prevent or delay government sanction for the construction of competing branch lines for the Great Northern Railway, south of the border, and, of course, the subsidies provided in the Crow's Nest Pass Agreement. For the CPR struggle with American competitors, see Eagle, 108-40, 232-45; B. Sanford, *McCulloch's Wonder: The Story of the Kettle Valley Railway* (Vancouver, 1977); and J. Fahey, *Inland Empire: D. C. Corbin and Spokane* (Seattle, 1965). For a provocative analysis of the advantages which the CPR obtained from the Crow's Nest Pass Agreement, see G. Wogin, "The Wealth-Maximizing Behaviour of the Canadian Pacific Railway: Lands, Freight Rates, and the Crow's Nest Pass Agreement" (Ph.D. diss., Economics, Carleton University, 1983).

Vancouver, and invested in numerous hardrock mining and fishing enterprises. These activities would, one of the Canadian Northern officers claimed, have produced enough traffic by 1920 to make the British Columbia section pay not only its operating expenses but also its fixed charges.⁶

In their studies of the activities of the least profitable transcontinental in British Columbia, the Grand Trunk Pacific Railway (GTP), both contemporaries and later historians have emphasized the inability of the system to generate adequate traffic. These investigators have advanced a number of explanations for low traffic levels: the poor location of Prince Rupert, the GTP terminus, for capturing Pacific trade; high freight rates, the product of cost overruns in construction and the extra cost of maintaining a main line significantly longer than those of its competitors; and the depressing effect of the war on trade.⁷ Canadian National Railways official historian, G. R. Stevens, also indicates problems in company management.⁸ But all the historical accounts assume that, given these disadvantages, the railway company at least attempted to follow the prescription for financial survival, i.e., company officers attempted to encourage the growth of local traffic along the GTP line.⁹ Through a case study of the GTP's activities

⁶ T. D. Regehr, *The Canadian Northern Railway: Pioneer Railway of the Northern Prairies, 1895-1918* (Toronto, 1976), 301-02.

⁷ The two most influential contemporary accounts of the GTP failure in British Columbia (and elsewhere) issued from agencies of the federal government. These are the *Report of the Royal Commission to inquire into Railways and Transportation in Canada* (Ottawa, 1917); and Canada, Department of Railways, "Grand Trunk Arbitration," *Sessional Papers*, no. 20, 1922. Historical studies which examine the GTP failure in some detail include H. A. Lovett, *Canada and the Grand Trunk* (Montreal, 1924); J. A. Lower, "The Grand Trunk Pacific Railway and British Columbia" (M.A. thesis, History, University of British Columbia, 1939); A. W. Currie, *The Grand Trunk Railway of Canada* (Toronto, 1957); G. R. Stevens, *Canadian National Railways, II, Towards the Inevitable, 1896-1922* (Toronto, 1962); R. M. Coutts, "The Railway Policy of Sir Wilfrid Laurier: The Grand Trunk Pacific-National Transcontinental" (M.A. thesis, History, University of Toronto, 1968); J. A. Eagle, "Sir Robert Borden and the Railway Problem in Canadian Politics, 1911-1920" (Ph.D. diss., History, University of Toronto, 1972); and D. MacKay, *The Asian Dream: The Pacific Rim and Canada's National Railway* (Vancouver, 1986).

⁸ Stevens argues that GTP President Charles M. Hays was reckless in the negotiations with the Laurier government for the GTP contract in 1903-1904. For the belligerent and frequently illegal actions of the railway in western Canada, Stevens lays particular blame on General Manager Frank Morse, who left the company early in 1909. He does not explain why company policies continued to alienate residents along the GTP line long after Morse's departure (1909) and Hays' death (1912). Although Stevens dismisses Hays' successor, E. J. Chamberlin, as a "mediocre man and a fuddler," he presents no evidence concerning Chamberlin's direction of the company in Western Canada. *Canadian National Railways, II*, 129-54, 224-25, 249. Both Coutts and Eagle base their discussions of company management on Stevens.

⁹ To justify high construction costs and secure additional government subsidies, the GTP usually touted its line across British Columbia as a fast land bridge to the

in one district, this paper demonstrates that company officers ignored the directive. Those charged with the economic well-being of the company acted deliberately in ways which harmed its long-term interests.

Though detailed traffic records of the GTP have not survived, and the published data are far less complete than for the CPR, the files of the Winnipeg branch office of the GTP legal department provide a wealth of information concerning the company's aims, methods, and, to a lesser extent, achievements throughout northern British Columbia. Material in these files, when supplemented by the relevant records of provincial and federal government agencies and the local newspapers, illuminates the activities of several company officers during an extended townsite dispute in the mining district of Hazelton during the period 1910-1918.¹⁰ (See figure 1.)

Following the exaggerated estimate of the company's first president, Charles M. Hays, concerning the immediate profits which would accrue to the GTP through control of railway townsites, company officers frequently committed the resources and prestige of the GTP to maintain

Orient rather than as a generator of local traffic. Yet the GTP president declared himself "a believer in the earning capabilities of the Mountain Section" only after he had made personal inspection of the timber, coal, and other mineral resources along the Skeena River Valley. By 1908 the company admitted privately that the Mountain Section would not pay its fixed charges for a long time. Thus, local traffic, however meagre, was essential during the early years of operation. For a brief account of the historiography of the GTP, see F. Leonard, "'A Thousand Blunders': The Grand Trunk Pacific Railway Company and Northern British Columbia, 1902-1919" (Ph.D. diss., History, York University, 1988), 2-7.

¹⁰ Drawing on newspapers and local anecdote, R. G. Large presents the most detailed account of the struggle between the adjacent railway townsites for commercial supremacy in the Hazelton district. He sees the ongoing townsite dispute as a conflict between the GTP and the majority of the district's residents and mine owners, but mistakes both the role of the provincial government in the dispute and the method by which the railway company defied the authority of the Board of Railway Commissioners. While he realizes that the prosperity of the town of New Hazelton (and Hazelton district) depended in large part on the continued operation of the local mines, he overlooks the GTP role in shutting down the mines, concluding only that "general economic conditions frustrated local effort and the new town," and that "the outbreak of the war brought mining activity to a standstill." *Skeena: River of Destiny* (Vancouver, 1957), 129-32, 160.

Brief accounts of GTP activities in the Hazelton district can also be found in Lower, "The Grand Trunk Pacific Railway . . ." 117-19; *ibid.*, "The Construction of the Grand Trunk Pacific Railway in British Columbia," *British Columbia Historical Quarterly* 4, 3 (July 1940): 177-78; Stevens, 225-26; Coutts, 194-95; Kitimat-Stikine Regional District, *Hazelton and Vicinity Settlement Plan* (1985), 94-95; D. Abernathy, "Bioregionalism: A Territorial Approach to Governance and Development of Northwest British Columbia" (M.A. thesis, Community Planning, University of British Columbia, 1985), 54-56; and G. W. Taylor, *The Railway Contractors: The Story of John Stewart, His Enterprises and Associates* (Victoria, 1988), 66-69.

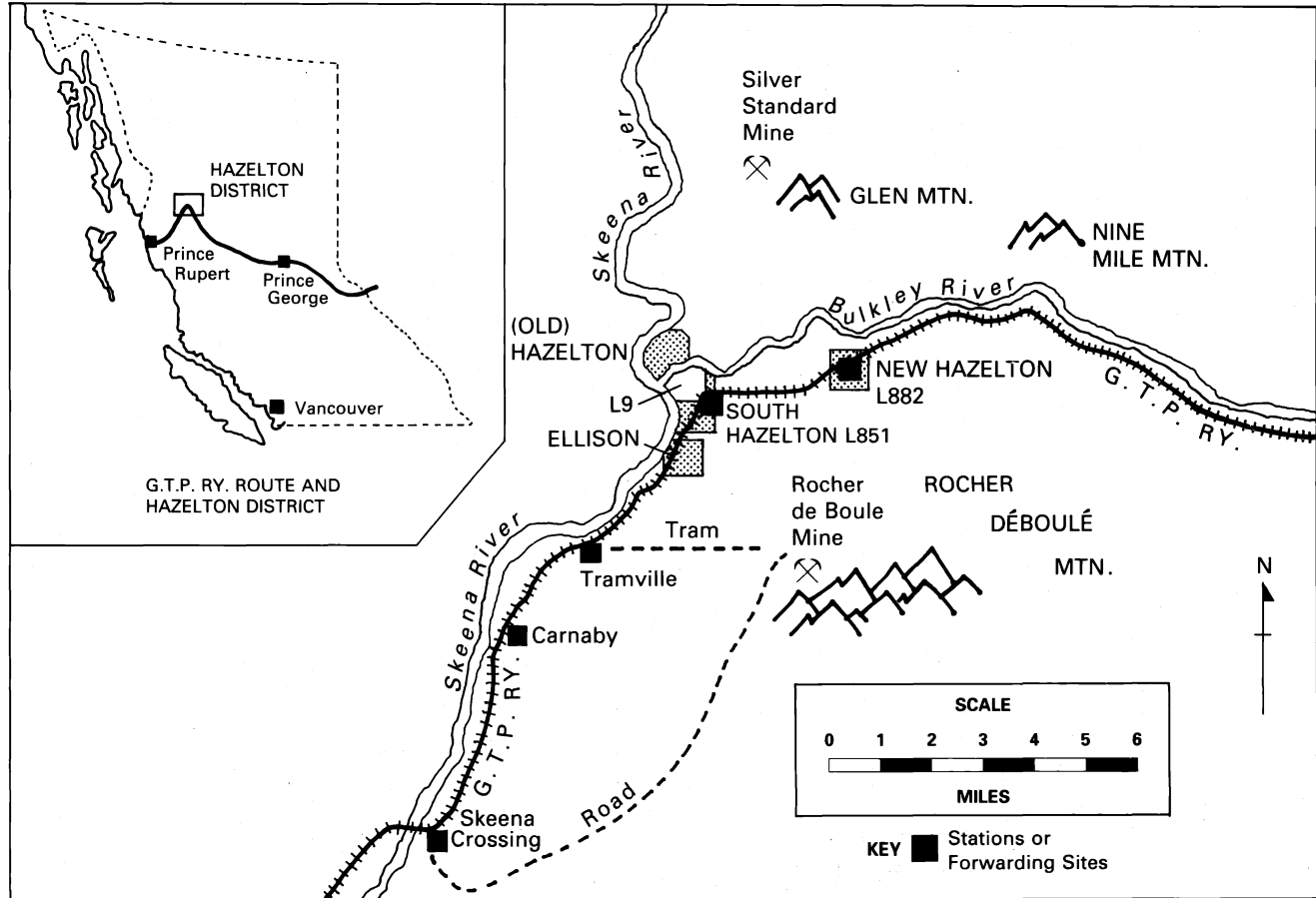


FIGURE 1
Townsites and Mines in Hazelton District

particular townsites long after they had lost their economic advantage.¹¹ In their obsession with preventing outsiders from sharing what they believed would be lucrative townsite lot sales, the officers antagonized local residents and damaged concerns which could provide valuable traffic for the line. In the case of Hazelton, this territoriality resulted in the company promoting a townsite whose insignificant lot sales would not cover large engineering and legal expenditures. More importantly, the railway company discouraged the development of mines which could have provided desperately needed local traffic, because district mine owners would not accept the uneconomic location of the company townsite. An examination of the company's activities in the Hazelton district suggests that the GTP did not, as Martin Robin asserts, lay "Rails of Steal [*sic*]" in British Columbia.¹²

Established during the 1870s at the head of navigation on the Skeena River, 180 miles inland, the white community of Hazelton first served as a staging centre for treks to the Omineca gold fields. During the last two decades of the nineteenth century, Hazelton continued as a fur trade post and missionary centre. But though federal geologist George Dawson had noted coal deposits in the mountains surrounding Hazelton during the CPR survey of the Skeena River route to the coast in 1878-1879, by the turn of the century scattered mining claims in the district still awaited development.¹³ It was news of the construction of the Grand Trunk Pacific

¹¹ Railway company intervention in townsite disputes frequently occurred beyond the territory served by the GTP, of course. Scholars have long examined this activity as a concomitant of company "colonization" policy. See, for example, P. W. Gates, *The Illinois Central and its Colonization Work* (Cambridge, Mass., 1934); and R. C. Overton, *Burlington West: A Colonization History of the Burlington Railroad* (Cambridge, Mass., 1941). While providing important insights by forsaking the traditional institutional framework, some recent studies of railroad communities pass over or obscure company calculations in the decision to locate townsites. See S. Stromquist, *A Generation of Boomers: The Pattern of Railroad Labor Conflict in Nineteenth-Century America* (Urbana, 1987); and P. Voisey, *Vulcan: The Making of a Prairie Community* (Toronto, 1988). Max Foran reviews several instances where the CPR attempted to maximize rents by station location. "The CPR and the Urban West, 1881-1930," *CPR West*, 89-106. For the GTP role in another townsite dispute in British Columbia, see F. Leonard, "Grand Trunk Pacific and the Establishment of the City of Prince George, 1911-1915," *BC Studies* 63 (Autumn 1984): 29-54.

¹² Martin Robin, *The Rush for Spoils: The Company Province, 1871-1933* (Toronto, 1971), 103, ties the GTP actions in British Columbia to this slogan. His view rests largely on consideration of a single episode of GTP activity in the province, the Kaien Island scandal, the events and resulting political controversy surrounding the GTP acquisition of 10,000 acres from the provincial government for its Pacific terminus during 1904-1906. For a detailed examination of this episode, see Leonard, "A Thousand Blunders' . . ." 20-65.

¹³ G. M. Dawson, "Report on the Climate and Agricultural Value, . . . Minerals of Economic Importance . . . of the Northern Portion of British Columbia," *Report and*

through northern British Columbia in 1903 that provided the catalyst for development in the district. The increase in prospecting during the current season, the provincial gold commissioner of Omineca [Hazelton] District reported, was bound to spread over the entire district now that the building of the GTP was assured.

. . . Whatever Pass is chosen through the Rockies, the road will run through the district from east to west and open up to the prospector and capitalist hundreds of square miles of new country which up to the present time has been forced to lie idle and unexplored, owing to its isolation and the prohibitive cost of getting in provisions and supplies. Once the difficulties and cost of transport are removed by the completion of this transcontinental road, large tracts of ground that today are known to contain gold, but which under the existing conditions cannot be worked with profit, will be taken up and developed and will add to the prosperity of the district.¹⁴

With the announcement in 1906 that the GTP would build its line through northern British Columbia to the new port of Prince Rupert on Kaien Island, both prospectors and prospective farmers streamed into the district which the railway would probably traverse. By the middle of 1908, the gold commissioner reported that his work processing claims and pre-emptions was increasing so much that it was impossible to keep up. In September he informed the premier that the office at Hazelton was totally inadequate for the business there. After the GTP let the contract for the construction of the second section of the railway eastward from Kitselas to Aldermere in mid-1909, district residents were assured that the main line would follow the Skeena and Bulkley valleys through the Hazelton district. Now, rejoiced the *Omineca Herald*, the district newspaper which had begun publication in Hazelton in June 1908, development could begin in earnest.¹⁵

In 1910 the *Herald* reported major ore strikes in the district, and the first trial assay of ore packed out was very encouraging.¹⁶ During the same year, prospectors sold two claims on Glen Mountain, northeast of Hazelton, for \$86,000 to a syndicate of railway contractors which included John W. Stewart, one of the partners of Foley Brothers, Welch, and Stewart Com-

Documents in Reference to the Canadian Pacific Railway, 1880, ed. S. Fleming (Ottawa, 1880), 124-25.

¹⁴ F. Valteau, "Omineca Mining Division," British Columbia, Department of Mines, *Annual Report* [hereafter *Mines, AR*], 1903, H 70.

¹⁵ Provincial Archives of British Columbia [hereafter PABC], GR 441, Premiers' [McBride] Papers, v. 92, f. 791/08, Valteau to McBride, 8 June 1908; v. 93, f. 1192/08, Valteau to McBride, 14 Sept. 1908; *Omineca Herald* [hereafter *Herald*], 6 Mar., 17 June 1909.

¹⁶ *Herald*, 5 Feb., 12 Feb., 26 Mar., 6 Aug., 27 Aug., 10 Sept. 1910.

pany, the principal contractor for the GTP line. The following year a strike of a six-foot vein of silver-lead ore was reported on the property, now named the Silver Standard Mine. Purchasing adjacent claims, the syndicate then embarked on a ten-year development programme costing \$280,000 which made the mine the most important development east of the town.¹⁷

On Rocher Déboulé Mountain, south of Hazelton across the Bulkley River, prospectors discovered massive veins of copper ore in 1910. The following year local promoters sold claims bonded at \$65,000 to a Salt Lake City broker who formed the Rocher de Boule [*sic*] Copper Company. Incorporated in 1912 with an authorized capital of \$1 million, the company leased its property in August 1913 for a period of three and one-half years. The lessee embarked on an ambitious plan of development which included the construction of an electric compressor and hydro-electric plant on the mountain for mechanized drilling, and, most spectacularly, an aerial tramway three miles long which would transport ore to the railway. It continued development even after the outbreak of the war and expected to ship 100 tons of ore a day once production started.¹⁸

But though promoters were now touting silver-lead and copper deposits rather than gold and coal, they continued to view a rail connection as the key to mining prosperity. In his report for 1911, the gold commissioner noted that by providing transportation for the district's minerals, the GTP would effect a remarkable change in the district. Amidst a steady stream of editorials complaining about poor mail service, the local newspaper acknowledged that the greatest handicap to development was the lack of rail transportation. The arrival of the end of steel would not only produce a steady mail service and greatly reduce the cost of freighting in goods; it would be the conduit for the district's ore. Indeed, one promotor viewed the GTP as a northern CPR cutting a wide swath through a mineral district whose production, he predicted, would soon equal that of the Kootenay region.¹⁹

An examination of district newspapers and the Department of Mines

¹⁷ Wolverton & Co., "Silver Standard," 5 May 1918, "Romance of Silver Standard Mine," 1918(?); *Herald*, 19 Aug., 26 Aug., 7 Oct. 1911.

¹⁸ *Herald*, 10 Sept., 17 Sept. 1910, 19 Aug., 30 Sept., 14 Oct. 1911; Mines, *AR*, 1913, K 107, *AR*, 1914, K 187; NAC, RG 30, Canadian National Railways Records, Grand Trunk Pacific Railway System, v. 3562, f. GR 1586, J. Oppenheimer to Ross, 4 Apr. 1914. PABC, GR 1438, British Columbia, Company Records, f. 44B, "Butte and Rocher de Boule Copper Company." The company's complete name never appeared in local newspapers or GTP correspondence.

¹⁹ Mines, *AR*, 1911, K 78; *Herald*, 16 Apr., 19 Mar., 23 Apr., 27 Aug., 15 Oct., 22 Oct., 29 Oct. 1910, 14 Jan. 1911; "New Hazelton" [pamphlet], (1911).

annual reports indicates that while the actions of the GTP sometimes provoked complaints from the miners, the railway company initially fulfilled the expectations of local boosters by providing the incentive for commercial production as well as the means of export of copper and silver-lead ore. Because of its large-scale site preparation, the Rocher de Boule Mine entered production only in 1915, two years after the end of steel reached the district. During the period 1915-1918, the mine shipped almost 40,000 tons of ore to Prince Rupert for forwarding to smelters at Tacoma or Granby Bay where 4,214 ounces of gold, 62,865 ounces of silver, and 5,746,306 pounds of copper were extracted. Such a volume probably made ore from the mine the largest single commodity (by weight) hauled west on the British Columbia line during the war. Charging a rate of approximately \$3 per ton, the GTP obtained a revenue of almost \$120,000 from the traffic for the Hazelton-Prince Rupert leg alone. Even without a share in the forwarding charges to smelters on the West Coast, this sum made the mine one of the railway's most important sources of revenue in British Columbia.²⁰

More data are available concerning the railway's role in the operation of the Silver Standard. Between 1913 and 1918, this mine hauled 3,500 tons of crude and concentrated ore with an approximate assay value of \$382,000 to smelters in Trail and Oklahoma. This traffic provided the GTP with a gross revenue of \$51,396 and made the Silver Standard the company's second most important customer in the district.²¹

But though the newspapers and Mines reports give some attention to the GTP's role in opening the mines, they virtually ignore its part in their closure. In late 1918 both mines suspended operation, but the Mines reports offer as explanations only abnormal conditions and a poor copper market for Rocher de Boule and "an inability to market satisfactorily the silver-lead and silver-zinc concentrates" for the Silver Standard.²²

²⁰ Mines, *AR*, 1918, K 111. The production of Rocher de Boule Mine exceeded the total calculated from Department of Customs tables concerning cargo shipped out of the port of Prince Rupert from 1 April 1915 to 31 March 1919 (28,687 tons) by more than 39 per cent. Such a comparison suggests only that the Customs estimates were very inaccurate, unfortunately. See Canada, *Report of the Department of Customs . . .*, 1916-1919. No explicit table of rates on ore from Rocher de Boule Mine has been located. In July 1914, the president of the Montana Continental requested the GTP to institute a rate of \$3.00 per ton from the railhead to Prince Rupert. *Herald*, 3 July 1914. I have assumed that the GTP set a rate for copper ore similar to that for silver-lead ore in late 1915.

²¹ For calculations concerning ore value and GTP freight charges for Silver Standard, see table 1 below.

²² Mines, *AR*, 1918, K 111; *AR*, 1919, N 101. The annual report for 1921, G 97, does cite high freight rates as a factor in the closure of the Silver Standard, but this comment has been overlooked or ignored. See Large, 160; Abernathy, 56.

In order to understand the railway company's motive for discouraging the operation of the mines in the Hazelton district after the end of steel reached the district in late 1912, the company's actions and the miners' opposition in the townsite dispute must be considered at some length. For the GTP, the struggle to establish a railway townsite in the district became the overriding objective. By overturning the order of the Board of Railway Commissioners prohibiting the location of a station at its townsite, the railway company achieved a notable legal victory. But this victory did nothing to make its townsite a profitable venture since most district miners demanded that the railway load their ore at locations where the cost of hauling ore from mine to railhead was lower. The continuing opposition of miners to the railway townsite led company officers to retaliate in ways which damaged not only competing townsites but also the mines which produced freight for the railway.

Whatever the fortunes of the district mines, the old town of Hazelton was not to be the centre for this new development based on the railway. At the confluence of the Skeena and Bulkley Rivers, Hazelton sat on the north side of the Bulkley. Following the CPR location line of 1879 closely, GTP engineers decided that the new railway would cross to the south side of the Skeena River at Mile 164, Prince Rupert Easterly, fifteen miles below Hazelton, and then follow the south bank of the Bulkley River. Thus, the Bulkley River separated the district's traditional business centre from the projected line of the GTP. (See figure 1.) That the new centre which the railway required on its line would prosper quickly with the expected commerce of the district was evident to both local and outside promoters. This attractive investment opportunity led to the dispute which was to tear the district apart.

As in other areas, the GTP did not decide the location of stations in the Hazelton district on engineering grounds alone. The railway company expected and indeed required a share of the profits from lot sales of the townsites promoted by lot owners on whose property stations were located. The standard arrangement was for the company to obtain property for station grounds and right-of-way free and to share one-half of the profits from the sale of the lot owners' remaining land.²³ The task of obtaining such an agreement usually fell to GTP land commissioner George U. Ryley, manager of the land department.

With a 2° curve and 0.21 per cent gradient, a part of B.C. District Lot 882 embracing Mile 180.7 Prince Rupert Easterly offered the most suit-

²³ NAC, RG 46, Canadian Transport Commission, Board of Railway Commissioners for Canada, v. 1468, f. 18787, G. Ryley to A. Whealler, 28 June 1910.

able station ground in the district from an engineering and operating point of view.²⁴ In April 1910, Ryley opened negotiations with the lot owner and invited him to join the company in a townsite arrangement in which the GTP would take half the profits of lot sales outside the right-of-way. The owner rejected the townsite proposition, but, for the transfer of 29.03 acres to the GTP, extracted an undertaking from a GTP solicitor that the company would install a siding on the property according to a station grounds plan which GTP engineers had drawn up before negotiations began. Expressing his regret that the lot owner could not see his way to "giving the Company an interest in the townsite which may be established at this point," Ryley turned to the other station sites in the district.²⁵

But the most attractive location remained Lot 882. On the strength of the GTP undertaking to install a siding, Robert Kelly, the Vancouver provisioner and early supporter of the GTP in Prince Rupert, purchased the property in March 1911 for \$100,000. In June he subdivided the property into 3,600 lots and marketed the townsite as New Hazelton, the inevitable centre of the Hazelton district once the railway line arrived. Later in the summer it was announced that the GTP principal contractor, Foley, Welch & Stewart, would move its headquarters to New Hazelton for the duration of work on the second section.²⁶

The actions of the railway company in response to Kelly's marketing of Lot 882 in the summer of 1911 are not clear, unfortunately. As late as 15 August, Ryley had no plans for sidings (or townsites) for eleven miles west of New Hazelton. A sub-contractor confided in mid-August that the railway company had "near decided" to make New Hazelton the divisional point of the district. But when the GTP land commissioner approached Kelly with a proposition to establish an official townsite, i.e., a townsite which the railway company would actively support, on Lot 882, Kelly refused to agree to the standard demand for one-half of the returns from lot sales, offering instead only one-quarter. Ryley informed Kelly's agent that Lot "882 was an ideal townsite, but that he was unable to deal with

²⁴ Engineering data on Lot 882 comes from first BRC hearing, 19 Dec. 1911, NAC, RG 46, v. 62, f. 140, 9733. Kelly's claim that Lot 882 offered the best station location for a distance of twenty-five miles in either direction was probably an exaggeration, but it is significant that the GTP engineering staff could suggest no station location in the district with better gradient and curvature.

²⁵ RG 46, v. 1468, f. 18787, Ryley to Whealler, 15 Apr., 20 June, 28 June, 15 July; Whealler to Ryley, 25 Apr., 24 June, 6 Aug., 2 Sept.; C. Mansur (GTP solicitor) to Whealler, 17 Nov. 1910. The station grounds plan, "Lot 882," is dated 6 Dec. 1909.

²⁶ "New Hazelton," [full-page advertisement], in *Herald*, 8 July 1911(?); *Herald*, 3 June, 12 Aug. 1911.

Mr. Kelly.” President Hays put it more bluntly, describing Kelly’s counter offer as a hold-up.²⁷

While operating considerations required that the GTP build a siding and station somewhere between Mile 169 and Mile 180, there was no necessity to market a townsite. Since the most suitable property for a townsite, Lot 882, was not available, a sound strategy for the company would have been to construct a small station in the district while awaiting an opportunity to enter into an agreement for Lot 882. But Hays’ townsite policy required immediate returns, and company officers could not resist the prospect of quick profits in the marketing of a major townsite.

Ryley’s first attempt to establish an alternative to New Hazelton at Ellison (Mile 175.4) attracted few customers. On an inspection tour in late August, GTP General Manager E. J. Chamberlin listened to the complaints of district residents concerning the sharp tangents (curves) and steep gradient of the railway right-of-way through the townsite. Apparently agreeing that topography made Ellison unsuitable for the district business centre, he instructed Ryley to find another site.²⁸

A local priest reported that to forestall actions by abandoned lot purchasers at Ellison, and “save his own skin,” Ryley had to establish another townsite quickly. Local residents apparently suggested a solution to the dilemma. When the GTP land commissioner reached the district in September 1911, A. C. Aldous, a local real estate broker, and several other prominent residents of [Old] Hazelton informed him that if the railway company would establish a station on the edge of newly surveyed Lot 851 at Mile 176.9, most of the residents of [Old] Hazelton would purchase lots and erect buildings there. For a station which would load ore, such a location was absurd since the railway line in Lot 851 held to a steep gradient of 0.32 per cent and a sharp curve of more than 5° around a bench thirty feet below the crest and 200 feet above the level of land below. Yet Ryley later maintained that a railway engineer had assured him that a siding and station could be established there.²⁹ After Ryley had obtained

²⁷ CN Edmonton, Real Estate, file Carnaby (Mile 169), Chamberlin to Ryley, 1 Aug. 1911; Oblate House, Diocese of Prince George Papers, v. 3, f. 15, Godfroy [Eischelbacher] to Bunoz, 14 Aug. 1911; NAC, RG 30, v. 3363, f. 1710, Ryley to Biggar, 23 Dec. 1911; RG 46, v. 67, f. 151, H. S. Clements, testimony, 4 June 1912; v. 1468, f. 18787, Mabee to Hays, 3 Jan. 1912; *Omineca Miner* [hereafter *Miner*], 23 Dec. 1911.

²⁸ NAC, RG 30, v. 3363, f. 1710, Ryley to Tate, 27 May 1912; G. C. Macleod, “South Hazelton: The Gateway to the Last Northwest,” *British Columbia Magazine* 9, 2 (Feb. 1913): 85.

²⁹ Diocese of Prince George Papers, v. 3, f. 15, Godfroy to Bunoz, 21 Sept. 1911. The station was actually located adjacent to the northern boundary of Lot 851 in Lot 9, but almost the entire townsite was in Lot 851. See figure 1. The surviving evidence

the consent of his general manager, he began negotiations with the owner of Lot 851, a mile and a half further east along the GTP line from Ellison.³⁰ When he obtained the required concessions from W. J. Sanders, the owner-agent of Lot 851, i.e., the provision of free lots to purchasers at Ellison as well as the standard agreement for the division of lot sales after the right-of-way and station grounds had been deducted, Ryley committed the railway company to an agreement for the development of Sanders' property. In October 1911, promoters announced that the GTP had created a new townsite called South Hazelton on Lot 851 and Lot 9.³¹

This announcement provoked a furious response from the *Herald*, now firmly committed to boosting New Hazelton. "With the coming of the railway and the opening up of the country and the vastly wealthy resources," the editor opined, "new towns and communities will spring up, all serving as bloodsuckers to suck the life blood out of this natural supply point [New Hazelton]." The mine owners also entered the dispute by expressing their concern about the location of the station yards, as it meant large sums of money in getting their ore to the railway. They were, "to a man," opposed to South Hazelton, because of its steep approach and its greater distance from the mines. But in a pamphlet rejoinder to the announcement of the rival townsite, Kelly advanced the strongest case for the miners' support of Lot 882.

. . . The fact that . . . [Lot] No. 882 is the only townsite . . . that was provided for on the map or drawings of the GTP when the roadway was surveyed, should speak for itself. The engineers considered this section of ground the only feasible one in all that district for a station, and further, that the Grand Trunk Pacific have guaranteed to the owners of this townsite THAT THEY WOULD FOREVER MAINTAIN THIS SIDING so long as the road continued to run as it now does.

. . . It is unreasonable to suppose that a great transcontinental railway system like this would seek to injure its own interests, or defeat its primary purposes by antagonizing any independent townsite, commanding a location on its line which possesses superior natural advantages for the promotion of trade.³²

suggests that the owner of Lot 9, the Methodist Church, played a limited role in the dispute. It appointed Newton Rowell as counsel for the second BRC hearing in June 1912. NAC, RG 46, v. 62, f. 140, Hearing, 19 Dec. 1911, Ryley to Tate, 14 Sept. 1911 (summarized), 9741, 9733; v. 67, f. 151, 5401.

³⁰ NAC, RG 30, v. 11619, f. A-67, Ryley to Hays, 31 Jan. 1912; v. 3363; f. 1710, Ryley, affidavit, 27 May 1912; *Herald*, 23 Sept. 1911.

³¹ RG 46, v. 586, f. 18787-EX, GTP Development Co. and W. J. Sanders, 18 Nov. 1911; *Herald*, telegram, 21 Oct. 1911.

³² *Herald*, 27 Oct., 24 Nov., 8 Dec. 1911. Clements & Hayward, Kelly's agent for the sale of New Hazelton lots, published the four-page pamphlet, "New Hazelton," after the South Hazelton announcement in October 1911.

The actions of the GTP would soon belie such a confident prediction concerning the economic sense of the company in recognizing and advancing its long-term interests.

Kelly's claims in the pamphlet and other advertisements prompted Ryley to seek an opinion from the GTP legal department concerning the company's obligation to install a siding on Lot 882. GTP solicitor D'Arcy Tate replied that though the commitment to establish a siding could not be avoided, the undertaking was "very vague as to the character of the siding" and contained nothing which would bind the company to establish a station there.³³ Thus, the GTP made no moves to fulfil its undertaking to establish a station. In late November, Kelly applied to the Board of Railway Commissioners (BRC), the federal agency responsible for supervising the operation of the GTP, for an order to locate a station on Lot 882 and restrain the GTP from locating a station on Lot 851, and a hearing was scheduled for 19 December.³⁴

A desire to repeat the success of the 1909 Prince Rupert lot sale led Ryley to act before the outcome of the hearing, however. When Sanders approached the British Columbia government concerning a joint sale of lots in South Hazelton, the GTP general manager quickly supported the proposition, and, by the end of November, Ryley persuaded the Minister of Lands to undertake a sale of lots in Vancouver and Victoria for both parties. Newspaper advertisements for the sale featured a petition praying for the establishment of the district's major station on Lot 851 signed by twenty-eight merchants and firms of [Old] Hazelton who, the general manager later admitted, had all been granted free lots in South Hazelton. To sway prospective lot purchasers who may have read Kelly's advertisements, Ryley also had an article published in a small Victoria newspaper which claimed that Kelly was foisting a "bogus townsite" on the public.³⁵

While the South Hazelton lot sales held in Vancouver on 14 December and in Victoria on 19 December may not have been the "failure" portrayed by H. S. Clements, the agent for New Hazelton, they certainly did not resemble the wild stampedes for lots in Prince Rupert and Prince George. By January 1912 the GTP had sold only eighty-two of its lots for a total of \$48,830. Clements claimed that the lack of sales stemmed from the fact

³³ NAC, RG 30, v. 3363, f. 1710, Tate to Chamberlin, 9 Nov. 1911.

³⁴ RG 46, v. 1468, f. 18787, R. Kelly, Application, 23 Nov. 1911, GTP (W. H. Biggar), Reply, 12 Dec. 1911.

³⁵ PABC, GR 1088, British Columbia, Department of Lands, f. 37246/11, Sanders to Ryley, 27 Nov., Ryley to Sanders, 27 Nov., Ross, memorandum, 27 Nov. 1911; RG 46, v. 1468, f. 18787, petition, 30 Nov. 1911, Mabee to Hays, 3 Jan. 1912; RG 30, v. 3363, f. 1710, *The Week*, 2 Dec., Ryley to Chamberlin, 14 Dec. 1911.

that the district residents would not purchase in Lot 851 knowing that Lot 882 was the "natural townsite" for the Grand Trunk Pacific. Certainly the dispute must have discouraged sales in both townsites before the BRC hearing in December.³⁶

Insouciance characterized the railway company's preparations for the hearing. Only on 28 November, after the sale in Lot 851 with the British Columbia government had been set in motion, did Ryley inform the legal department that the GTP should immediately obtain BRC sanction for the station location on Lot 851, because the owners of the next siding to the east might apply for a station to which Chamberlin had objected. Tate did not make the application until 7 December, however. Although Tate considered Ryley's presence at the hearing indispensable, Chamberlin, apparently assured that the GTP would win, rejected his solicitor's advice. "The Railway Commission will feel it is time enough to say if Kelly should have a station after the railway has reached that point and whether sufficient business warrants it."³⁷

The hearing took place in Ottawa with lawyers appearing for Kelly, the GTP, and the merchants of the district. While Kelly's lawyer did little more than review the correspondence between Ryley and Kelly's predecessor in title to Lot 882, Ottawa solicitor Clive Pringle, claiming that he represented nine-tenths of the business firms of [Old] Hazelton, presented a forceful case. After observing that "mining is the industry of that vicinity and ought to be considered more than anything else," he read a telegram from local mine-owners and promoters of camps east of [Old] Hazelton which stated that the increased distance and adverse wagon grades to South Hazelton would increase the cost of hauling ore to the railway line by \$4 per ton. Dismissing a GTP engineer's claim that neither site was very desirable as a station location, Pringle concluded that "the natural inclination is for settlement to spring up where a station exists, and the mere fact that there are two stations close together where trade does not demand it is going to bring about nothing but trouble and difficulty."³⁸

BRC Chief Commissioner J. B. Mabee was probably inclined not to accept the company's defence that it was obligated only to build a siding. Such a disposition afforded the commissioner another opportunity to harass GTP solicitor Tate, with whom he had clashed during an earlier hearing concerning Cameron Bay in Prince Rupert. An acrimonious exchange

³⁶ PABC, GR 1088, f. 40884/11, Clements to Ross, 20 Dec. 1911; f. 37426/11, Summary of Sales, 2 Sept. 1914. (Victoria — 34 lots; Vancouver — 48 lots.)

³⁷ NAC, RG 30, v. 3366, f. 1762, Ryley to Tate, 28 Nov., Tate to BRC, 7 Dec. 1911; v. 3363, f. 1710, Tate to Chamberlin, 9 Dec., Chamberlin to Tate, 11 Dec. 1911.

³⁸ RG 46, v. 62, f. 140, 9731-33, 9737-38, 9744-45, 9746-47.

with Tate as well as the force of Pringle's argument led Mabee to deliver an emotional judgement directly after the lawyers had completed their cases. He cited the advertisements for the lot sale of South Hazelton as strong evidence that the GTP had succeeded in extracting from the owner of Lot 851 what the owner of Lot 882 had refused, one-half interest in the townsite. Maintaining that the company had repudiated an agreement made with the owner of Lot 882, Mabee then declared:

... It is a public scandal that a railway corporation should go about the country and obtain conveyances of this kind under false pretences. If a private individual had done what this company through its officials have done, . . . he ought to be landed in the Penitentiary. The land was obtained through the grossest deceit on the part of the representatives of this company.

Describing the activities of the GTP as a "violation of the solemn contract with the predecessor of Kelly in title," the commissioner ordered the company to build a station on Lot 882 by the time the end of steel reached the district and forbade the establishment of a station on Lot 851.³⁹

Galling for the railway company was the extensive coverage which the press accorded the provocative judgement. The Vancouver *Saturday Sunset* claimed that the GTP had "stooped to deals unworthy of a two-spot real estate shark," and that its land department had "worked its way across the country spreading desolation in the shape of broken agreements and sore land owners behind them [*sic*]." But Judge Mabee did "not respect the divine right of railway corporations to treat all law and ethics with unconcern." In several papers a paraphrased version of the judgement which was even more damning of the GTP appeared as part of an advertisement touting New Hazelton. The ads apparently had the desired effect. By the end of December Kelly's Vancouver agent had sold \$200,000 worth of lots while a local broker sold Hazelton district residents fifty lots in two days. Even Aldous & Murray, the local real estate firm which had boosted South Hazelton, admitted that New Hazelton would be the future city of the district.⁴⁰

Describing the BRC decision as a handsome Christmas present which ended the dispute, the *Herald* trumpeted that the judgement guaranteed that the railway company would not "establish a rival townsite for pure spite." But the continuing opposition of the GTP to New Hazelton over the next six years suggests that spite rather than the interests of the railway company now directed the actions of company officers.

³⁹ *Ibid.*, 9749-51.

⁴⁰ 29 Dec. 1911, quoted in *Herald*, 12 Jan. 1912. Clements & Hayward, "New Hazelton" [full-page ad. which appeared in Vancouver newspaper before 1 Jan. 1912]; *Herald*, 22 Dec., 29 Dec. 1911; *Miner*, 23 Dec. 1911.

Stung by the sensational headlines, Hays personally reviewed the relevant files from all departments concerning the case. Responding to the president's censure, Ryley admitted that he had been too hasty about putting South Hazelton lots on the market before the company had obtained BRC approval for a station location. While he accepted responsibility for the mistake, Ryley continued to maintain that South Hazelton was the proper location for the district station. After issuing an order that no further townsites were to be placed on the market without BRC station approval, Hays complained that if the president had to handle this type of detail work, he might as well abolish the departments.⁴¹

But the president did more than censure his subordinates. Although he twice requested Mabee to grant a rehearing for an undertaking to locate stations at both points "for the purpose of so far as possible putting an end to the difficulties," Hays also instructed company officers to seek alternative solutions as soon as the decision was rendered. When Mabee rejected his request by citing the miners' telegram opposing the railway townsite, Hays determined to go around the BRC by appealing directly to the federal cabinet. He would then be able to deal with opposition in the district.⁴²

On 28 February 1912 GTP general counsel W. H. Biggar completed the company's brief to the cabinet. The BRC order was unfair to the railway company, Biggar claimed, since the GTP had made no undertaking to locate a station on Lot 882, and the board had approved no application for a station there. In contrast Lot 851 was "admirably suited as a site for a town," and the company's proposed station site was "the best adapted and most suitable for the purpose, regard being had to the future operation of your petitioners' railway, and to the convenience of the residents of the present Town of [Old] Hazelton." Adding that the British Columbia government was also very desirous of locating a station on Lot 851, he asked the cabinet to rescind the order.⁴³

Even before Biggar had completed the petition, GTP officers expressed confidence in the company's ability to overturn the BRC judgement. Just four days after the hearing, Chamberlin predicted that in spite of present difficulties, the "Railway Commission will have no jurisdiction over South

⁴¹ NAC, RG 30, v. 3363, f. 1710, Biggar to Tate, 21 Dec. 1911; v. 11619, f. A-67, Hays to Ryley, 27 Jan., Ryley to Hays, 31 Jan., Hays to Biggar, 3 Feb. 1912.

⁴² RG 46, v. 1468, f. 18787, Mabee to Hays, 3 Jan. 1912; v. 1429, f. 18849, Biggar to Mabee, 10 Jan., Mabee to Biggar, 15 Jan. 1912; PABC, GR 1088, f. 37426/11, Chamberlin to Ross, 16 Jan. 1912.

⁴³ *Petition of the Grand Trunk Pacific Railway... to rescind Order No. 15727...*, (dated) 17 Feb. 1912.

Hazelton if we desire to develop the point.”⁴⁴ By early January he was so confident that the company would “secure [a] decision which will not interfere with South Hazelton townsite” that he destroyed an opportunity for reconciliation by rejecting out of hand an offer from Kelly’s agent to place all South Hazelton lot purchasers in New Hazelton without remuneration.⁴⁵

To strengthen its case for the appeal, the GTP had to alter the impression made at the BRC hearing that the majority of residents and mine-owners of the district favoured New Hazelton. Consequently, Tate wrote and circulated a “Petition to the Premier” favouring South Hazelton which fifty-five people or firms in the district signed. The company also paid W. P. Murray, the local broker who marketed South Hazelton, to spread rumours concerning the importance of South Hazelton in GTP development plans to sway the Hazelton Board of Trade. Although patently untrue, his arguments had some effect on the community since the Board of Trade resolved in March to support the location of the railway station for the district at South Hazelton, because it offered a commanding view, could be easily drained, and was closer to [Old] Hazelton. The resolution did admit that because of South Hazelton’s “slight grade,” heavy ore might have to be loaded at New Hazelton. The *Herald* contented itself with the observation that the board had been “railroaded.”⁴⁶

The appeal before the cabinet was heard on 3 May. While the evidence presented convinced one member that “the GTP people played it down low on Kelly,” the cabinet apparently heeded the opinion of counsel for the British Columbia government and referred the case back to the BRC on the ground that the last hearing overlooked the public interest by concentrating on the GTP’s breach of contract.⁴⁷ An order so issued on 10 May.

⁴⁴ NAC, RG 30, v. 3363, f. 1710, Chamberlin to Ryley, 23 Dec. (copy) in Ryley to Biggar, 23 Dec. 1911.

⁴⁵ PABC, GR 1088, f. 37426/11, Chamberlin to Tate, 9 Jan. 1912; RG 46, v. 67, f. 151, H. S. Clements, testimony, 4 June 1912.

⁴⁶ NAC, RG 30, v. 3363, f. 1710, Tate to Biggar, 1 Feb., 3 Feb., Petition to the Premier, 7 Feb., Biggar to Sanders, 13 Feb., Sanders to Biggar, 20 Feb. 1912; Murray to Aldous, 11 Mar. 1912, reprinted in F. C. McKinnon, letter to editor, *Herald*, 27 Sept. 1912; *Miner*, 23 Mar. 1912; *Herald*, 24 May 1912.

⁴⁷ PABC, GR 1088, f. 37426/11, M. Burrell to Ross, 4 May; R. A. Pringle to Ross, 4 May 1912. That this version of the proceedings is accurate is indicated by two fragmentary pieces of evidence. In June Kelly angrily demanded an explanation from McBride concerning the actions of the government’s counsel, R. A. Pringle. To this demand the premier offered the lame response that Pringle only had a watching brief, implying that he realized that the lawyer had done a good deal more than what was normally expected in such a circumstance. PABC, GR 441, v. 113, f. 778/10, Kelly to McBride, 24 June, McBride to Kelly, 28 June 1912. In a note to

The unusual cabinet decision attracted attention from the national press.⁴⁸ The *Monetary Times* declared the decision a bad omen after the untimely death of commissioner Mabee. Only if the BRC adhered to the late chairman's views could it retain the people's faith. Not surprisingly, the *Herald* viewed the outcome of the appeal as an example of the "avaricious and crushing policy of the defeated," and lamented over wasting the Railway Commission's time again.⁴⁹

Both sides acted quickly to marshal more evidence for the forthcoming rehearing before the BRC, however. Most interesting were affidavits of local residents supporting the competing townsites. V. W. Smith, local manager of FWS and director of a small district mine, submitted 149 affidavits from "residents of New Hazelton" supporting their town. Although the mimeographed forms contain only the general address of "New Hazelton," the individual names and occupations suggest that during the summer of 1912, New Hazelton housed both a service community (fifty-three merchants and various shop owners or workers) and a significant number of miners (thirty-eight prospectors, miners, mine owners, mine brokers, mine secretaries, and cooks). In response the supporters of South Hazelton could muster affidavits from only twenty-three residents of [Old] Hazelton which included no miners and revealed that no one was living on the railway townsite.⁵⁰

Probably more important at the time were affidavits from owners or managers of nine mines located on Four-Mile, Nine-Mile, and Glen Mountains east of [Old] Hazelton. With two exceptions, the ranking of their estimates of the cost of hauling ore from the mine head to New Hazelton accords with their respective distance from the townsite. The owners claimed that the removal of the station from New Hazelton to South Hazelton would increase the average cost of hauling ore to the line from \$2.50 to \$4.50 per ton.⁵¹ Surprisingly, the railway company sought no affidavits from the owners of the camps on Rocher Déboulé Mountain, which was closer to South Hazelton.

The rehearing in Ottawa dragged on for three days in early June. If

Justice Minister C. J. Doherty three days after the appeal, Borden used language which was very close to that in Pringle's report. Canada, Ministry of Justice, f. 367/12, Borden to Doherty, 6 May 1912, with Doherty's hand-written note on it.

⁴⁸ The BRC report for 1917 notes that of the twenty cases appealed from the BRC to the cabinet between 1904 and March 1917, the GTP Hazelton appeal was the only one allowed. Canada, *Sessional Papers*, No. 20c, 1918, 99.

⁴⁹ *Monetary Times*, 23 May, 1 June, quoted in *Herald*, 14 June 1912.

⁵⁰ NAC, RG 46, v. 586, f. 18787-EX, affidavits.

⁵¹ *Ibid.*

nothing else, it represented a feast for lawyers, counsel representing ten supposedly separate parties. While most of the testimony simply elaborated or repeated arguments made during the first hearing, engineering appraisals of both sides were far more detailed. V. W. Smith claimed that the wagon road from the river to South Hazelton was so steep that steamboats delivered FWS supplies for work on a minor bridge near South Hazelton at Sealey, three miles away. A bridge engineer testified that the bridge from the mining camps to New Hazelton would cost only \$60,000 while a bridge close to Lot 851 would cost more than \$225,000. Finally, a GTP engineer who had left the company's service in April 1912 testified that Lot 882 had the best gradient and curvature of any site in the district.⁵²

The arguments offered by the GTP and its allies in support of South Hazelton seemed relatively weak, by comparison. The company produced an engineer from the Ottawa section of the parent Grand Trunk Railway who estimated that the cost of improving the South Hazelton site would amount to only \$20,000. Most important, however, was Ryley's admission that the gradient from Mission Point on the river in Lot 9 to the GTP townsite on the bench required a steep zig-zag road which would create difficulties for wagons with a heavy load of ore.⁵³

To counter the impression of the affidavits that close to 200 people already lived at New Hazelton, Biggar argued that one-half of its business came from the temporary location of FWS headquarters there. The GTP lawyer also charged that supporters of New Hazelton were interested in the establishment of that station only as a means to sell townsite lots. When commissioner McLean ventured that this might also explain the GTP interest in South Hazelton, Biggar responded that the "GTP interest depends on a place being built up." In summing up the case for South Hazelton, Biggar brazenly claimed that the late BRC chief commissioner had informed him that he would be happy with stations at both points. There is no indication in the surviving files of the BRC or the GTP that Mabee had changed his mind since rejecting Hays' proposals out of hand in January 1912.⁵⁴

These professions of the engineering advantages of the competing locations as well as several others in the district led McLean to observe dryly that only a continuous station and station ground from New Hazelton to South Hazelton would meet the situation. But when Ryley came to the stand, the commissioner's resentment at the company's success in forcing

⁵² *Ibid.*, v. 67, f. 151, Hearing, 4-6 June 1912, 172-73, 203, 5413-16.

⁵³ *Ibid.*, 5259, 5252, 5400-01, 5440-08.

⁵⁴ *Ibid.*, 5247, 5217-18, 5259, 5303.

the BRC to hear the case again led him to take up where Mabee had left off, for he condemned the railway company's location as a "corkscrew curve with maximum grade." When Biggar protested, McLean stated angrily that "the GTP finds no difficulty in locating a station which is unsatisfactory to us while under similar conditions it can find all sort of difficulties." Yet when the hearing ended, McLean reserved judgement.⁵⁵

Four days later McLean wrote a surprising judgement. He observed that much of the evidence submitted at the rehearing could be little other than speculative, and reaffirmed the board's determination to compel the railway company to establish a station on Lot 882. "For the Board to assent to the modification of this term of the Order would make it an assenting party to a vital injustice." But giving "due weight to the mass of material presented . . . , much of it contradictory, much of it conjectural," he decided that the representatives of the town of [Old] Hazelton had made a case for a station location nearer to them than that on Lot 882. The learned commissioner therefore rescinded the restraint on the GTP and invited the company to submit an application for a station site which would give adequate facilities to the people of Hazelton. Noting that the original plan for station location on Lot 851 departed from practically every GTP engineering and operating standard, McLean insisted that the company conform to its standards at this location. And if the GTP were to flaunt Mabee's decision concerning New Hazelton, the commissioner warned that the company would pay for it. On 25 June an order so issued.⁵⁶

It was not surprising that the *Omineca Miner*, which had begun publication in [Old] Hazelton in 1911, and, as the recipient of GTP advertising, supported South Hazelton, viewed the decision as a victory for the GTP. On his return from Ottawa, Murray informed the *Miner* that the BRC had practically recommended that the GTP file plans for South Hazelton, and claimed that Lot 882 would be worthless if Lot 851 went ahead.⁵⁷

The supporters of New Hazelton took what comfort they could from the decision. Claiming that the railway company would have to spend half a million dollars to bring the South Hazelton site up to standard, the *Herald* maintained that "no sane corporation would attempt it unless it would serve a great city." While an agent for New Hazelton maintained

⁵⁵ *Ibid.*, 5325, 5403.

⁵⁶ RG 30, v. 3363, f. 1710, McLean, Judgement, 10 June 1912; BRC, Order # 16891; a technicality in the language of this order led to its repeal and the issue of another order with the same intent, BRC, Order # 16987, 12 July 1912.

⁵⁷ *Miner*, 29 June 1912.

that “anything the GTP might say in the matter should not be taken seriously,” the report that Chamberlin, now president of the GTP, would still not compromise with New Hazelton interests must have caused the readers concern.⁵⁸

Accordingly, the directors of Kelly’s land company approached the GTP about pooling their respective interests in one townsite. One of the partners in South Hazelton, Sanders, was ready to accept Kelly’s offer for half the proceeds of New Hazelton. But when Clements repeated Kelly’s “very liberal offer,” to Chamberlin in August, the new GTP president refused the proposition and shortly afterwards publicly expressed his support for the development of South Hazelton.⁵⁹

But the railway company obtained no economic advantages from the BRC order. By July 1912, for compensating track in South Hazelton “so as to bring it down to as nearly as possible our standard conditions,” the railway company had expended \$40,000. Although the general manager claimed that the country did not offer many possibilities for better or more satisfactory accommodation, he admitted that the main reason for utilizing the station privileges that the GTP had secured was that the company could not now afford to give them up.⁶⁰

BRC approval for the site now became urgent. In spite of the new BRC order, the British Columbia government demanded that lot purchasers at South Hazelton receive the option of withdrawing from their agreements. When Chamberlin rejected this request on the grounds that the railway had made no collections on payments for the lots since the matter had gone to the BRC, the deputy minister recommended that the government act on its own, and the Lands minister circulated an option to withdraw in thirty days in November 1912. Of the seventy-eight lots on GTP property purchased at the auction, only twenty agreements remained in force by May 1913.⁶¹

The company officers ignored the deteriorating economic position on Lot 851, however, and sought the advantage which they believed the BRC order conferred. Following the advice of a sympathetic commissioner, Biggar submitted a revised plan for the site which the company’s engineers had completed at the end of August, and formally requested the board’s

⁵⁸ Ibid., clipping, dated 21 June 1912; *Herald*, 28 June 1912.

⁵⁹ PABC, GR 441, v. 115, f. 1148/12, Clements to McBride, 3 July, 10 Aug. 1912; *Miner*, 24 Aug., 21 Sept. 1912; *Herald*, 20 Sept. 1912.

⁶⁰ NAC, RG 30, v. 3366, f. 1762, Donaldson to Hansard, 18 July 1912.

⁶¹ PABC, GR 1088, f. 37426/11, Ross to Chamberlin, 25 July, Chamberlin to Ross, 26 Aug., Renwick to Ross, 10 Sept., Ross, Notice, 22 Nov. 1912, List of Lot Purchasers on GTP Property, May 1913.

sanction to locate a station. While a BRC inspector complained that the GTP location was “not a desirable one for a station either from a railway engineering or an operating standpoint,” the board apparently gave more weight to a series of identical telegrams from “Hazelton” urging immediate acceptance of the South Hazelton application. On 2 October commissioner McLean claimed that since the people of [Old] Hazelton were apparently willing to accept these “limited and inadequate” facilities, the board would sanction the plan.⁶²

When McLean agreed to hold back the issue of the order to allow the protesters to present new evidence, Biggar demanded that the order should issue at once. Sanders complained to another commissioner that the delay of the order caused an economic loss to Hazelton. Additional pressure came from a resolution of the Hazelton Board of Trade calling for the immediate authorization of South Hazelton. Only two days after the resolution had been wired did the secretary of the Board of Trade inform the BRC that the board was far from unanimous on this question. F. C. McKinnon complained that no notice for the vote was given and argued that the “actual” majority still favoured New Hazelton.⁶³

Although the opponents of South Hazelton maintained that the intent of the GTP application was to “destroy forever the [original] order of the Board,” McLean waited no longer, and stated that the BRC was not going “to mingle in townsite matters *qua* townsite.”

... It [BRC] is not concerned with whether two townsites grow where one grew before. There may be abuses in the matter of location of townsites; there may be too many of them; some of them may be simply the capitalization of an iridescent optimism. But be that as it may, there is not within the four corners of the Railway Act any statement that the Board is the official Guardian of townsites, and the Railway Act nowhere overrules the necessity of investors exercising common sense.

Over the protests of the representatives of New Hazelton, McLean finally issued the order.⁶⁴

But though the railway company had now won a notable legal victory by securing sanction to establish a station at its townsite in the face of protest from the district, its economic position did not improve. In December

⁶² NAC, RG 46, v. 1429, f. 18849, A. J. Nixon, G. Mountain, memo, 25 Sept. 1912, “Hazelton” telegrams, 26 Sept. 1912, McLean, Judgement, 2 Oct. 1912.

⁶³ *Ibid.*, McLean, memo, 11 Oct., Biggar to Cartwright, 15 Oct., Sanders to Goodeve, 16 Oct., Biggar to Cartwright, 21 Oct. 1912, Hazelton Board of Trade to BRC, 23 Oct., F. McKinnon to Pringle and Guthrie, 24 Oct., Secretary, Board of Trade, to BRC, 25 Oct. 1912.

⁶⁴ *Ibid.*, McLean, Judgement, 30 Oct. 1912, BRC, Order # 17905, 31 Oct. 1912.

Ryley declared to the *Miner* that the "GTP will carry out its proposals at South Hazelton." These presumably included making South Hazelton the district trade centre. But in spite of declarations that South Hazelton was receiving a large amount of freight and passengers and that clearing was going on apace for the construction of a large freight shed, the company only shunted two boxcars onto the siding to increase the "buildings" in the townsite from one tent and two restaurants. At the same time New Hazelton claimed a population of 350 people and 121 permanent buildings.⁶⁵

By the summer of 1913, even the original partner of the GTP in South Hazelton deserted. On 9 July 1913, Sanders agreed to abandon South Hazelton for Kelly's offer of 3/7 of the shares of New Hazelton, payment of Sanders' debts for Lot 851 which amounted to \$9,800, and the transfer of lot purchasers to the Kelly townsite. One of the conditions of the agreement was that both parties would "use their utmost endeavours to induce the Grand Trunk Pacific Railway Company to recognize the said Lot [882] as the official Townsite" and that they would compensate the company to accomplish that object.⁶⁶ This move led an Anglican bishop who had bought two lots for churches in 1911 to complain that South Hazelton was now "practically worthless except for farm purposes." The agreement also prompted the British Columbia government to allow those who had purchased lots on government property in 1911 another opportunity to withdraw in view of the "intention to abandon the townsite." But the company determined to hang on, and would not allow its lot purchasers to withdraw or transfer to New Hazelton.⁶⁷

By March 1913, the *Herald* charged that the GTP had spent \$60,000 on its townsite, more than it obtained in the auction sale in 1911. Thus, in its attempt to establish and maintain a station at an economically unsuitable location, the GTP not only incurred a substantial financial loss but also antagonized many residents and investors in the district's major town on the line before it had hauled out a single carload of freight from the district.⁶⁸

Only in the context of this townsite dispute does the series of GTP actions after 1912 which hindered development and eventually closed local

⁶⁵ *Miner*, 14 Dec., 7 Dec. 1912; RG 46, v. 1468, f. 18787, C. Harvey to Clements, Dec. 1912.

⁶⁶ PABC, GR 1088, f. 61426/12, Sanders and Kelly, agreement, 13 July 1913.

⁶⁷ F. 37426/11, Du Vernet to Renwick, 3 Apr. 1914, Superintendent, circular letter, 29 Aug. 1913. The letter of Emily Carr to Superintendent, 8 Sept. 1913, implies that the company would not provide refunds.

⁶⁸ *Herald*, 28 Mar. 1913.

mines become comprehensible. Prominent among the district residents who, in Hays' words, wanted only to hold up the GTP, the miners had opposed the company's project at every turn. This perception led company officers to retaliate in ways which discouraged the mines from increasing their production and, consequently, increasing the amount of ore the railway would export.

While the GTP had obtained BRC authorization to run trains over its line to South Hazelton (Mile 177) in October 1912, it "neglected" to apply for running rights to New Hazelton (Mile 180) at that time. When the end of steel neared the district at the end of November, commissioner McLean reminded the company that a station must be completed at New Hazelton before traffic could be carried beyond that point. On 22 November the New Hazelton Citizens' Association was formed for the task of getting freight and passenger service to the town. Later that week it sent a petition to the BRC to request service.⁶⁹ Chamberlin replied to the petition that the GTP had not yet built a station at New Hazelton owing to "severe winter conditions," but promised that the company would eventually carry out the order. During the month of December, however, all traffic for New Hazelton was stopped and unloaded at South Hazelton and then shipped by wagon to the larger town. The trains then proceeded to New Hazelton empty to turn around on a Wye before returning to South Hazelton and loading. This economically foolish action provoked the *Herald* to charge that the company was criminally dumping freight and passengers "miles from anywhere." Commissioner Scott's comment that "the GTP is attempting to get square with those people interested in New Hazelton" was probably not far from the mark.⁷⁰

But the company persisted in its attempts to boost South Hazelton in spite of its unpromising economic prospects and the hostility of many district residents. In February 1913 General Manager Morley Donaldson decided that confusion resulting from the similar names of adjacent stations must be ended. By March the railway company had designated South Hazelton as "Hazelton" on its timetables and maps over the objections of the residents of New Hazelton.⁷¹ When the company held up four carloads of timber which were necessary to continue work on the bridge across the Bulkley River from New Hazelton to the mines, BRC Chief Commis-

⁶⁹ BRC, Order # 17769, 14 Oct. 1912; NAC, RG 46, v. 1468, f. 18787, McLean to Scott, 15 Nov. 1912; *Herald*, 22 Nov., 29 Nov. 1912.

⁷⁰ NAC, RG 46, v. 1468, f. 18787, Chamberlin to Biggar, 26 Nov., Scott to Biggar, 28 Nov. 1912; *Herald*, 6 Dec., 13 Dec. 1913.

⁷¹ RG 30, v. 3366, f. 1762, Donaldson to Hansard, 13 Feb., Ryley to Hansard, 27 Feb. 1913.

sioner H. L. Drayton demanded that the delay end and that the company justify its actions or face the imposition of a stiff penalty for failure to comply with an order of the board. Donaldson quickly instructed the legal department to apply for authorization to run trains to New Hazelton, but service did not begin until the middle of January. GTP solicitor H. H. Hansard's ingenuous explanation that the delay stemmed from the absence of company officers at the office during the Christmas season was not convincing. The long delay prompted the *Herald* to charge that transportation was better in the days before the advent of the railway when the residents of the district mushed to Prince Rupert and brought all their supplies in by canoe in the summer. "At least no corporation in those days tried to club them into submission."⁷²

When trains finally entered New Hazelton with goods, the newspaper proclaimed the event as a great victory for the people over the railway company which wanted to sidetrack the town for the winter.

. . . It is a fact known to everyone that has ever been mixed up in a GTP townsite, that the "backing" of the railway company does not amount to a row of pins. The GTP has never been known to make a move for the benefit of a town. In every instance the town had to fight to the last ditch. . . . Ryley would naturally favour South Hazelton. That townsite was his last hope from an utter route [*sic*] in the townsite game. . . . But Ryley is so thoroughly discredited in the North and along the GTP Railway [line], that any statement from him is a huge joke.⁷³

A few days after the BRC had authorized trains to run to New Hazelton, the first carload of ore destined for the Trail smelter left New Hazelton for Prince Rupert. If the GTP could put the townsite dispute aside, the *Herald* predicted that it could obtain from the district "a line of down freight [to Prince Rupert] that will give them profit."⁷⁴

But the company did not separate the potential traffic in ore from the townsite dispute. And so it instituted a rate which effectively discouraged the Silver Standard and other mines from hauling their ore to New Hazelton for forwarding on the railway. For carloads of ore hauled to Prince Rupert from New Hazelton, the GTP charged a rate of \$6.40 per ton, almost as much as the CPR rate for the much longer journey from Prince Rupert to Trail via Vancouver, \$7.40 per ton. The *Herald* complained that the GTP rate was "nothing short of robbery — the people of the dis-

⁷² *Herald*, 20 Dec., 1912, 3 Jan. 1913; RG 30, v. 3394, f. 2150, Drayton to Hansard, 6 Jan., Hansard to Drayton, 17 Jan. 1913; v. 3363, f. 1710, Hansard to Donaldson, 17 Dec. 1912.

⁷³ *Herald*, 17 Jan. 1913.

⁷⁴ *Ibid.*, 17 Jan., 24 Jan. 1913.

trict are entitled to a freight rate which will enable them to get ore to market and make a profit." It contrasted this exorbitant rate with the much lower rates on American railways, and observed sarcastically that \$6.40 looked "nice on top" of total costs of the development of mines, the products of which must be shipped from the district. To compel the company to reduce its rate, the miners threatened to send their ore to Prince Rupert by river steamer.⁷⁵

In June it appeared that the GTP local agent had been instructed to work out a rate more satisfactory to the miners, and the company lowered its rate to Prince Rupert from \$6.40 to \$4.00 per ton, reducing the total cost of shipment to Trail from \$13.40 to \$11.00 per ton. But the reduced New Hazelton-Prince Rupert rate was still 60 per cent higher than the rates on twelve American lines which hauled ore a similar distance over less favourable grades. At the start of the war, miners protested that the rate forced them to ship at a loss, and threatened once more to take their case to the BRC. But their disillusionment with the regulatory agency's failure to curb GTP harassment of New Hazelton and the prospect of a further reduction apparently dissuaded them from pressing the action. By the end of 1915 the rate for the New Hazelton-Prince Rupert leg was lowered to \$3.00 per ton though the total rate apparently did not change. With this rate, the *Herald* predicted the district's mining industry would revive.⁷⁶

By the end of 1913 four mines in the district had shipped almost 400 tons of ore of which the Silver Standard's shipment of 282 tons was by far the largest. Such production brought the owners approximately \$38,000, from which the railway company charged at least \$1,600 on the Prince Rupert leg of the journey, as well as an indeterminate sum for transporting some of the ore in its steamers from Prince Rupert to Vancouver. An agent of the mine-owners observed that although the railway company had "scorned and hampered" the district, the current ore on dumps waiting for shipment was "probably the forerunner of more revenue earning traffic on ore, machinery and mining supplies than will be offered the GTP in the future at any point on its new transcontinental line."⁷⁷

For the Silver Standard Mine, the GTP's reduction of the rate to Prince Rupert in June 1913 lowered the proportion of freight charges to estimated ore value to less than 12 per cent, which the calculations of Smithers mine-

⁷⁵ *Vancouver Sun*, 19 Feb. 1913; *Herald*, 7 Feb., 2 Apr., 9 May 1913.

⁷⁶ *Herald*, 13 June 1913, 25 Sept., 9 Oct. 1914; RG 46, v. 1468, f. 18787, M. J. McCaul to G. Spencer, 22 Dec. 1915.

⁷⁷ *Ibid.*, 2 Jan. 1914.

owner James Cronin indicate as the freight charge ceiling for profitable operation of a silver-lead mine along the GTP route.⁷⁸ The mine-owners thereupon shipped out ten cars of ore on which the GTP placed banners and photographed for advertising purposes. The resulting assay of \$106.42 per ton gave the Silver Standard a reputation as the richest mining camp in the north, and its ore probably represented the most lucrative freight (total value) that the GTP hauled west to Prince Rupert before the Rocher de Boule mine entered production.⁷⁹

The following figures in table 1 calculated from data in the Department of Mines annual reports and the *Herald* indicate the weight and value of freight the Silver Standard, the most important mine loading at New Hazelton, brought to the railway. Although the government and newspaper reports do not usually state explicitly the weight of ore hauled, accompanying data on the value of metal extracted from the ore after smelting suggest that all ore produced was shipped before the installation of an ore concentrator in late 1917. If one includes the waybill advance of 1918, the railway obtained \$51,000 from the mine for transporting ore.⁸⁰

The actual operation of the mine was more erratic than these figures indicate, however. During the years 1913-1919, the Silver Standard closed for three extended periods: August 1914-June 1915, because of market disruption when the Trail smelter refused to accept silver-lead ore; October 1917-May 1918, for the installation of an ore concentrator; and December 1918-April 1919, because of "an inability to market satisfac-

⁷⁸ Bulkley Valley Museum, James Cronin Papers, file Babine Data 2, "Silver Lead Mining in British Columbia," "Description of Babine Bonanza," undated memorandum (1921[?]). In the calculation of limits for the operation of a profitable silver-lead mine, the first document assigns a proportion of 36 per cent of the assay value of ore to four factors in the cost of production: milling (concentrating), smelting, freight charges from railhead to smelter, and, presumably, hauling ore to the railhead. But the memorandum suggests no way to disaggregate these costs. Scribbled hurriedly in pencil with several erasures, some of the calculations also appear to be based on a higher ore value than the one stated in the memorandum. In the second document concerning the operation of Babine Bonanza during 1921, Cronin disaggregates costs in part by calculating that the combined cost of two factors, freight charges (railhead to smelter) and smelting, represents 19 per cent of the assay value of the mine's ore. I have assigned a proportion to freight charges from railhead to smelter alone according to a San Francisco smelter's settlement sheet for Cronin's mine in late 1917 where the ratio of freight charges (19 per cent of assay value) to basic smelting charges (13 per cent of the assay value) for a shipment of silver-lead ore was 3 : 2. That freight charges of 19 per cent ore value made Cronin's mine operation unprofitable is indicated by the fact that the mine shipped no ore during the following year. See file 1918, "Confidential Report."

⁷⁹ *Herald*, 20 June, 8 Aug. 1913.

⁸⁰ Traffic agreements and government regulations provided that the GTP share this revenue with other lines which hauled the ore, of course.

torily the silver-lead and silver-zinc concentrates.”⁸¹ These data suggest that operation of the mine and its continued supply of freight to the GTP was precarious in the years before 1919. But instead of encouraging production at the Silver Standard and other mines east of [Old] Hazelton by improving facilities at and roads to New Hazelton, the railway company attempted to stop the hauling of ore to New Hazelton by removing its station agent.

The first closure of the Silver Standard in the fall of 1914 and the accompanying decrease in ore shipments from New Hazelton suggested to some company officers that the GTP could cut its expenses in the district by removing its agent from the Kelly townsite station. In June 1915 GTP General Superintendent W. C. Mehan in Prince Rupert claimed that with the removal of FWS from New Hazelton after the completion of the railroad, few people and little business for the railway remained. Hansard immediately had the local auditor draw up tables of traffic for both New Hazelton and South Hazelton for the period January 1914–April 1915. In 1914 freight hauled in and out of the two stations was roughly equal in value, but New Hazelton had twice as many passengers. In the period May 1914–April 1915 the value of freight at New Hazelton declined by almost 50 per cent, and the value of passenger traffic decreased by more than one-third. But total receipts for both New Hazelton and South Hazelton exceeded \$15,000 per annum, and the BRC would have prevented the company from closing New Hazelton.⁸²

That some company officers were disposed to close New Hazelton is indicated by Mehan’s presentation of the falling receipts of New Hazelton station as “an opportunity to settle matters” and Hansard’s response that the figures are “still not enough to justify discontinuance.” In July 1915 GTP General Manager Morley Donaldson instructed Hansard to start procedures for cancelling the New Hazelton agency if the receipts continued to fall.⁸³ Internal correspondence leading up to the formal application permits a rare view of local traffic patterns on the GTP. Only after he had examined the receipts for the first nine months of 1915 did the GTP solicitor feel confident enough to apply to the BRC for the discontinuance of an agent at New Hazelton. To support his case to the GTP general manager, Hansard enclosed the auditor’s calculations for both stations

⁸¹ Mines, *AR*, 1919, N 101.

⁸² NAC, RG 30, v. 3453, f. 3115, Mehan to Donaldson, 1 June 1915, Hansard to Donaldson, with enclosures, 17 June 1915.

⁸³ *Ibid.*, Mehan to Hansard, 14 July, Hansard to Mehan, 17 July, Donaldson to Hansard, 23 July 1915.

TABLE 1
GTP Freight and Freight Charges for Silver Standard Mine, 1913-1918

<i>Year</i>	<i>Ore hauled (tons) (Crude Ore)</i>	<i>Smelter Destination</i>	<i>Rate to smelter (per ton)</i>	<i>Freight Charge (total)</i>	<i>Ore Value (total)</i>	<i>Freight Charge Ore Value (%)</i>	<i>Rate to Prince Rupert (per ton)</i>	<i>Charge to P.R. only (total)</i>
1913	282	Trail	\$11.00	\$ 3,102	\$28,600	10.9	\$4.00	\$ 1,128
1914	736	Trail	11.00	8,096	80,600	10.1	4.00	2,944
1915	154	Trail	11.00	1,694	15,700	10.8	3.00	462
1916	651	Trail	11.00	7,161			3.00	1,953
	109	Dewar, Okla. via Winnipeg	14.10	1,537				
	760			8,698	81,700	10.7		
1917	866	Trail	11.00	9,526			3.00	2,598
	210	Dewar	14.10	2,961				
	1,076			12,487	87,100	14.3		

TABLE 1 (continued)

<i>Year</i>	<i>Ore hauled (ions) (Concentrates)</i>	<i>Smelter Destination</i>	<i>Rate to smelter (per ton)</i>	<i>Freight Charge (total)</i>	<i>Ore Value (total)</i>	<i>Freight Charge Ore Value (%)</i>	<i>Rate to Prince Rupert (per ton)</i>	<i>Charge to P.R. only (total)</i>
1918	266*	Trail	26.65	7,089			7.27	1,933
	(without GTP waybill advance)		(13.75)	(3,657)			(3.75)	(998)
	300	Silver Sands, Okla.	34.10	10,230				
	(without GTP waybill advance)		(17.60)	(5,280)				
	Total 1918			17,319	88,100	19.7		
	(Total 1918 without GTP waybill advance)			(8,937)	88,100	(10.2)		
	TOTAL			\$51,396				\$11,018
	TOTAL (without GTP waybill advance)			(40,053)				(10,083)

* Estimated on ratio of concentrates to crude ore for 1919: 16%

from January 1914 through September 1915. A summary of the data follows:⁸⁴

TABLE 2
*GTP Freight and Revenue from New Hazelton and South Hazelton
Stations, 1914-1915*

	1914		Jan.-Sept. 1915	
	<i>New H</i>	<i>South H</i>	<i>New H</i>	<i>South H</i>
Freight in (tons)	830	1,002	211	652
Freight out (tons)	1,025	211	288	85
Freight total (tons)	1,855	1,213	499	737
No. Passengers	3,642	1,805	1,157	1,243
Value (total)	\$24,674	\$18,035	\$7,180	\$10,777

The receipts are not complete since they omit passengers inward and express revenue. But they indicate that New Hazelton, in spite of the closure of the Silver Standard from August 1914 to June 1915, continued to ship more ore out of the district than did South Hazelton which had practically no freight outward. A large shipment of construction material to repair or ballast a part of the line in the district probably accounted for the increase in 1915 of freight inward for South Hazelton which the railway company would of course have credited to the station it promoted. Hansard decided to send the BRC figures only for the period October 1914 to September 1915, which encompassed the closure of the Silver Standard.

The application immediately led to protests from the district. On 7 December, H. S. Clements, the former broker for New Hazelton and now local MP, intervened in the matter. Declaring that he no longer had any personal interest in the townsite, he argued that the completion of a \$40,000 bridge across the Bulkley to the recently re-opened Silver Standard would soon increase New Hazelton's freight receipts.⁸⁵ More telling was a protest of the New Hazelton Citizens' Association. It claimed that the figures which the GTP had submitted covered only the period during which the Trail smelter refused to accept ore. "The closing of our principal revenue producers naturally crippled all other branches of our business." Since the Silver Standard and other mines had begun to ship ore again,

⁸⁴ Ibid., J. S. Swalwell, auditor's reports, New Hazelton and South Hazelton.

⁸⁵ RG 46, v. 1468, f. 18787, Clements to Drayton, 7 Dec. 1915.

the citizens believed that they would soon exceed their shipments for 1913 and 1914.⁸⁶

The association's contention that the company had unfairly deprived New Hazelton of receipts on the Prince Rupert-Vancouver leg, which would effectively double its receipts for its shipments, won the support of the BRC. When an inspector examined Hansard's figures, he concluded that the receipts also ignored incoming passengers, which would put New Hazelton over the \$15,000 mark. Observing that an average of fifty-five pieces of less than carload freight had been received or forwarded every day at the station for the past three months, the BRC chief operating officer recommended that revised calculations be made with the inclusion of these items. After receiving this report, commissioner Drayton ruled that the railway must include the rate from New Hazelton to Vancouver in its calculation of New Hazelton's station receipts which, even with the small amount of ore shipped in 1915, would push it over the \$15,000 mark. He also stated that it would be impractical to take material from New Hazelton to South Hazelton by wagon road, admitting what the mine-owners had argued for years, that the GTP station site was completely unsuitable for the forwarding of the district's most important freight, ore.⁸⁷

In explanation of the GTP's defeat at the hearing, Mahan could only speculate that the editor of the *Herald* had given the BRC inspector a "spiel of air castles," purposely misrepresenting existing conditions to carry a point against the railway company. He rejected the decision to include the sea leg in the rate since shippers could use CPR vessels rather than the GTP steamers if they so chose. He did show that ore in 1915 shipped to Trail totalled 209 tons, which produced a revenue of \$605 to Prince Rupert and an additional \$605 to Vancouver. By itself this revenue would not have pulled New Hazelton over the \$15,000 mark, but the company did not pursue the matter.⁸⁸

The company eventually did have its way. When the railway companies obtained sanction from the federal government in the so-called "15%" and "25%" cases to advance freight rates twice in 1918, the GTP greatly exceeded the limits in its application of the rate to ore shipped from New Hazelton to Trail and to the United States via Winnipeg.⁸⁹ Although the

⁸⁶ Ibid., "Protest," undated.

⁸⁷ Ibid., Hansard to BRC, 19 Nov., New Hazelton Citizens' Association to BRC, 10 Dec., McCaul to Spencer, 22 Dec. 1915, Spencer to Drayton, 6 Jan. 1916, McCaul to G. Spencer, 1 Dec. 1915, Drayton, Judgement, 12 Jan. 1916.

⁸⁸ RG 30, v. 3453, f. 3115, Mehan to Hansard, 27 Feb. 1916.

⁸⁹ The BRC decided on the first advance; the cabinet, on the second. A report of the railway companies' applications for a general increase in rates in 1917 ("15%" case)

government allowed a total increase of 25 per cent on rates for hauling concentrated (ground) ore in British Columbia, the GTP compelled the Silver Standard after June 1918 to pay an additional tariff of 94 per cent on all ore hauled which assayed at more than \$50 per ton at the smelters. It obtained this additional revenue by issuing waybills which, the BRC later ruled, required the railway company, not the shipper, to pay the additional tariff. Although the GTP refunded this additional tariff in part voluntarily, in part under duress, it did so only in late 1920. During the long interval the sudden increase in transportation costs to over 19 per cent of ore value caused the Silver Standard and the other mines to suspend production in December 1918 for six months.⁹⁰ Thus the railway company ensured that New Hazelton, the natural site for forwarding freight to the railway, declined as did its own uneconomic townsite, only by eliminating one of the major sources of freight in the district at a time when the GTP desperately required traffic.

Although the GTP legal files provide little information on the company's relations with the Rocher de Boule mine, newspaper reports suggest that it fared no better than the Silver Standard. Above South Hazelton on the same side of the river as the railway, the largest mine in the district promised to make up the shortfall caused by the company's reluctance to serve the mines at New Hazelton. But though company officers must have realized that the development of such an important provider of freight close to

can be found in 22 *Canadian Railway Cases* (1918): 49-84. The GTP application to the BRC on this matter has not survived. The order-in-council for the second increase ("25%" case), P.C. 1863, 27 July 1918, is published in *Canadian Railway and Marine World* (October 1918): 446. For a general discussion of these complex changes in rates, see Jackman, *Economics . . .*, 239-47. For tables setting out the impact of the two increases on the standard classification for British Columbia, see H. W. Hewetson, "The Railway Rate Problems of Western Canada with Particular Reference to British Columbia" (M.A. thesis, Political Economy, University of British Columbia, 1925), 105-06. Although Hewetson provides a few examples of how the increases affected the cost of raiiling particular commodities on the CPR and the Canadian Northern, he does not discuss the GTP. Neither the GTP legal files nor BRC records contain material on the GTP's actions in the cases, unfortunately.

⁹⁰ NAC, RG 30, v. 3478, f. 3661, BRC hearing, 28 Nov. 1919, 12388. The *Herald* does not discuss the closure of the Silver Standard in 1918. For the role of the GTP, one must rely on the admittedly partisan claim of the Silver Standard agent in late 1919. It is significant, however, that the GTP General Freight Agent who was present at the hearing did not dispute the claim. That Cronin's freight charges limit of 12 per cent for the profitable operation of a mine applies in this case is suggested by the fact that the Silver Standard installed an ore concentrator in late 1917 to reduce freight charges of 14.65 per cent ore value during that year. Without the waybill advance, freight charges for 1918 would have returned to the level of 10 per cent for the years 1913-1916. See table 1.

South Hazelton might have supported the GTP's case for location of the district station there, the railway company encouraged its development no more than it did the mines which supported New Hazelton. West of South Hazelton along the railway line, the GTP constructed a siding at Tramville, the site of Rocher de Boule's ore dumps and the lower station of the mine's tramway, for 6 per cent annual rental. The railway company refused, however, to establish a regular station there and insisted that the mine use the station located almost a mile further west at Carnaby. The difficulties in picking up ore and setting down supplies at a site without a regular station and station signal caused delay and expense for both the railway company and the mine.

In the summer of 1916 representatives of the mine complained that inadequate train service had filled up all available space in its Prince Rupert ore bunker, its dump at Tramville, and even its stopes at the mine head. During that summer 3,000 tons of ore were waiting for shipment. If the service were improved, the mine could ship 100 tons of ore a day. In June the mine manager took his complaint about inadequate service to the BRC and apparently secured promises of improvement from the company.⁹¹ This promise turned out to be one special freight train a week, which could not remove 100 tons of ore a day. Even this service did not always occur, as it was often difficult to obtain cars. In September a mining promoter noted that the output of Rocher de Boule was still piling up and the railway simply could not take care of production. The editor of the *Prince Rupert Empire* charged that "Rocher de Boule was forced to slacken its production to suit the haulage of this sluggish [*sic*] and unprogressive outfit." By December the transportation difficulties had not been overcome.⁹²

The development of this mine and other claims on Rocher Déboulé Mountain led the provincial government to construct a winding eleven-mile tote road from a point near the summit to the railway line on the east side of Skeena Crossing (Mile 164). Although the GTP admitted that way-freights stopped on the main line at that point to set down passengers, supplies, and mine machinery, it again refused to construct a station and siding there, and insisted that miners make use of Nash station, one mile west of Skeena Crossing. This demand prompted the Prince Rupert editor

⁹¹ RG 30, v. 3593, f. GR1797, Rosevear to Hansard, 20 July 1915; *AR*, 1916, K 107; *Herald*, 23 June, 18 Aug. 1916; *Prince Rupert Weekly Empire*, 21 June, 5 July, 25 Oct. 1916. There are no documents in the surviving files of the BRC concerning this complaint.

⁹² *Herald*, 10 Nov., 1 Dec., 8 Dec. 1916; *Weekly Empire*, 13 Sept. 1916.

to observe that miners would require an airship to reach this station since it was located on the other side of the Skeena River.⁹³

When B. R. Jones, one of the principal promoters of the Delta Group of claims on Rocher Déboulé Mountain, capitalized at \$1,000,000, sent a petition signed by 104 miners and other residents for a station at Skeena Crossing to the BRC, the GTP general superintendent dismissed him as a convicted gambler and bootlegger without capital, and claimed that no one took his partners seriously. While the GTP general manager recognized that the company had set a precedent by stopping all its trains at Skeena Crossing, he maintained that the precedent could only apply to the railway's construction phase which ended in 1915. He admitted that increased mining activity on the mountain would make a siding and station necessary, but claimed that the company's large losses on the Mountain Division, the British Columbia section of the line, prevented it from making what he regarded as a needless expense. He suggested that the provincial government should construct a bridge across the Skeena beside the railway bridge so that the miners could use Nash.⁹⁴

Hansard repeated this argument to the BRC, but the commissioners did not find it convincing, and ordered that the GTP construct a siding and small station within thirty days. Such actions led a British Columbia mining journal to describe the GTP's treatment of the largest shipper of ore over its line as disgraceful.⁹⁵ Hindered by the railway in recovering its investment by exporting ore when copper prices were high, the Rocher de Boule Mine could not survive the decline of copper prices in 1917 and suspended production the following year.

Thus the activities of the GTP in the Hazelton district confirm in part G. R. Stevens' argument that the actions of the railway company's land department alienated residents and harmed the long-term interests of the company.⁹⁶ But the GTP determination to support its townsite in the face of opposition from both local residents and outside interests was not limited to the land department, although George Ryley was probably responsible for the initial decision to support South Hazelton. Even though several company officers recognized that the land commissioner had made a serious error, the fact that two presidents and a general manager as well as

⁹³ NAC, RG 30, v. 3458, f. 3237, Mehan to Hansard, 29 June 1916; *Weekly Empire*, 25 Oct. 1916.

⁹⁴ RG 30, v. 3458, f. 3237, Donaldson to Hansard, 5 July 1916.

⁹⁵ *Ibid.*, Order #25439, 19 Sept. 1916; *Mining and Engineering Record* (Aug. 1917): 247.

⁹⁶ *Canadian National Railways, II, Towards the Inevitable*, 206-07.

the entire legal department supported Ryley suggests that this harmful obsession with territoriality permeated the entire company. By continually attempting to damage or dispose of what it regarded as wildcat townsites, the company in fact attacked a prerequisite for the profitable operation of mines on which it depended for traffic. The railway company's patent lack of interest in generating and increasing traffic in ore suggests that GTP officers practically disregarded the prescription for financial survival set out above as well as the requirements of development in the region. Contrary to Kelly's prediction at the opening of the townsite dispute in 1911, the railway company acted "to injure its own interests."⁹⁷

Of course the elimination of ore shipments from the Hazelton district by 1918 did not by itself force the GTP into receivership in 1919. But the case presented here indicates that Innis' argument concerning the importance of local traffic for the survival of a transcontinental railway system in British Columbia can be applied to another line in a different region.⁹⁸ As well, it suggests another meaning for Innis' contention that railways were at once the cause and effect of the sudden economic disturbances peculiar to mining regions.⁹⁹

⁹⁷ After its criticism of the GTP treatment of the Rocher de Boule Mine noted above, the *Mining and Engineering Record* concluded that the GTP "as a development road has been a failure." Aug. 1917, 248. The quotation comes from Kelly's pamphlet, "New Hazelton." See above, 33.

⁹⁸ *CPR*, 140-42. Cf. Cole Harris' conclusion concerning Innis' ideas in "Industry and the Good Life around Idaho Peak," *Canadian Historical Review* 66, 3 (Sept. 1985): 343.

⁹⁹ *Settlement and the Mining Frontier*, 398.