

RAILROADING A RENEGADE:

Great Northern Ousts

*John Hendry in Vancouver*¹

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THIS ARTICLE PROBES the troubled relations between James J. Hill's Great Northern Railway Company (GN) and its local subsidiary, the Vancouver, Westminster and Yukon Railway Company (vw&y), as the transcontinental established the last of its Pacific termini in Vancouver during the period between 1901 and 1908. After surrendering effective control of the subsidiary to its parent, the vw&y president, Vancouver lumberman and railroad promoter John Hendry, denounced his former associates. While he derided L.W. Hill, the GN president and founder's son, as "a degenerate," and GN attorney L.C. Gilman as "a toadier," Hendry lamented that "old man Jim [Hill]," his original partner in the enterprise, was "not straight."² A very different reading of the conflict came from the pen of a Vancouver newspaper cartoonist during the penultimate stage of the takeover. Hendry had failed to carry out a threat to bar the GN from entering Vancouver on tracks that it had already purchased but did not yet operate with its own employees. The wag illustrated the "terrible collision between the Hill and Hendry forces" as an onrushing GN locomotive that trapped on its pilot (cow catcher) a vw&y toy train that was blocking its path (see Figure 1).³

¹ Earlier versions of this article were presented at the BC Studies Conference, Kamloops, May 2001, and the Business History Conference, Toronto, June 2006. Douglas College and the Hill Research Grants Program supported the research. Barrie Sanford provided many leads concerning John Hendry. Bob McDonald, long before he became editor of this journal, Kurt Armbruster, Robert Turner, and the reviewers for *BC Studies* read drafts and offered valuable advice. All errors of fact or interpretation that remain are mine alone.

² City of Vancouver Archives (hereafter cva), Add. Mss. 46, William McNeill Fonds, file 6, Hendry to W. McNeill, 6 April 1910. That Hendry made the attack almost two years after the GN takeover indicates his continuing hostility.

³ *Vancouver Daily Province*, 25 April 1908.

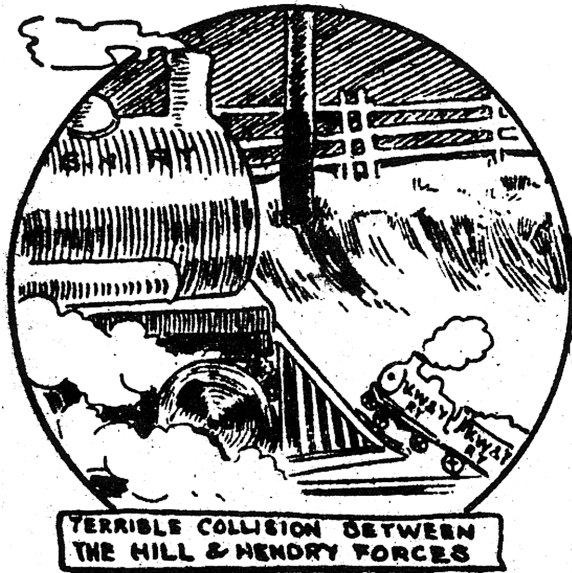


Figure 1: Cartoon View of Hill-Hendry Conflict in Vancouver. *Vancouver Daily Province*, 25 April 1908.

From each view comes a different explanation of the conflict. Hendry's denigration of the GN executives implies that adept, if unscrupulous, American masters had once more demonstrated their skill in bilking a Canadian lieutenant.⁴ Its very animus suggests a bitter defeat for Hendry, and this jars with his reputation as the most notable entrepreneurial capitalist in the BC forest industry before the First World War.⁵ We know little of Hendry's actual business practice, however, in large part because of the dearth of records concerning his mill interests. More is known about his penchant for charter mongering and his speculation in a series of railroad projects, of which the vw&y was the grandest.⁶ But the only work that investigates Hendry's conflict with the GN in Vancouver

⁴ For a typical lament of how "American money, American brains, and American energy" bested Canadian "apathy and ignorance" to control, in this case, the mines in the Rossland area, see H. Kingsmill, "Gold Regions of the West," *Toronto Globe*, 8 February 1896, quoted in J. Mouat, *Roaring Days: Rossland's Mines and the History of British Columbia* (Vancouver: UBC Press, 1995), 39.

⁵ J. Morton, "Hendry, John," *Dictionary of Canadian Biography*, vol. 14, 1911-1920, ed. R. Cook (Toronto: University of Toronto Press, 1998), 478-81; G.H. Hak, *Turning Trees into Dollars: The British Columbia Coastal Lumber Industry, 1858-1913* (Toronto: University of Toronto Press, 2000), 32, 14. See also cva, Add. Ms. 1036, Hamber Family Fonds, box 10, R. Mackie, "For Empire and Industry: Eric Hamber and British Columbia," manuscript, 1987.

⁶ D.M. Churchill, "False Creek Development: A Study of the Public and Private Development of the Waterway and Its Land Basin" (MA thesis, University of British Columbia, 1953), 79-82; B. Ramsey, *PGE: Railway to the North* (Vancouver: Mitchell Press, 1962), 10-7; P.E. Roy, "Railways, Politicians, and the Development of the City of Vancouver as a Metropolitan Centre, 1886-1929" (MA thesis, University of Toronto, 1963), 91-2, 121, 124; B. Sanford, *The Pictorial History of Railroading in British Columbia* (Vancouver: Whitecap Books, 1981), 45, 48-9; P. Veazey, "John Hendry and the Vancouver, Westminster and Yukon Railway: 'It Would Put Us on Easy Street,'" *BC Studies* 59 (Autumn 1983): 44-63; R.K. Burkinshaw, *False Creek: History, Images, and Research Sources* (Vancouver: City of Vancouver Archives, 1984), 31-5; W. Grecula, "The Great Northern from Vancouver to the International Boundary," *Great Northern Railway Historical Society* 200 (March 1993): 1-16; and Morton, "Hendry," 480-1. Some images of the route, construction, and structures of the Vancouver, Westminster and Yukon have

implicitly supports the American domination thesis by quoting his denunciation above with little explanation of its acrimony.⁷

One can better understand Hendry's actions in the vw&y enterprise as those of an "incorrigible optimist," a member of a group of local business leaders who speculated continually in Vancouver before the First World War.⁸ Historian W.G. Robbins' description of the business habits and attitudes of Montana banker and power developer S.T. Hauser, who operated in "the absence of structured contractual arrangements," also applies to Hendry. In condemning Hendry's business methods, GN officials anticipated Robbins' analysis of the proprietary capitalist management style. When GN accountants reviewed the vw&y books, they discovered the "inattention to detail, tardy reporting, neglect of important correspondence, and careless bookkeeping practices" that Robbins claims characterized the activities of the Montana entrepreneur.⁹

The cartoon, on the other hand, displays GN domination of its opponent as having to do with more than its greater resources: along the railroad also "flowed the forces of modernization, announcing the character of the twentieth century."¹⁰ In its depiction of an impersonal, efficient entity that overcame parochial rivals and replaced obsolete practice, the caricature anticipated elements of the accepted interpretation of GN success.

Early explanations for the Great Northern's profitability as a transcontinental pointed to its efficiency.¹¹ A.D. Chandler, Jr., the pre-eminent business historian of railroads, accepts the connection and offers the GN as a late example of his argument that the superior organization of a series of railroads transformed American corporate management. "System-building," the rubric that Chandler applies to the growth of

been mounted on Neil Roughley's websites. See <http://www.igs.net/~roughley/gn_fv.html> and <<http://www.vanc.igs.net/~roughley/pender1925.html>> (viewed 5 July 2007).

⁷ Veazey, "John Hendry," 53-5.

⁸ R.A.J. McDonald, *Making Vancouver: Class, Status, and Social Boundaries, 1863-1913* (Vancouver: UBC Press, 1996), 128-38.

⁹ W.G. Robbins, *Colony and Empire: The Capitalist Transformation of the American West* (Lawrence, KS: University Press of Kansas, 1994), 110, 112.

¹⁰ J.R. Stilgoe, *Metropolitan Corridor: Railroads and the American Scene* (New Haven, CT: Yale University Press, 1983), 3.

¹¹ For a comparative estimate of GN profits, see L.J. Mercer, *Railroads and Land Grant Policy: A Study in Government Intervention* (New York: Academic Press, 1982), 82-4, 187-8. Its low freight rates and high dividends to stockholders led many financial analysts to describe it as one of the best managed railroads in the United States. See, for example, *Wall Street Journal*, 20 April 1899; W.Z. Ripley, *Railroads: Finance and Organization* (New York: Longmans, Green and Co., 1915), 492; and *Minneapolis Journal*, 20 November 1916, quoted in R.W. Hidy, et al., *The Great Northern Railway: A History* (Boston: Harvard Business School Press, 1988), 149.

transcontinentals during the last two decades of the nineteenth century, suggests a rational direction determined by career executives even when capitalists such as Hill still led the enterprise.¹² Studies of Hill's BC lines follow the arc of academic writing on the GN by implying that its management in this province was characterized by "efficiency" and "competence."¹³

This article challenges the business acumen of the GN management that first supported and then ousted John Hendry in Vancouver. An examination of the surviving records of the transcontinental concerning this matter reveals that contradiction stamped the communications and actions of those officers who "supervised" and took over the Canadian subsidiary. This study thus enters a larger historiographical debate, drawing on Chandler in setting out and following the lines of authority and communication between the Vancouver periphery and the GN's St. Paul headquarters. But it also contends that the actions of company officers in railroading a renegade departed from the "rational economic response" that Chandler associates with administration.¹⁴ Indeed, much of the management style of proprietary capitalists like Hendry, to which Robbins alludes in order to explain their demise, also informed the GN's actions.

¹² A.D. Chandler, Jr., *The Visible Hand: The Managerial Revolution in American Business* (Cambridge, MA: Belknap Press, 1977), 164-5, 167, 170. Academic accounts of the construction of the Great Northern are informed by Chandler and devote space to the organization of the company and its impact on activity. See A. Martin, *James J. Hill and the Opening of the Northwest* (New York: Oxford University Press, 1976); Hidy et al., *Great Northern Railway*; and M.P. Malone, *James J. Hill: Empire Builder of the Northwest* (Norman, OK: University of Nebraska Press, 1996). An appraisal of Chandler's influence suggests that his analysis of organizational innovation on the part of railroad managers has largely gone unchallenged. See R.R. John, "Elaborations, Revisions, Dissents: Alfred D. Chandler, Jr.'s, 'The Visible Hand' after Twenty Years." *Business History Review* 71, 2 (1997): 185. More than twenty-five years after the publication of *The Visible Hand*, a recent academic monograph of a railroad company still claims to "validate ... Chandler's thesis that the great nineteenth-century railways were the vanguard of economic modernization." See R.J. Orsi, *Sunset Limited: The Southern Pacific Railroad and the Development of the American West, 1850-1930* (Berkeley: University of California Press, 2005), 193.

¹³ The most recent work on the Great Northern in British Columbia describes L.W. Hill as an "excellent manager." See R.D. Turner and J.D.S. Wilkie, *Steam along the Boundary: Canadian Pacific, Great Northern and the Great Boundary Copper Boom* (Winlaw: Sono Nis Press, 2007), 17. See also D.E. Muralt, *The Victoria and Sidney Railway, 1892-1919* (Victoria: BC Railway Historical Association, 1992); and R.D. Turner and D.S. Wilkie, *The Skyline Limited - The Kaslo and Slocan Railway: An Illustrated History of Narrow Gauge Railroading and Sternwheelers in the Kootenays* (Victoria: Sono Nis Press, 1994). The two quoted descriptors of GN management come from reviews of Hidy et al., *Great Northern Railway*. See H.R. Grant, *Business History Review* 62, 3 (1988): 529; and T. Gourvish, *Business History* 31, 2 (1989): 142.

¹⁴ A.D. Chandler, Jr., "Comparative Business History," in *Enterprise and History: Essays in Honor of Charles Wilson*, ed. D.C. Coleman and P. Mathias (Cambridge: Cambridge University Press, 1984), 17.

The American transcontinental was certainly not alone in terminus conflict in British Columbia. Since the company works that served as a break-bulk point between land and sea were among the most strategic and expensive properties of any line that reached the Pacific coast, it is not surprising that the three other transcontinentals in the province – the Canadian Pacific Railway (CPR), the Grand Trunk Pacific Railway, and the Canadian Northern Railway – also encountered opposition concerning terminus acquisition or access.¹⁵ But the GN departed from its Canadian rivals in choosing an existing independent concern with its own charter to build its terminus line.¹⁶

The GN advance to Vancouver represents a chapter in Hill's wide-ranging conflict with the CPR, parts of which are well known.¹⁷ Hill rehearsed the "head of the rake" metaphor to justify his decision to locate multiple termini on the west coast to produce additional eastbound traffic for the GN main line, which travelled east from Everett, Washington.¹⁸ But Vancouver was more than simply another northern line. In 1891, the CPR opened its rail connection via the newly constructed Mission Bridge to Seattle, now designated as Hill's main terminus. With the

¹⁵ For CPR terminus acquisition and its struggle to gain access, see N. MacDonald, "The Canadian Pacific Railway Company and Vancouver's Development to 1900," *BC Studies* 35 (1977): 3-35; and F. Leonard, "Diplomatic Forces of the New Railroad: Transcontinental Terminus Entry at Vancouver and Seattle," *Journal of Transport History* 28, 1 (2007): 21-38. On the Grand Trunk Pacific's negotiations with the province to acquire part of its terminus at Prince Rupert and the onerous conditions of the settlement, see F. Leonard, *A Thousand Blunders: The Grand Trunk Pacific Railway and Northern British Columbia* (Vancouver: UBC Press, 1996), 28-50. A thorough study of Canadian Northern terminus development in Vancouver remains to be undertaken. For a brief account of its negotiations with the City of Vancouver and the Great Northern for a terminus adjacent to that of the American transcontinental on False Creek tidal flats, see T.D. Regehr, *The Canadian Northern Railway: Pioneer Road of the Northern Prairies, 1895-1918* (Toronto: Macmillan, 1976), 329-31.

¹⁶ Both the CPR and the Grand Trunk Pacific acquired and built Pacific termini through their respective parent companies. The Canadian Northern did create an ostensibly separate entity, the Canadian Northern Pacific Railway Company, to build its line and terminus in British Columbia. But this firm was simply a legal shell to satisfy the requirements of the provincial government for transfer of subsidies. None of the directors was a resident of the province, and they confirmed without discussion the policies of Mackenzie and Mann. See Regehr, *Canadian Northern Railway*, 298.

¹⁷ J. Fahey, *Inland Empire: D.C. Corbin and Spokane* (Seattle: University of Washington Press, 1965), 180-224; B. Sanford, *McCulloch's Wonder: The Story of the Kettle Valley Railway* (North Vancouver: Whitecap Books, 1977), 23-71, 105-16, 148-60, 177; W.K. Lamb, *History of the Canadian Pacific Railway* (New York: Macmillan, 1977), 195-213; and J.A. Eagle, *The Canadian Pacific Railway and the Development of Western Canada, 1896-1914* (Montreal: McGill-Queen's University Press, 1989), 109-40.

¹⁸ On Hill's use of the metaphor, see Hidy et al., *Great Northern Railway*, 75-6; and K. Armbruster, *Orphan Road: The Railroad Comes to Seattle, 1853-1911* (Pullman, WA: Washington State University Press, 1999), 169. Besides the main terminus in Seattle, other GN Pacific coast termini were located in Tacoma, Everett, and Bellingham.

completion of its subsidiary Soo Line in the American Midwest, the CPR was now in a position to undercut GN Seattle-St. Paul freight rates when the Great Northern was completed in 1893. To meet this competition by challenging the CPR through (inter-regional) rates, Hill needed a terminus on Burrard Inlet.¹⁹

Hendry's interest coincided. While extending his lumber mill operations in New Westminster during the 1880s, Hendry lobbied to create a transportation infrastructure to facilitate timber exports. The desired structures included a deep-sea port and a railroad line to the American border.²⁰ In 1887, the provincial legislature issued a charter to the New Westminster Southern Railway Company, of which Hendry was a director, for a line from the south bank of the Fraser River to the border. When the initial plan for construction foundered for lack of funds, Hendry obtained an extension of the charter to the north bank of the Fraser; that is, the city of New Westminster. He then negotiated a contract for construction that led to the GN's acquisition and completion of the road to the south bank in 1891. The Canadian lumberman apparently first met the American railroader when Hill inspected the north end of his new line and the wide expanse of the Fraser that would require an expensive bridge before the GN could reach Vancouver.²¹

During the early 1890s, Hendry and a group of New Westminster capitalists sold to the GN another charter that allowed the transcontinental to penetrate the Kootenays.²² Though he played a minor role in that concern as a director, Hendry's position now gave him access to Hill and led to a series of entreaties to span the Fraser and complete the GN line to Vancouver. When Hill balked because of the cost of the projected bridge, Hendry used his economic clout in New Westminster to pressure the provincial government to increase its subsidies to support a prospective builder.²³ In 1899, Hendry added to his speculative charter for a railroad from Vancouver to the Yukon a short line from Vancouver to New Westminster, and then he offered Hill that charter and two others for a GN advance into the Lower Mainland.²⁴ Hill still demurred

¹⁹ Hidy et al., *Great Northern Railway*, 75, 97; Armbruster, *Orphan Road*, 137.

²⁰ Hak, *Turning Trees into Dollars*, 20.

²¹ British Columbia, *Statutes*, 1887, chap. 36; 1889, chap. 36; *Columbian* (New Westminster), 14 February and 19 April 1891.

²² The enterprise was the Kaslo and Slocan Railway Company. See Turner and Wilkie, *Skyline*, 35-41.

²³ On plans for, and the escalating cost estimates of, a bridge across the Fraser at New Westminster during the 1890s, see B. Sanford, *Royal Metal: The People, Times and Trains of New Westminster Bridge* (Vancouver: National Railway Historical Society, 2004), 23-32.

²⁴ James Jerome Hill Reference Library, James J. Hill Papers (hereafter HP), Hendry to J.J. Hill (hereafter JJH) 2 June 1899. The other two lines were the Victoria Terminal Railway and Ferry

and, instead, began in 1900 to acquire control of the Vancouver, Victoria and Eastern Railway and Navigation Company (vV&E), a concern with a federal charter that also sanctioned a Vancouver-New Westminster line. Moreover, the vV&E charter would allow Hill to connect and extend his several interior lines in British Columbia. It might even be transformed into another transcontinental. But the acquisition was complex, and the CPR mounted an extended campaign against both the rights that the charter conveyed and its new American owner.²⁵ That Hill chose a different Canadian subsidiary with a Canadian head for the construction of the terminus line to Vancouver suggests an attempt to deflect the nationalist attacks of the CPR.

Over the protests of the CPR, which warned of American competition for its traffic, the provincial government finally agreed in 1901 to construct a railroad bridge across the Fraser at New Westminster, ostensibly to encourage the construction of a Coast-to-Kootenay line such as the vV&E.²⁶ Hendry used his influence with the federal Liberal government to quickly obtain a more attractive federal charter for his own concern, now named the Vancouver, Westminister and Yukon (see Figure 2).²⁷ A Vancouver newspaper sarcastically acknowledged the vW&Y charter's use for development purposes, likening it to "an instrument occasionally seen in hardware stores, that combines in itself the capacities of various tools – it is a hammer, an axe, a spanner, and a screwdriver, all in one."²⁸

Company and the Victoria and Sidney Railway Company, which gave the transcontinental access to southern Vancouver Island.

²⁵ The major legal questions concerning the charter focused on the completion of the purchase and the provision of federal and provincial subsidies to a line that diverted in several locations into the United States. Unfortunately, these matters were most fully aired in the Railway Committee of the House of Commons, for which no record survives. The CPR campaign to portray the GN advance into British Columbia as an invasion was more obvious and more public. J. Mouat, "Nationalist Narratives and Regional Realities: The Political Economy of Railway Development in South-Eastern British Columbia, 1895-1905," in *Parallel Destinies: Canadian-American Relations West of the Rockies*, ed. J.M. Findlay and K.S. Coates, 123-51 (Montreal: McGill-Queen's University Press, 2002), suggests that the campaign was not effective in marshalling public opinion in British Columbia against the Great Northern.

²⁶ Roy, "Railways, Politicians," 135; British Columbia, *Statutes*, 1901, chap. 32.

²⁷ Canada, *Statutes*, 1901, chap. 87. Hendry's original provincial charter had designated the concern as the Vancouver, Northern and Yukon Railway Company. With the addition of the New Westminster leg, the name had been amended to the Vancouver, Westminister, Northern and Yukon Railway Company. British Columbia, *Statutes*, 1899, chap. 89; 1900, chap. 55. Although the process of securing a charter or charter revision sometimes took years, Hendry obtained his federal vW&Y charter in two months. R.A.J. McDonald, "Business Leaders in Early Vancouver, 1886-1914" (PhD diss., University of British Columbia, 1977), 313-4, recognizes that the venture sometimes turned on Hendry's connections with the federal Liberal government.

²⁸ *Vancouver Daily Province*, 15 August 1907.

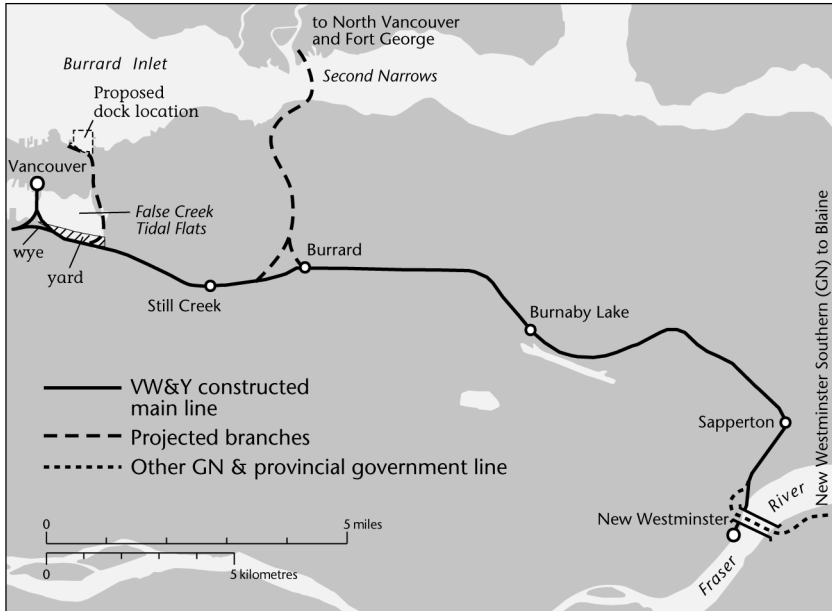


Figure 2: Vancouver, Westminister and Yukon Railway Company Constructed and Projected Lines, 1901-1905. Adapted from J.C. Mattson and the Museum of History & Industry, Seattle, “GN Ry - Station Catalog - New Westminster to Vancouver” (unpublished manuscript, 2001). Cartography by Eric Leinberger.

Hendry then travelled to St. Paul to offer this versatile tool to Hill. The Canadian promoter undertook to build the Vancouver-New Westminster railroad “under agreement that will be made to suit you [Hill], and be of mutual benefit to both parties.”²⁹ Faced with CPR hostility and vv&E disarray, Hill had to act quickly to avoid the prospect of being blocked should proprietorial bridge rights be awarded to another transcontinental or local railroad. Hendry’s speedy acquisition of the federal vw&y charter indicated that he had influence with the federal government, something that the GN desperately needed in order to revise its vv&E charter.³⁰ In addition, Hendry had already interested St. Paul contractor Archibald Guthrie, who had long worked closely with Hill and in whom the GN president had complete confidence, in the construction of the projected railroad. Guthrie’s connection with the enterprise must have reassured Hill.

²⁹ HP, Hendry to JJH, 29 July 1901.

³⁰ The Great Northern’s bitter struggle to gain entry to its terminus property in Seattle also inclined Hill to favour a charter that apparently guaranteed access. See Armbruster, *Orphan Road*, 205-30; F. Leonard, “‘Wise, Swift, and Sure’? The Great Northern Entry into Seattle, 1889-1894.” *Pacific Northwest Quarterly* 92, 2 (2001): 81-90.

In creating a subsidiary, the most important documents are those that bind the principals of each concern. Yet seven years later the GN solicitor would lament that he could locate “no written contract with Hendry” from the time “when he was entrusted with vw&y affairs.” Following the practice of proprietary capitalists, Hill, as well as Hendry, had made the agreement in the absence of structured contractual arrangements, and no formal instrument survives.³¹ However, comments from Hill, Hendry, and several GN officers permit a partial reconstruction of the essential terms.

Though Hill undertook to finance the entire construction of the vw&y, he allowed Hendry to remain president. Hill thus condoned the creation of an independent entrepreneurial organization for the direction of the concern as he had for the GN subsidiary Montana Central more than fifteen years earlier. But in an unusual move, no GN officer became a director of the subsidiary to oversee the company and forward intelligence to headquarters in St. Paul;³² instead, Hill channelled funds through the contractor’s company, A. Guthrie and Co., while Guthrie held the bulk of vw&y shares in trust for the GN. Through this mechanism, Hill was confident that he could maintain control. He explained to a subordinate that

“Guthrie, who holds all stock in vw&y in his name, will ... carry out [the] agreement Hendry made with us. There is nothing in agreement or ever contemplated on our part to allow vw&y to retain any property. All Hendry and his associates are to get is [a] charter for [the] line north [from Vancouver to Fort George, BC].”³³

But though Guthrie could use his majority shares to dominate directors’ meetings when he was present, the GN had no regular means of control.

Nevertheless, GN officers blithely expected to guide the vw&y from afar. They wanted Hendry to act as manager only under their tutelage, as a figurehead (similar to his later role as president of the vv&E, whose

³¹ Minnesota Historical Society, Great Northern Records (hereafter GNR), President Subject Files, file 4132, W.R. Begg to L.W. Hill (hereafter LWH), 21 April 1908; Robbins, *Colony and Empire*, 110.

³² An officer of the St. Paul, Minneapolis and Manitoba Railway Company, Hill’s predecessor concern to the GN, became secretary of the Montana Central. See W. Lang, “Corporate Point Men and the Creation of the Montana Central Railroad, 1882-1887,” *Great Plains Quarterly* 10, 3 (1990): 152-66.

³³ In August 1907 Guthrie held 10,060 out of 10,220 shares. GNR, Comptroller, file 55-7, List of vw&y Shareholders, 14 August 1907; GNR, file 4132, JH to Gilman, n.d., probably after December 1903.

directors included GN officers who actually set policy). But Hendry did not make regular reports to GN headquarters about the progress and cost of his activities. Routine matters that required inspection or approval were handled by A. Guthrie and Co., which apparently made no reports to the parent company. Of greater concern, the GN did not obtain copies of construction contracts between Guthrie and Hendry.

However, the parent company had one other means of supervision. A decade earlier, Hill had created the office of Assistant to the President, based in Seattle, to respond more promptly to the development demands of his concerns on the Pacific coast. The two men who held this post during the vw&y era, J.D. Farrell and L.C. Gilman, made inspection trips to Vancouver, sent GN officers there for special tasks, and received Hendry and his officials in Seattle. But since they supervised all GN lines in British Columbia, including the much larger and more tightly controlled vv&E, their reports on Hendry's company were sporadic. The most important intelligence – that Hendry was taking steps to create a terminus railroad separate from the concern that would be transferred to the Great Northern – came from a GN officer in Vancouver who worked on the vv&E survey, not the vw&y. The surviving GN files concerning its subsidiary thus reveal an inattention to detail typical of the proprietary capitalist.

After obtaining the approval of Hill's engineers for vw&y plans in the summer of 1902, Hendry spent the next two and a half years promoting and defending work on this line that would ultimately provide the GN with the four essential components of a terminus railroad: a dock, a switching yard, a depot for both freight and passengers, and an access line that connected them.³⁴ But from the outset, the construction of the vw&y generated controversy. A projected branch line across the east end of the False Creek tidal flats to Burrard Inlet, which would provide access to a dock whose precise location was yet to be determined, elicited outcries from the CPR and the local street railway (the British Columbia Electric Railway Company) concerning crossings. Two other elements prompted even greater opposition. The location of the yard extending from the main line on the south shore of False Creek into the tidal flats drew protests from the city because it would block street ends and steal the creek bed that both the Dominion and the province had

³⁴ Construction of the railroad began in August 1902. The completion of the Fraser River Bridge, not yet officially connected to the vw&y main line, was celebrated on 23 July 1904; Hendry's road from New Westminster to the south side of False Creek was opened on 22 August 1904; GN trains moved from the bridge to the vw&y on 1 October 1904; and a train officially crossed the False Creek swing bridge and entered the Dupont St. depot on 10 April 1905.

recently granted to the city for “industrial purposes.”³⁵ Connecting the yard with the depot on the north shore of False Creek required a swing bridge across the creek that hindered the operations of dock owners and made even more improbable the City of Vancouver’s creation of a shipping basin by dredging the tidal flats.³⁶ Finally, the construction of the depot on Dupont (Pender) Street, which jutted into the creek like an icicle, evicted merchants, white as well as Chinese, and encroached upon additional creek beds.³⁷

Conflicts concerning these components led the local papers to label the vw&y “attempt to take the Municipal council by the throat and force concessions” as a “stupendous blunder.”³⁸ Farrell recognized some of the problems that the terminus layout had generated, but GN headquarters did not heed his warnings. Ignoring the flaws in Hendry’s design, Vice-President L.W. Hill instead enthused to Hendry that “we certainly will have fine terminals in Vancouver and you are to be congratulated upon the successful way in which you have worked the matter out.”³⁹

More serious was the parent company’s ignorance of Hendry’s expenditures. Faced with a batch of incomplete vouchers from Hendry, the GN comptroller complained to Guthrie: “It should be remembered by the people in Vancouver that they are accounting not for their own money or money which they have raised, but for advances by another

³⁵ For grants of the tidal flats to the city, see Canada, PC 1253-1901, 8 June 1901; British Columbia, Minutes of Executive Council, 58-1902, 14 February 1902. For civic complaints against the vw&y yard, see, for example, Library and Archives Canada (hereafter LAC), RG 43, Canada, Railways and Canals, vol. 244, file 1715, J.A. Genmill to Minister of Railways, 2 November 1903.

³⁶ For municipal protest concerning the swing bridge, see LAC, RG 46, Canada, Board of Railway Commissioners (hereafter BRC) acc. 1997-98/272, box 22, file 292, Tupper and Griffin to Mayor of Vancouver, 22 July 1903. Three different city plans for a shipping basin in the tidal flats were created between 1905 and 1909. The timing and shape of each basin scheme was in reality little more than a city ploy to enhance the value of particular lands sought for railroad extension into the tidal flats. Of the two engineers not paid by the city or the railroad who made harbour surveys during this period, one pointedly excluded the tidal flats from his detailed drawing of navigable waters. The other concluded that “the 300 acres immediately east of the Westminster Avenue bridge ... should be entirely filled up” and used for other purposes. CVA, Map 1161, Canada, Department of Public Works, “Plan of Vancouver Harbour and False Creek, Vancouver, B.C., showing proposed improvements as outlined in Jos. R. Roy’s reports dated 15th, Sept. 1906”; and A.D. Swan, “Report to Minister of Public Works, 29 March 1912,” in *Report on Vancouver Harbour, BC, to the Hon. C.C. Ballantyne, Minister of Marine and Fisheries* (Ottawa: J.L. Taché, 1919), 34.

³⁷ For the city’s complaints against the depot, see LAC, MG 26 H, R.L. Borden Papers, 93841-43, Mayor to Minister of Marine, 22 September 1903 (copy). On Hendry’s frustration with efforts to extinguish Chinese merchant Sam Kee’s interest in the depot property, see GNR, file 4015, Hendry to LWH, 10 October 1905.

³⁸ *Province*, 26 August 1903; *Vancouver Daily News-Advertiser*, 24 August 1903.

³⁹ GNR, file 4015, Farrell to JJH, 22 August 1904, LWH to Hendry, 22 August 1904.

company, which has no detailed information on the situation or the necessity for making the payments.” But the dearth of correspondence from Guthrie in GN files suggests that the contractor did not regularly provide details of Hendry’s spending to the parent company, and the GN did not change its policies to improve financial supervision. As a consequence, Hendry’s use of Hill’s funds greatly exceeded the actual cost of construction. Though the first cost for the 14.79-mile line with terminal and yard at False Creek was \$479,472.16, Hendry drew on Guthrie for an additional \$1,378,377.90 on a vw&y construction account. Certainly the high cost of right-of-way and yard ground in an urban setting, particularly for the south side of False Creek and the Burrard Inlet branch line, demanded part of this huge expenditure. The final cost per mile of the vw&y exceeded mountain construction of the time, however. Near the end of 1904, J.J. Hill grumbled that he distrusted Hendry, but GN officers discovered the magnitude of the cost overrun only three years later, when they reviewed vw&y books in preparation for the takeover.⁴⁰ Like the proprietary capitalist, this modern corporation not only neglected important correspondence but also indulged in careless bookkeeping.

Farrell had recommended takeover of the vw&y to GN management in 1903. GN comptroller R.I. Farrington added that “the sooner we get rid of Hendry and operate [all] these properties ourselves ... the better.” Yet, because there was no formal connection between the parent company and this subsidiary, there was no plan or schedule for the method and date by which the GN would take control of its property. As late as April 1907, Hendry still maintained that an arrangement for transfer of assets “has not been completed, it is arranged for, but not formally carried out.”⁴¹

Why, then, did the GN not take over the subsidiary as soon as Farrell and Farrington had advised? The lack of action at this time stemmed in part from Hill’s approval of Hendry’s brinksmanship in the protracted struggle to breach the CPR “wall” around Vancouver. After receiving favourable judgment from federal regulators to cross the CPR branch line at Sapperton near New Westminster, vw&y workers had laid a diamond crossing device on CPR tracks at 3:00 A.M. one morning in August 1903,

⁴⁰ GNR, Comptroller, file 506-10, Farrington to Guthrie, 4 February 1904; 133. F.15.5B, Comptroller, vol. 3, BC lines, Advances and Construction, 1903-15, New Westminster-Vancouver Line Settlement. With a total final cost of \$2,547,701, the final cost per mile of the vw&y, including terminals and sidings, was calculated in the GN books as \$172,258.35. See GNR, file 4007, JH to Farrington, 8 December 1904.

⁴¹ GNR, file 4132, Farrell to LWH, 23 September 1903, Farrington (Note); LAC, RG 46, Proceedings, vol. 17, 1436, 2 April 1907.

before the CPR could appeal. The vw&y then fought off a CPR injunction and was confirmed in its crossing the following year by the new federal agency, the Board of Railway Commissioners for Canada (BRC).⁴² A CPR vice-president indicated that judicial support of vw&y actions in the Sapperton “war” responded to a widespread public desire to encourage competition with the CPR in Vancouver. But Hendry was quick to take personal credit for this victory against Hill’s enemy.⁴³

J.J. Hill also believed that he could make use of Hendry’s connections in Ottawa. In the face of criticism by his son and other officers, the senior Hill doggedly maintained that Hendry “has important friends in the Dominion Government, and we do not want to jeopardize our interests in British Columbia in any way that is not necessary.”⁴⁴ Far from reprimanding Hendry for his activities, Hill appointed him as figurehead president of the vv&E, much to the chagrin of Farrell and other GN officers.⁴⁵ And with the president’s public support, Hendry guided through the parliamentary maze the contentious revision of the vv&E charter, which would enable it to take over the vw&y and finally put it under complete GN control. When Hill arrived to announce Vancouver as the terminus for the newly touted transcontinental vv&E, John Hendry acted as his very visible right-hand man.⁴⁶

But with the New Westminster-Vancouver railroad completed and the charter revision for its takeover obtained, the GN no longer had any incentive to support Hendry, and it began to take steps to reduce his role. In May 1906, the company peremptorily informed the Canadian that it would no longer consider his interests in the enterprise: “One thing you should appreciate – we are taking over these properties, and

⁴² Since the approach from the Fraser River Bridge on the New Westminster side descended landward of the CPR branch to the city, the vw&y had to cross CPR tracks to reach the outside (i.e., an alignment into the city on the river side of the CPR, which it had received from the city in 1901). See Canada, Railway Committee of the Privy Council, Order, 6 June 1903; “CPR v. vw&y,” 28 August 1903, in *BC Reports* 10 (1903): 228-9; Canada, Board of Railway Commissioners, order no. 44, 11 May 1904. A new federal railway act and regulatory regime came into effect on 1 February 1904.

⁴³ LAC, RG 43, vol. 210, file 652, D. McNicoll to W.S. Fielding, 14 September 1903; *Columbian* (New Westminster) Supplement, Bridge Opening.

⁴⁴ GNR, file 4007, JH to LWH, 25 August 1904. For a list of favours, from foreshore grants to railroad and bridge subsidies, that Hendry secured from politicians or government departments during the Liberal regime, see McDonald, “Business Leaders,” 313-4.

⁴⁵ *Province*, 2 March 1905. Hendry’s appointment to the vv&E was supposed to terminate in three months, but the Canadian remained president for more than two years. Admittedly, his sphere of action was circumscribed. Farrell underlined that his primary task was passage of the vv&E charter revision. See GNR, file 55-7, Farrington to Hendry, 13 April 1905.

⁴⁶ For the vv&E charter revision, see Canada, *Statutes*, 1905, chap. 172; *Province*, 29 September 1905.

naturally we want to take them over in such a way as will fully protect our interests ... As we have furnished all the money for the development ... we should determine as to what is necessary.”⁴⁷

This blunt declaration pushed Hendry into a single-minded promotion of the other part of the vw&y charter – the north line. To do so, he needed the beginnings of another terminus railroad. Hendry later claimed that he had reached an understanding with Hill that the vw&y “Northern Extension” would receive twenty-seven acres on the east shore of the False Creek tidal flats. It would also gain running rights over the Burrard Inlet branch from False Creek, for which the GN had instructed Hendry to make application. Such a concession might allow Hendry’s new terminus railroad to connect eventually with the projected vw&y bridge at Second Narrows. But when a GN engineer reported that Hendry was planning an exclusive second track along the branch line right-of-way to Burrard Inlet on the strength of a personal arrangement with the president, Hill replied that it was “all rot.” His son declared that “we should make clear in Hendry’s mind that the President does not consider that he has made any [such] arrangement.”⁴⁸ It appeared to be a dismissal.

Hendry would not leave, however, and his next steps illuminate his strength, and the GN weakness, at tactical planning. Late in 1906 the vw&y applied to the BRC for the approval of plans, drawn in June 1906, for four new branches, to the consternation of the city and the CPR but not, apparently, the GN management. GN surveillance of vw&y activities had been casual since the summer, and new president L.W. Hill was only concerned that the single Burrard Inlet branch, for which Hendry had applied under GN direction, would escape the cost of bridging the intervening street railway. Though he instructed his chief engineer to “thoroughly post” the company’s Ottawa solicitors “so that they can represent us intelligently,” when lawyers gathered in Ottawa in April 1907 to argue the merits of the branches before the board, the GN had no agent present.⁴⁹

One of the applications certainly followed the GN’s instruction. A branch from the main line along the east side of the False Creek tidal flats to Burrard Inlet almost repeated the location of the branch authorized in 1903. It had not been built, probably because of the objections of the riparian owners, and authority to build the branch had now expired. But during the interval, the vw&y had purchased most lots on the eastern

⁴⁷ GNR, file 55-7, Farrington to J. Jeffrey, 5 May 1906.

⁴⁸ GNR, file 432, Hendry to JH, tel., 17 February 1909, A. Stewart to A.H. Hogeland, 11 May 1906, LWH to Farrington, 23 May 1906, Hendry to LWH, 28 May 1906.

⁴⁹ *Ibid.*, LWH to Hogeland, 22 March 1907.

shore that fronted the proposed branch so that the earlier obstacle was removed. This line would be transferred to the vv&E (see Figure 3).

But the other three branches that led to a new dock, yard, and depot would be reserved after the transfer for the vw&y. The first was a parallel line from the main line to a prospective dock site on Burrard

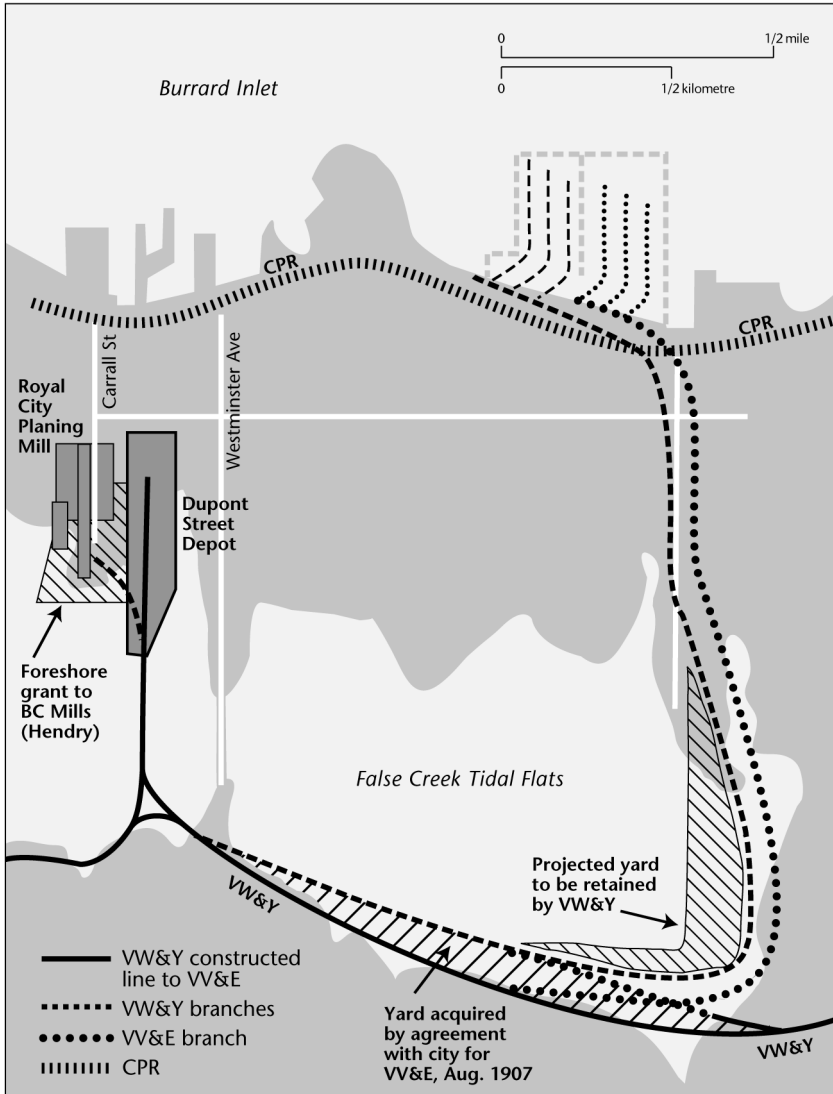


Figure 3: VW&Y Applications for Branches, 1906-1907. Adapted from plans in LAC, RG 46, acc. 1997-98/272, files c825, c433, c434, c432; cVA, Map 1161. Cartography by Eric Leinberger.

Inlet, adjacent to but distinct from the proposed dock site of the vv&E. Its location on the water side of the False Creek flats allowed the vw&y to claim a six-hundred-foot-wide yard, five hundred feet for a yard as set out in the Railway Act and the one hundred-foot right-of-way of the other branch, which it hugged. This branch joined the second projected line, a tangent (straight line) that diverged from the current main line east of Westminster Avenue and ran along the northern edge of the current yard on the south shore of the tidal flats. It would become the main line of the vw&y after the transfer. Hendry's trains would still have running rights across the swing bridge to the Dupont Street depot, but north of the bridge a third branch would angle west to a new depot on Hendry's Royal City Planing Mills property at the foot of Carrall Street.⁵⁰ Hendry had just received the federal grant for the foreshore of this parcel in the face of stiff opposition from the CPR and, in particular, the city, which had initiated litigation.⁵¹ None of the other parties realized the intent of these three branches until the vw&y managing director explained it at the hearing, in part because of the Hendry company's deliberately misleading service of notice. The parallel Burrard Inlet branches were plotted on separate plans and were mistakenly assumed to be one. The new depot was not designated on the plan of the Carrall Street branch.

While advancing a motion to compel the vw&y to build an expensive overhead crossing (bridge) above the CPR main line at the waterfront and, with the BC Electric street railway, to continue the overhead for several blocks over streets crossed by the latter concern, the CPR lawyer sensed the intent of the BRC more clearly than did the others: "Our company felt convinced that your Board, finding itself in a legal position to make an order, would do your utmost to facilitate the getting to the water by this company [Great Northern], that no evidence we could give, no argument we could adduce would convince the board that these applicants should not, if they desired, get to deep water."⁵² With complaints about needless duplication before increased traffic warranted it, the board only approved the branch to Burrard Inlet destined for the vv&E. But by holding over the other applications for inspection and a further hearing and urging

⁵⁰ Plans of the four branches described in the order above are located, respectively, in LAC, RG 46, acc. 1997-98/272, files C825, C433, C434, C432.

⁵¹ PC 718/1907, 3 April 1907. For the beginning of the civic litigation concerning the foreshore, see BC Supreme Court, *City of Vancouver v. B.C. Mills*, Statement of Claim, 8 August 1905 (copy), in LAC, MG 26 H, R.L. Borden Papers, pp. 93788-92.

⁵² LAC, RG 46, proceedings, vol. 17, 1503, 3 April 1907.

the city and the vw&y to resolve their differences in the interval, the regulators gave Hendry leverage with the city.⁵³

The GN response was languid. Hendry had simply reported to the parent company the BRC authorization of the single branch to Burrard Inlet. Although the Vancouver newspapers were filled with stories of the hearing, particularly of the parallel branch that “swallowed up forty acres in the vw&y net for future sale,” only in July did Hill senior determine that the GN would actually implement the takeover of the Hendry lines.⁵⁴ GN officers moved belatedly to initiate the “sale”; that is, the transfer of the assets of the vw&y to the vv&E according to the latter concern’s revised charter. Documents prepared two years earlier for the transfer were now rushed from St. Paul to L.C. Gilman, now assistant to the president in Seattle. All the BC lines’ right-of-way, tax, and engineering matters would be handled by the operating department in Seattle. L.W. Hill reiterated that he wanted to discontinue working with Hendry and his people as soon as possible. At the next annual shareholders meeting of the vv&E, he himself replaced Hendry as the president of the concern. A.H. MacNeill, the GN lawyer in Rossland, was to be brought to Vancouver to replace Hendry as the actual manager of the vw&y. But MacNeill was on an extended holiday in Europe during the summer of 1907, and the St. Paul officers agreed with Hendry not to make news of the pending transfer public before the second BRC hearing on the branch applications in Vancouver in August.⁵⁵ At any rate, no GN agent was present to vet the concessions that the vw&y obtained in the agreement that came from this hearing. Tardy and inadequate reporting, another reputed flaw of the proprietary capitalist, again made the GN vulnerable.

Though city officials accused Hendry of land-grabbing and graft, the promoter achieved his second goal at the August round of BRC hearings on the matter. The vw&y company allowed the city to introduce the second version of a plan to dredge the middle of the tidal flats as a harbour as long as it did not block the routes of the new branches.⁵⁶

⁵³ RG 46, file c433, Chief Commissioner, “re vw&y R Co’s Branches in Vancouver,” 10 April 1907; BRC, order no. 3058, 23 May 1907.

⁵⁴ GNR, file 4132, Hendry to LWH, 10 May 1907; *Province*, 5 April, 10 April, 11 April 1907 (quotation); GNR, Branch Lines - BC, vw&y, file 1, Farrington to W.R. Begg, 1 August 1907.

⁵⁵ GNR, file 4132, Farrington to Gilman, 1 August, LWH to Gilman, 27 September 1907; *Seattle Times*, 3 November 1907; GNR, Branch Lines - BC, vw&y, file 1, Farrington to W.R. Begg, 1 August 1907.

⁵⁶ For a plan that displays the second version of the tidal flats shipping basin, though not the vw&y holdings from the August agreement, see CVA, series no. 36, 29-B-3, file 33, City Clerk Fonds, bylaw no. 608 (“a By-law to ratify a certain agreement between the City of Vancouver

But without GN supervision, the vw&y lawyer threatened that the Great Northern would abandon its entire project unless all four branches were approved. In return for quit-claiming to the city riparian rights north of the proposed new vw&y main line (branch), the company secured not only the established yard on the south shore for the vv&E but also a portion of the east end of False Creek as well as the new main line and part of the parallel branch.⁵⁷ Hendry now appeared about to secure three of the four components of a new terminus railroad independent of the GN: a yard, an access line to Burrard Inlet, and a dock location.

In September, Hendry's personal secretary arrived in St. Paul to work out compensation for his principal. Though L.W. Hill raged that "Hendry handled [our] money like no other man ever did," they settled on the sum of \$125,000 as the vw&y portion of the final consideration of \$185,000 for Hendry's activities for all GN lines in British Columbia. But no one thought to check to ensure that Hill did not naively complete the final payment to Hendry. There was now no way to ensure that Hendry would transfer the assets in a timely manner. It was, the comptroller ruefully admitted, "a very great mistake," which defies common sense and calls into question the competence of the president of a modern, bureaucratic corporation.⁵⁸

When GN lawyer MacNeill, now transferred from Rosland, met Hendry in November to arrange directors' meetings of the two firms for transfer, the vw&y president exploded. He shouted that "from Jas. J. [Hill] he always could receive consideration, but that from every other official of the GN from the President [L.W. Hill] down, the treatment he received was of a slighting nature." MacNeill observed that Hendry was "exceedingly sore at every person connected with the GN." Citing GN inquiries over Hendry mill property sold to the railroad as an imputation of graft, Hendry declared that he would delay transfer until he received a personal letter from Hill senior "amounting to a certificate that everything had been carried on in strict compliance with the desires of Mr. Hill."⁵⁹

and the Vancouver, Westminster and Yukon Railway Company, dated the 10th day of December 1907").

⁵⁷ *News-Advertiser*, 6-7 August 1907; RG 46, vol. 22, 5326, 5 August 1907; City of Vancouver Agreement file 4676, Agreement, Vancouver and vw&y Railway Company, 7 August 1907; BRC, order no. 3999, 7 August 1907. The vw&y agreed to abandon the Carrall Street branch application for the moment, aware that acquisition of the foreshore grant in front of the Royal City Planning Mill allowed it to make another application after the transfer.

⁵⁸ CVA, McNeill Fonds, file 4., undated notes of McNeill, 1907; GNR, BC Lines, Advances and Construction, LWH to Hendry, 27 September 1907; GNR, file 55-7, Farrington to Gilman, 1 April 1908.

⁵⁹ GNR, file 4132, MacNeill to Gilman, 2 November 1907.

Gilman found Hendry's delay intolerable. He asked for instructions on "whether I shall pursue the course of pandering to Mr. Hendry's whims and going back and forth to Vancouver until I finally coax the transfer out of him, or whether I shall give Mr. Hendry distinctly to understand that he must 'play ball.'"⁶⁰ But no instructions were forthcoming, and the following week Hendry again refused to transfer, claiming that it would endanger the deal with the city and the BRC order that sanctioned it, which had only been achieved because two separate concerns, the vv&E and the vw&Y, would divide the two parcels of land in the False Creek tidal flats. Gilman could only fume that the "Great Northern is being trifled with and Hendry was searching for a way to milk us further."⁶¹

Only in November did MacNeill discover the obvious intent of the vw&Y deal with the city in August: that Hendry expected to keep the east end of False Creek in the vw&Y name after the transfer, thereby getting something for nothing. MacNeill would have urged the GN to tear up both the city agreement and the BRC order before the transfer, but, fortunately, a legal technicality compelled the revision of both instruments. The city could not grant what it had undertaken. The False Creek tidelands, which it had received from the dominion and the province, could only be leased for forty years. The lawyer concluded that city councillors, fed up with Hendry's tricks, were now eager to make a new agreement with the vv&E alone. L.W. Hill demanded immediate transfer, nonetheless. Gilman held off, however, instead requesting Guthrie to come to Vancouver for a directors' meeting at which he could exercise his majority stock position. Hill senior, now "put out," agreed that Guthrie could "peacefully adjust all."⁶²

Guthrie arrived in Seattle in early December, and Gilman handed him a draft revision of the August agreement with the city, authored by MacNeill. With his stock majority, the St. Paul contractor imposed his will on the other directors of the vw&Y, and he reported that the "people [in Vancouver] showed a disposition to conform to conditions of the draft." Just as important, Guthrie predicted that there would be no further trouble concerning the adjournment of the directors' meeting to arrange transfer. He assured L.W. Hill that "if the matter is left without further interference on our part, everything will go satisfactorily."⁶³

⁶⁰ Ibid., file 4132, Gilman to Farrington, 5 November 1907.

⁶¹ Ibid., Gilman to Farrington, 11 November 1907.

⁶² Ibid., MacNeill to Gilman, 14 November 1907, Gilman to LWH, 20 November 1907, MacNeill to Gilman, 23 November 1907, LWH to Gilman, 25 November 1907.

⁶³ Ibid., Gilman to Guthrie, 8 December 1907, Guthrie to Gilman, 11 December 1907, Gilman to LWH, 7 January 1908.

Within thirty-six hours of his arrival, Guthrie also obtained a new agreement with the city that would be put to the electors as a bylaw. Though much was made in the newspapers of the city's shift from quit-claim to forty-year lease of the two prospective railroad yards, more telling was a condition attached to Hendry's parcel alone. While it was designated for use by "some other railway company than the Vancouver, Victoria & Eastern," development had to begin within a year or the parcel would be reconveyed to the city. That the vv&E would do the reconveyance suggests that both parties realized Hendry's weakening position. His opponents in Vancouver, chief among whom was the editor of the Vancouver *Province*, suspected that the new deal still offered a "graft somewhere for Hendry," but MacNeill managed to restrain him until the election day, upon which the bylaw of the agreement passed by 1,453 to 227, the largest majority ever given.⁶⁴

Some insight into Hendry's strategy during this period can be gleaned from scattered correspondence with his secretary. Early in 1908, Hendry confided that his goal was to "get enough more [sic] money from JJ [Hill] to settle with him [Guthrie] and a little extra to go on negotiating on account of the further[ance] of the vw&y." With a new federal subsidy to the vw&y for part of the northern route and the Second Narrows Bridge, Hendry, lauded by his secretary as the British Columbia "Harriman," then made repeated attempts to interest his new American namesake as well as the two new transcontinentals, the Canadian Northern and the Grand Trunk Pacific, in what remained of his charter, with or without his lumber mills. The overtures were not successful.⁶⁵

Finally, stockholders of the vw&y and the vv&E met, passed resolutions, and executed an agreement on 26 March 1908 for the sale of the assets of the former to the latter for a consideration of \$2,547,701.47. The sale explicitly included all Hendry's prospective False Creek branches and attached lands. Gilman suspected that the promoter would try to stop sanction of the agreement by the BRC. As a precaution, the GN legal agent would have a second copy ready to submit. Farrington passed on this account: "Hendry has followed his usual hold-up tactics and has

⁶⁴ City of Vancouver Agreement file 4676, Agreement, Vancouver and vw&y Railway Company, 10 December 1907; GNR, file 4132, MacNeill to Gilman, 6 January 1908; *News-Advertiser*, 10 January 1908.

⁶⁵ CVA, McNeill Fonds, Hendry to McNeill, 2 March 1908. The secretary likened Hendry to the American railroad magnate E.H. Harriman, controller of the Union Pacific and Southern Pacific, on 19 March 1909. For attempts to flog the charter, see McNeill to Hendry, 6 March and 20 November 1908, 11 June and 1 September 1910; and McNeill to F.H. Allen, 23 April 1909. See also Canada, *Statutes*, 1908, chap. 63, "An Act to authorize the granting of subsidies in aid of the construction of the lines of railway therein mentioned."

cinched us for quite a little more money than he should. I agree with Gilman and Guthrie that it was probably better to pay these unreasonable demands rather than to have another row with Hendry.”⁶⁶

The GN legal agent in Ottawa, now a frequent correspondent to GN headquarters, urged caution in the final steps of Hendry’s ouster because the promoter’s “strength within the Liberal Party in British Columbia and also here would make trouble for our company in the event of an open break.” L.W. Hill, however, could not forego an opportunity to attack Hendry. After an inspection of the newly acquired properties less than three weeks after the sale, the GN president allegedly declared to some guests at the Vancouver Club that “he had always considered John Hendry was a very smart man, but that he did not think that he was such a smart man as to get away with the GNR.” Hill then conceded to a local newspaper that he was “perhaps ... indiscreet in talking now, for the transfer papers have not yet been signed.” Nevertheless, he lashed out at the “Vancouver crowd” that had made the delays a “joke.” He expressed regret that “the chief efforts of certain parties masquerading and juggling in the name of the Great Northern – parading their supposed connection and intimate relations – have been principally devoted to a still hunt for subsidies. We will have none of it.” His final lament was for the reduced size of the company’s yard, which “result[ed] from intrusting [sic] your business to people who have neglected their duty.” Gilman sadly observed that “the president stirred up the animals” with these “premature” remarks, and he waited for the inevitable response.⁶⁷

Hendry was hurt. At the close of the sale, Guthrie had promised that there would be no such recriminations from GN officials. After a directors’ meeting, the vw&y served notice to remove all GN rolling stock from its tracks within one week. To fulfill its obligation to run trains between Vancouver and New Westminster, the company would, in effect, blockade its south end. For Gilman, “the fight was on again.” Hill was determined not to relinquish the property, however, and the officials laid plans to occupy the line in the midst of rumours that the vw&y would go so far as to lift rails to physically interrupt traffic at the south end.⁶⁸

⁶⁶ GNR, 132.D.19.5B, Branch Lines-vw&y, file 1, vv&E and vw&y, Agreement, 26 March 1908; GNR, file 4132, Gilman to Farrington, 28 March 1908; GNR, file 55-7, Farrington to LWH, 1 April 1908.

⁶⁷ CVA, McNeill Fonds, Hendry to McNeill, 13 April 1908; *Province*, 10 April 1908; GNR, file 55-57, Gilman to Farrington, 12 April 1908.

⁶⁸ GNR, file 55-7, J. Jeffrey to Gilman, 13 April 1908; Canada, *Statutes*, 1907, chap. 68, “Burrard Westminster Boundary Railway and Navigation Company”; GNR, file 4132, Gilman to Farrington, 12 April 1908, W.R. Begg to J.H. Gruber, 15 April 1908; *Seattle Times*, 20 April 1908.

The threatened blockade led to a battle of papers rather than locomotives and navvies. vw&y lawyer Joe Martin waded in claiming that L.W. was a “huge joke ... [who] never would be in a position of importance were it not for the fact of being his father’s son.” The GN had no contract with the vw&y: “all they had to depend upon was the honour and probity of Mr. John Hendry.” He defied Hill to produce “any document that showed that the vw&y were under any obligation, express or implied, to give the GNR the preference in purchasing this particular piece of railway.”⁶⁹ On the night of 20 April 1908, GN crews patrolled the tracks and locomotives raced back and forth, but there was no blockade. Hendry used the request of a deputation, which he had probably prompted, to call off the blockade. The GN was now on the ground, and the cartoon discussed above recognized the shift in power.⁷⁰

In May, the GN obtained a federal order-in-council and a BRC order sanctioning the sale.⁷¹ But a final conveyance in favour of the vv&e still remained to be secured. Expecting the worst, the GN general solicitor advised Gilman to prepare a suit against Hendry for specific performance. But with no written contract, the chief solicitor warned that the outcome would be far from certain. Farrington prepared a voucher for the vw&y but made the cheque out to A. Guthrie and Co., and, because he feared that Hendry would scratch out the endorsement and attempt to deposit the cheque himself, he instructed Gilman to see that it did not remain in vw&y hands for longer than the time it took to write the receipt for the voucher.⁷² Hendry delayed once more until Guthrie could be present so they could adjust their own business, but the contractor warned Hendry that “you are heading on dangerous ground.” With Guthrie again using Hendry’s debts as a lever, the Canadian finally executed the conveyance on 24 July 1908. When informed, Farrington telegraphed: “Thank God!”⁷³

Near the end, Gilman confessed to Farrington that he had “never before undertaken a piece of business where the results were so uniformly unsatisfactory.” His description of the episode as a “horrible muddle” implied that both sides made mistakes.⁷⁴ Had Hendry made an effort

⁶⁹ *News-Advertiser*, 14 April 1908.

⁷⁰ *Province*, 21 April 1908; GNR, file 4132, McNeill to Gilman, 22 April 1908; *Province*, 25 April 1908.

⁷¹ BRC, order no. 4733, 19 May 1908; PC 1254, 27 May 1908.

⁷² GNR, file 4132, Begg to Gilman, 8 July 1908; file 55-7, Farrington to Gilman, 23 July 1908.

⁷³ GNR, file 55-7, Farrington to Gilman, 8 July 1908, Gilman to Farrington, 24 July 1908, and Farrington to Gilman, 24 July 1908, tel.

⁷⁴ *Ibid.*, Gilman to Farrington, 14 April 1908.

to interest Hill financially in the development of the resources that the branch line would tap, as Hill's associates in the Montana Central had done,⁷⁵ the common interest of the two entrepreneurs might have bridged different approaches to railroad construction and operation and mitigated conflict. But there is no indication that Hill took shares or properties in Hendry's lumber concern, and fragmentary evidence indicates that Hendry made little use of the completed line to export lumber from his Vancouver mills. Each party had a goal that invited conflict. Hill wanted a branch to extend the GN system with as little local interference as possible. Hendry, on the other hand, sought to use the branch to enhance the value of the other section of his railroad charter – the north line.

As long as he was publicly allied with Hill, Hendry exploited his Liberal connections to secure official approvals for vw&y right-of-way and structures in the face of civic and CPR opposition. He also obtained from the Liberal government foreshore grants that both secured the vw&y depot and enlarged his adjacent mill property so that it might serve as a potential alternative depot. And while the conflict was kept private, he could receive sympathetic hearings from the Board of Railway Commissioners that allowed him to make an agreement with the city that provided most of the components of a terminus railroad independent of the GN. But when Guthrie obtained a second civic agreement that effectively eliminated these components, the BRC was quick to give it legal sanction, making Hendry's surrender of control inevitable. The progression and outcome of Hendry's struggle with the GN aptly illustrates what a recent biographer describes as the "quixotic aspect [of Hendry's] railway ventures." It also shows him as an "unrepentant plunger" in speculative enterprise.⁷⁶

Though historian W.G. Robbins considers Hill, the Empire Builder, as an "Empire Wrecker," he acknowledges that bureaucratic corporations like the GN "largely made obsolete Lone Ranger entrepreneurial types" like Hendry.⁷⁷ His analysis lends support to Chandler's claim for the superiority of railroad organizations like Hill's enterprise. But GN activities in Vancouver departed from Chandler's notion of corporate rationalism. From the beginning, GN leaders committed serious errors that cost the company time and money in controlling the vw&y. To achieve his goal of branch completion with little local interference,

⁷⁵ Lang, "Corporate Point Men," 158-9.

⁷⁶ Morton, *Hendry*, 480; Robbins, *Colony and Empire*, 112.

⁷⁷ Robbins, *Colony and Empire*, 126, 120. The City of Portland first bestowed the accolade "Empire Builder" on Hill in 1908. See Armbruster, *Orphan Road*, 184.

James J. Hill should have chosen at the outset the vv&E, already under tight GN control, as the vehicle for entry into Vancouver. If Hendry's connections and activities made the vw&y more attractive, the president should have insisted that a GN officer become a permanent director.⁷⁸ Hill did not obtain a clear contract with Hendry, which later caused his subordinates great difficulty in compelling specific performance. Faced with mounting evidence that Hendry was running riot, Hill ignored the complaints of his officers and granted the Canadian the presidency, albeit symbolic, of another of his concerns.

One might square this dismal record with the interpretations of Robbins and Chandler by introducing historian Martin Sklar's contention that "many corporations were themselves impregnated with attributes of the proprietary era – for example in their being dominated by a strong personality." Borrowing a contemporary evaluation of American railroad magnate E.H. Harriman, one could argue that this episode revealed that Hill's "talents were far outstripped by the organizational needs of his railway properties."⁷⁹

Such mitigation does not extend to the egregious errors of L.W. Hill and others, however. From following Hendry's actions in a lackadaisical manner, to a belated decision to transfer, to premature payment of Hendry's compensation, to the vindictive newspaper attack, L.W. Hill's acts of omission and commission also increased the delay and the cost of taking over Hendry's vw&y. And the company officers who advised the leaders continually displayed the same lax management style, the "inattention to detail, tardy reporting, neglect of important correspondence, and careless bookkeeping practices" that supposedly doomed the proprietary capitalist.⁸⁰ Gilman attempted to justify his role in the affair: "If I had the same thing to do over again, I would [not] proceed differently."⁸¹ It is doubtful the rationalization exonerates the company attorney; it clearly did not exonerate Great Northern management.

⁷⁸ By 1905, Hendry had followed an instruction to appoint some GN officials as officers of the vw&y, but they remained in St. Paul and did not act as directors. See GNR, file 55-7, Hendry to Farrington, 19 October 1905.

⁷⁹ M.J. Sklar, *The Corporate Reconstruction of American Capitalism, 1890-1916* (New York: Cambridge University Press, 1992), 15-6.

⁸⁰ Robbins, *Colony and Empire*, 110, 112.

⁸¹ GNR, file 55-7, Gilman to Farrington, 14 April 1908.