TWISTED TRACKS:
THE CHANGE IN ROUTE
OF THE CPR MAINLINE

TREVOR A. GLOWA
1997
TWISTED TRACKS:

THE CHANGE IN ROUTE
OF THE CPR MAINLINE

A Thesis Submitted to the College of
Graduate Studies and Research
in Partial Fulfilment of the Requirements
for the Degree of Masters of History
in the Department of History
University of Saskatchewan
Saskatoon

By

Trevor A. Glowa

Spring 1997

Copyright Trevor A. Glowa, 1997. All rights reserved.
PERMISSION TO USE STATEMENT:

In presenting this thesis in partial fulfillment of the requirements for a Postgraduate degree from the University of Saskatchewan, I agree that the Libraries of this University may make it freely available for inspection. I further agree that permission for copying of this thesis in any manner, in whole or in part, for scholarly purposes may be granted by the professor or professors who supervised my thesis work or, in their absence, by the Head of the Department or the Dean of the College in which my thesis work was done. It is understood that any copying or publication or use of this thesis or parts thereof for financial gain shall not be allowed without my written permission. It is also understood that due recognition shall be given to me and to the University of Saskatchewan in any scholarly use which may be made of any material in my thesis.

Requests for permission to copy or to make other use of material in this thesis in whole or in part should be addressed to:

Head of the Department of History
University of Saskatchewan
Saskatoon, Saskatchewan S7N 0W0
ABSTRACT

This work focuses on the decision to build the Canadian Pacific Railway's mainline across the southern prairies, instead of following the government surveyed route across the northern prairies.

Many interpretations and theories have tried to address this issue. In the historiography on the Canadian Pacific Railway this question has been explored in various ways. I have examined the relevant secondary sources and conducted primary research at the Baker Library, Harvard Business School, the Minnesota Historical Society and the James Jerome Hill Reference Library, in St. Paul, Minnesota, and at the National Archives of Canada in Ottawa. The resources and holdings of the University of Saskatchewan Libraries, and specifically the Shortt Collection, were consulted for material on the topic.

The major contribution of this work is that it brings together, in one work, all of the available material on this subject. The thesis also explores and presents information that has been ignored in previous works, specifically the ironic role of James J. Hill in the decision, and its later consequences. The conclusion of the thesis is that the southern route was followed because it placed the CPR mainline in a strategic
position where it could better defend its territory and traffic from rival American railroads.
PERMISSION TO REPRODUCE

In accordance with the regulations of the institution, permission to use information found at the Baker Library at Harvard Business School was obtained.
ACKNOWLEDGMENTS

I would like to thank my thesis supervisor, Ted Regehr, for all of his help and direction with this work. His guidance was invaluable. I would also like to thank Bill Waiser, Mike Cottrell, and Jim Miller for their help as members of my Advisory Committee.

I would like to thank Professor Swan and the other members of the Messer Fund Committee who graciously awarded me two travel grants to undertake research at the Baker Library at Harvard Business School and at the Minnesota Historical Society and James Jerome Hill Reference Library in St. Paul, Minnesota. Without that financial aid, I might not have been able to make such extensive use of the material of those institutions, which would have been to the detriment of this work.

In closing, I would like to thank my friends; Greg Oster for his editing and style suggestions, Scott Ross for his work on the maps, and Joan Tilk and her staff at printing services for their help in printing the thesis.
DEDICATION

I would like to dedicate this work to my parents, Deanna Glowa and to the memory of my father, Alex Glowa. I would like to thank my mother for her support and patience with my university studies and in the completion of this work. I would like to thank my father for the values that I learned from him and the interest in trains and railways that he gave me.
TABLE OF CONTENTS

PERMISSION TO USE ................................................................. i

ABSTRACT ................................................................................ ii

PERMISSION TO REPRODUCE .................................................. iv

ACKNOWLEDGMENTS .................................................................. v

DEDICATION ................................................................................ vi

TABLE OF CONTENTS .................................................................. vii

LIST OF ILLUSTRATIONS .............................................................. ix

LIST OF ABBREVIATIONS ............................................................. x

INTRODUCTION ............................................................................. 1

1. THE OBJECTIVES AND POLICIES OF THE FEDERAL GOVERNMENT FROM 1867 TO 1880 ................................................. 7
   1.1 The Geography of the West .................................................. 9
   1.2 The First Try and Failure .................................................... 14
   1.3 The Policies and Actions of the Mackenzie Government, 1873-1878 ........................................................................ 16
   1.4 The Policies and Actions of the Macdonald Government, 1878-1880 ................................................................. 19

2. OBJECTIVES AND POLICIES OF THE SYNDICATE, 1880-1883 ................................................................................. 26
   2.1 The Contract ......................................................................... 29
   2.2 The Routes in Question ....................................................... 33
   2.3 The Interests of the Syndicate .............................................. 38

3. NEGOTIATING THE ROUTE CHANGE ........................................... 48

4. EXPLAINING AND JUSTIFYING THE ROUTE CHANGE ............... 56
   4.1 The Ease of Construction on the Prairies ............................... 56
4.2 The Mountain Section ........................................... 58
4.3 Sources of Traffic ............................................... 61
4.4 The Role of John Macoun ....................................... 64
4.5 Avoiding Established Townsites ............................... 68
4.6 The Manitoba South-Western Railway ....................... 70
4.7 The Benefits of the Southern Prairie ........................ 74
4.8 The American “Threat” ........................................... 76

5. CONSEQUENCES OF THE DECISION TO
CHANGE THE ROUTE ........................................... 85
5.1 The Flow of Settlement ......................................... 85
5.2 The Control of the CPR .......................................... 86
5.3 The Other Transcontinentals .................................... 87
5.4 Taking the Fight to Hill ......................................... 88
5.5 The Irony of J. J. Hill ........................................... 90

6. CONCLUSION ...................................................... 93

BIBLIOGRAPHY ....................................................... 97
LIST OF ILLUSTRATIONS

MAPS

Map 2.1. The Yellowhead Pass Route - page 34
Map 2.2. The Crow's Nest Pass Route - page 35
Map 2.3. The Kicking Horse & Rogers Pass Route - page 36
LIST OF ABBREVIATIONS

CP or CPR - Canadian Pacific Railway

GN - Great Northern Railroad

HBC - Hudson’s Bay Company

MSW - Manitoba South-Western Railway

NP or NPR - Northern Pacific Railroad

St.PM&M - St. Paul, Minneapolis & Manitoba Railroad

St.P&P - St. Paul & Pacific Railroad
INTRODUCTION

In 1867, the nation of Canada was formed. With Confederation, Britain looked to unite the geographically isolated and distant British colonies in North America into a viable and healthy country. At that time, Canada did not occupy all the territory that it encompasses today. With later acquisitions, in particular Rupert's Land in 1869 and British Columbia in 1871, the new nation stretched from the Pacific to the Atlantic and up to the Arctic Oceans.

To develop as a country, the new nation had to overcome a number of serious obstacles. The "collection of colonies" had to be united, populated, and developed to work together. The only technology available at the time which could bind these regions together was the railway. Within the Confederation agreement, a railway was planned to be built by the government to tie the Maritimes to Central Canada. With the inclusion of British Columbia in 1871, another railway was promised to be built to join the west coast to the rest of Canada.

In constructing this second railway project, a number of controversial decisions were made. This thesis will examine one of those decisions: the decision to build the Canadian Pacific Railway
(CPR) across the southern prairies, using the Kicking Horse and Rogers Passes, instead of following the government surveyed route across the more northerly prairies and through the Yellowhead Pass.

This is not the first time this question has been considered. Many interpretations and theories can be found in the historiography on the Canadian Pacific Railway. The original goal of this thesis was to uncover new information to clarify the issues surrounding the change in route decision. However, research at the Baker Library at the Harvard Business School and at the James Jerome Hill Reference Library in St. Paul, Minnesota, did not reveal any conclusive new evidence on the topic. The major contribution of this work is that it brings together, and treats in a comprehensive way, all the available primary and secondary information on this subject. The major conclusion of this thesis is that the southern route was followed because it better satisfied the objectives of key members of the CPR syndicate. This interpretation is based on the primary documentation that was found during the research, and the secondary sources present in the historiography on the topic.

The thesis begins with a look at the role of the Canadian federal government and its objectives in the construction of the Canadian Pacific Railway. The background of the CPR is explored by looking at the government surveys, the Pacific Scandal of 1873, and the changing
views of the Canadian West. Chapter One highlights the federal government’s commitment to an all-Canadian transcontinental railway line. It also shows the government’s willingness to negotiate and compromise on some of its terms to ensure that the railway was constructed and completed entirely within Canadian territory.

Chapter Two focuses on the CPR syndicate, its members George Stephen, Donald Smith, and James Jerome Hill, and their objectives. The key clauses in the CPR contract, which was signed by the syndicate and the federal government, are also examined. The chapter concludes with a description of the routes in question.

In Chapter Three, the main interpretation of the thesis is presented. The CPR mainline was built along the southern route because that route was favored by the members of the syndicate. James Jerome Hill, the man in charge of the actual construction of the railway, had a plan to unite the Canadian Pacific Railway with his other railroad, the St. Paul, Minneapolis and Manitoba (St.PM&M), to form a transcontinental railway that ran part way through the United States. This idea was accepted by the leadership of the CPR syndicate because they had substantial holdings in both railways and in other ventures in the North-West. By uniting the railways, there remained only one source of competition that threatened the venture: the Northern Pacific Railroad. In this ideal, the syndicate and the CPR-St.PM&M would
maximize their profits and develop the North-West virtually unopposed. Thus, the CPR mainline was built along the southern route for business reasons. Other notions, like national unity and protection against American encroachment, were popularized by the builders to gain the political and financial support that they needed to accomplish their goal. But the union of the CPR and the St.PM&M did not occur. Hill, and the other members of the syndicate, underestimated the determination of Prime Minister Sir John A. Macdonald and others, to build the CPR along an all-Canadian route. When it became clear that Macdonald could not be swayed to an international route, the syndicate's plan unraveled. While some of the members, like Stephen and Smith, stayed on to protect their interests, others, like Hill, left the CPR to devote their time to their other interests.

Chapter Four looks at the various reasons that have often been cited in the historiography on the CPR as affecting the change in route. The physical advantages and disadvantages of each route are looked at to determine which route would have been better. The chapter then focuses on the economical aspects of operating a railway. First and most importantly, the CPR needed to maintain effective control of its mainline and the sources of traffic that it provided. Secondly, the CPR mainline had to be situated in such a way that it could compete effectively with its rivals, in particular the NPR. In both cases the
southern route held significant advantages over the northern route, which contributed to the construction of the CPR mainline across the southern prairies.

Chapter Five looks at the consequences and long term effects that construction of the CPR mainline along the southern route had on the prairies, the CPR, and on Canada. The CPR was the instrument for the development and settlement of the West. By building along the southern route, the existing settlement pattern was changed and settlers were “pulled” south. As well, construction and other resources useful to the railway, notably timber and coal, were not as plentiful or readily available along the southern route. Overall, the southern route offered the CPR a better defensive position that helped the company protect its territory and compete with its rivals. J.J. Hill may have been part of the initial venture, but when he left the CPR he became a serious rival. The chapter concludes by looking at the irony that Hill’s work to get the southern route actually strengthened the CPR and prevented his expansion into Canadian territory with the Great Northern in later years.

The conclusion of the thesis is found in Chapter Six. The interpretation offered in the thesis is re-emphasized and supported by the information contained in the work. Hill, Stephen, and Smith wanted the CPR mainline along the southern route because it fit better
into their plans for joining the railway with their railroad in the U.S. This southern line also more effectively defended the southern Canadian prairies from existing or new rivals than would have been possible if the CPR mainline had been built further north. Specifically, the southern route made it easier for the CPR promoters to thwart any attempt by their competitor, the Northern Pacific, to encroach or build branch lines into Canadian territory which they regarded as their exclusive area of influence. When Sir John A. Macdonald and others, like William Cornelius Van Horne, insisted on an all-Canadian route, the syndicate's plan for an international CPR-StPM&M was thwarted. Later rivalry between the CPR and the St.PM&M (which became the Great Northern), was largely settled to the benefit of the CPR through its use of its location to thwart the attempts made by Hill to tap the traffic of the Canadian prairies.
1. THE OBJECTIVES AND POLICIES OF THE FEDERAL GOVERNMENT FROM 1867 TO 1880

Canada's first prime minister, Sir John A. Macdonald was a firm believer and supporter of the Canadian Pacific Railway. For him, the railway was part of a much larger plan for Canada, the National Policy. By constructing a transcontinental railway, the two parts of Canada, the east and the west, would be unified and linked together. The railway would bring settlers to the west who would occupy and prosper in the region. In turn, these settlers would need supplies and goods from the east. With this concept of mutual trade, Macdonald envisioned a strong, united nation.

For the National Policy to succeed, an all-Canadian transcontinental line was crucial. If the line passed through American territory, then there would be the possibility that the traffic would be diverted to American cities and ports. In this manner, the growth and development of Canadian cities and industries would be stymied. Later in his career, Macdonald feared that increased participation with the
U.S. could lead to economic, if not political, integration, which was unacceptable to him.

Macdonald was not fearful of American participation in the construction of the Canadian Pacific Railway or adamant about an all-Canadian route in the early 1870s. Initially his concerns were in finding a group to undertake the project. The federal government was reluctant to construct the railway itself. Nation-building was very expensive and the federal government had already borrowed and spent enormous sums of money to construct several public projects, like the canals along the St. Lawrence and the Intercolonial Railway. Railways were risky business and not regarded as necessary or advantageous in some parts of the dominion. Instead, the government tried to interest some private investors who were able and willing to build and operate the railway in perpetuity. In this way, the government could give what aid it could, without having the overall responsibility of administering the project on its shoulders.

A group of investors was found in the early 1870s who would undertake the project. However, difficulties emerged between the group and the government. The changing political climate in the country had forced Macdonald to change some of his priorities. He became more

---

committed to an all-Canadian route for the CPR, in part, because he feared American protectionism. In the resulting fallout between the parties, Macdonald was forced to resign and his government fell from power. The Mackenzie government, which came into power, was less driven in advancing the construction of the Canadian Pacific. Work on the railway continued, but little substantive progress was made until the Conservatives were re-elected in 1878 and a new syndicate was found to complete the CPR.

1.1. THE GEOGRAPHY OF THE WEST

The area which is now Western Canada was still largely unknown to most Canadians at the time of Confederation. In the 1850s, both the British and Canadian governments sent explorers into the western interior to gather information on Rupert's Land. The British party, led by Captain John Palliser, and the Canadian group, led first by George Gladman, then S.J. Dawson, and finally by Henry Youle Hind, traversed the area, evaluating its mineral and agricultural resources. Even though each group worked independently, they arrived at similar conclusions. Palliser and Hind found that there was a fertile belt of good agricultural land in the northern portion of the prairies and an
arid belt or “triangle” in the south. As a result of these observations, the arid region was seen as inhospitable and not conducive to agriculture. These findings dissuaded further development in the arid area, but created interest in the fertile belt area.

In later years, another view of the North-West began to emerge. Expansionists in Canada West (the current province of Ontario) were looking for new trade and settlement opportunities. They saw many opportunities in the West which they viewed as a rich and hospitable region. The divisions of Palliser and Hind of an arid and fertile belt disappeared; replaced with the belief that the fertile belt extended south to the 49th parallel. The expansionists regarded acquisition of the West as the means whereby their own regional interests and development could be promoted. Good farm land was becoming scarce in Canada West in the mid to late nineteenth century. Combined with the unskilled methods of agriculture at the time and the demography of large families, these factors left a large portion of the population unemployed and with little hope. New opportunities for agricultural

---


success beckoned in the North-West for those unable to acquire their own farms in Ontario. Agricultural prosperity in the North-West would also increase commercial and manufacturing opportunities as Canada West businessmen sought to meet the economic needs of western farmers.

Canada acquired Rupert's Land in 1869. The federal government and many Canadians were convinced that western settlement was essential for national greatness and prosperity. Western expansion took on a mythical nature. It was a way for Canada to duplicate and "recreate the American experience of rising to the status of a great power through rapid immigration on an expanding frontier."5 In this setting, the dismal beliefs of Palliser and Hind were dismissed to make room for the optimism and boosterism to settle and develop the area. Other beliefs that were held in the North-West were dismissed as well. The ideas of native people towards the land, like common property and the responsible use of its resources, were destroyed as the surveys and railway brought "civilization" to the area with the concepts of private property and exploitation of resources for profit.6 The acquisition of

---


Rupert's Land opened the way for the expansion and development of Canada, but also increased the need for a transportation and communication system for the country: a transcontinental railway.

Land surveys began in the late 1860s to map and assess the settlement potential of the territory Canada was about to acquire. These surveys were interrupted by the unrest that they created which resulted in the Red River Resistance of 1869-70. Surveys specifically designated to determine the location of the Canadian Pacific Railway were undertaken in the North-West in 1871. Sir Sandford Fleming was in charge of this work as Engineer-in-Chief of the CPR. He agreed with the findings of Palliser and Hind and focused the surveys in the northern prairies. He believed that the CPR mainline should be constructed along a northern route, through the more fertile park belt region. The trees in the parklands would provide construction and heating material. Water was more plentiful and most of the established fur trade communities were situated along this route.

In terms of pure engineering benefits, Fleming believed in the superiority and desirability of crossing the Rocky Mountains through

7 Canada, Department of Railways and Canals, Report and Documents in Reference to the Canadian Pacific Railway/ Sandford Fleming C.M.G., Engineer-in-Chief, 1880 (Ottawa: MacLean, Roger, 1880), p. 2.
the Yellowhead Pass.\textsuperscript{8} Other passes and routes were considered. The Peace and Pine Rivers attracted some attention because some people believed that they "offered a natural passage for the railway through a fertile district with a salubrious climate."\textsuperscript{9} This territory had only been partially explored before by Sir Alexander Mackenzie in 1793 and by Sir George Simpson in 1828. To gain further reconnaissance on the area, Fleming sent the team of Charles Horetzky and John Macoun to the area in 1872. But Fleming remained the most impressed with the Yellowhead route. The southern Rockies had been considered impenetrable without a great expenditure of resources, while the northern passes would have directed the line to run through the remote, unsettled areas of northern British Columbia.\textsuperscript{10} Based on Fleming's conclusions and recommendation, the federal government made plans for the construction of the transcontinental railway across the northern prairies and through the Yellowhead Pass to the Pacific.


\textsuperscript{9} Sandford Fleming, Report and Documents in Reference to the Canadian Pacific Railway (Ottawa: Maclean, Roger & Co., 1880), p. 2.

\textsuperscript{10} Sandford Fleming, p. 4.
1.2. THE FIRST TRY AND FAILURE

British Columbia became part of Canada in 1871. In the agreement between the two governments, the federal government agreed to build a transcontinental railway which would link British Columbia with the rest of the country. Though the government wanted this railway built, it was reluctant to accept direct responsibility for its construction and operation. It had already spent a lot of money on public works and did not want to operate or administer the venture. Instead, it hoped that a private company would build the CPR, operate and administer it in perpetuity. To attract a builder, the government popularized the fertility and potential of the land that the railway would pass through. The government also offered assistance in the form of land grants and loans, while providing information on the North-West that it had gathered from the land surveys and the other reports that it had commissioned for the Canadian Pacific project.\(^\text{11}\)

Two companies or consortiums emerged to bid on the CPR project. The first was the Canadian Pacific Railway Company of Montreal, headed by Sir Hugh Allan and backed by American associates, tied to the Northern Pacific Railroad (NPR). The second

group was the Interoceanic Company of Toronto, headed by Senator David Macpherson. Macpherson was backed by British financiers. When a merger between the two groups failed, Macdonald chose Allan’s group. Later in 1873, due to disagreements between members of the Allan consortium and the government, information was leaked to the Liberal opposition of campaign contributions given by Allan to aid the Conservatives in the 1872 election. With this information being made public, the Pacific Scandal arose. The Prime Minister was forced to resign, the Canadian Pacific Railway Company was dissolved, and the Northern Pacific Railroad ended up bankrupt.

The core issue of the Pacific Scandal was the corrupt electioneering tactics of Macdonald. He had pressed Allan into giving large contributions to the Conservative party, which Macdonald used to shore up support in a close election. Allan had received this money from his American partners, who had close connections with the Northern Pacific Railroad and hoped to secure government support for the construction of an international transcontinental railway. Specifically, some of Allan’s American associates hoped that the NPR would provide the link between Manitoba and the eastern portion of Canada, with their existing line south of Lake Superior, leaving the CPR

to build westward from Manitoba to the Pacific.\textsuperscript{13} When the American associates pressed Macdonald for some concrete assurances of this plan, he could not follow through. What he may have promised in private would have been politically suicidal in public. Allowing the railway to skirt the northeastern boundary of the province of Ontario, would have alienated a large portion of the Conservatives’ traditional support base. Macdonald could not follow through or allow the possibility of an international transcontinental CPR under these circumstances. The American associates, like George William McMullen, angered by Macdonald’s treachery, passed on the information that implicated Macdonald and led to his fall from power.

1.3. THE POLICIES AND ACTIONS OF THE
MACKENZIE GOVERNMENT, 1873-1878

The Liberals won the federal election of 1874. Under Prime Minister Alexander Mackenzie, work on the CPR slowed down. He believed that the transcontinental railway should be built gradually, as settlement dictated. He thought rails linking existing waterways could meet the immediate needs of settlers and that an all-rail route could be

\textsuperscript{13} A.A. Den Otter, “Nationalism and the Pacific Scandal,” p. 327.
delayed. With this in mind, contracts for the construction of three sections of railway were negotiated. These sections were later turned over to the group that completed and operated the railway. Two sections were actual portions of the proposed mainline; a 432 mile stretch between Winnipeg and Thunder Bay and 213 miles between Port Moody and Kamloops. The third section, a branch line of 65 miles, joined Winnipeg with Emerson on the international border. This last section would play a very important role in the further construction of the CPR as it provided a connection with the St. Paul, Minneapolis, and Manitoba Railroad. It was over this line that all the construction supplies for the western portion of the CPR were brought, until the section north of Superior was completed in 1885.

Fleming's recommendations were not accepted by everyone. John Macoun, a botanist and explorer, disagreed with the notion of the Palliser Triangle and believed the southern prairies were just as fertile as the parklands. Macoun had traveled extensively in the West


between 1872-1882. He was part of Sandford Fleming’s expedition in 1872, searching for the best all-Canadian route for the CPR mainline, and in 1876 Prime Minister Mackenzie asked him to write a report on the character of the land from Port Arthur to the Pacific.

Macoun’s findings were published in the Railway Report of 1877. In it, Macoun opposed the old established stereotypes of the northern prairie as a cold, barren land.¹⁷ The report’s effects were limited, but did give credence to a more positive outlook to the North-West and probably played a part in Macoun’s later appointment to survey the southern prairies in the spring of 1879.

In 1878, Prime Minister Mackenzie was forced into negotiations with the British Columbia government. The federal government had promised to commence the construction of the transcontinental railway within two years of the union and complete the railway within ten years.¹⁸ With the failure of the Allan group and no other investors willing to undertake the task, there was little progress towards fulfilling this requirement. An extension was negotiated between the two governments. The federal government now committed itself to complete

---


¹⁸ Dave De Brou and Bill Waiser, Documenting Canada (Saskatoon: Fifth House Publishers, 1992), p. 54-55.
the railway by the end of 1890. In the 1878 election, however, Mackenzie was defeated and the Conservatives returned to power.

1.4. THE POLICIES AND ACTIONS OF THE MACDONALD GOVERNMENT, 1878-1880

The re-elected Conservatives sent out ten survey groups to explore the Canadian North-West. Nine of the groups explored the area of the northern prairies and mountain passes, while the group led by Macoun was charged to report on the southern prairies. In a series of surveys over the next three years, Macoun reported on the fertility and agricultural potential of the southern prairies. In traveling and evaluating the prairie region, Macoun did not find the “desert” conditions that earlier explorers had reported. However, the notion that Macoun’s findings led to the change in route of the CPR mainline is doubtful. Instead, it is more probable that Macoun found a willing and eager audience, particularly among federal politicians who were desperate to find a group to undertake and complete the CPR project. Macoun’s work supported the new emerging view of the North-West, put forward by the expansionists, as a vast, rich, agricultural hinterland

---

that the East could develop. By refuting the previous findings of the Palliser and Hind expeditions, Macoun placed greater emphasis on the overall fertility of the North-West. For people seeking to promote the development and settlement of the area, Macoun’s work could be used to justify their favorable claims. For example, on May 10th 1879, Sir Charles Tupper, then Minister of Railways and Canals, said to the House of Commons:

We believe that today, being in possession of increased information beyond that which we possessed five years ago, and from the opinions expressed by the authorities who are well able to judge, we have vast regions only partially explored which are not second to any in the West. We believe we have something like 180 000 000 acres of land which, in regard to fertility and grain growing qualities, are equal to any on the face of the globe.

With information supplied from people like Macoun, the federal government hoped to promote the settlement of its newly acquired territory as well as attract a group willing to undertake the construction of the CPR. Work on the sections tendered by the Mackenzie government continued, demonstrating the government’s continuing commitment to the project.

---

20 Douglas Owram, p. 65.

Macdonald's fall from power over the Pacific Scandal had exposed some of his beliefs and objectives in the construction of the CPR. First and foremost, Macdonald was a politician. He was dependent on the support of his electorate and public opinion. Secondly, Macdonald did not give in to the pressure of the American interests for an international transcontinental line. He remained committed that the CPR would be built for the benefit and development of the nation. Macdonald, and many Canadians, feared that the Americans might exert undue political pressure on Canada if any part of the proposed Canadian transcontinental railway passed through American territory. Thus one of the conditions that Macdonald insisted upon in the construction of the CPR, was that it be constructed along an all-Canadian route.

Political relations between Canada and the United States were strained for most of the early to mid-nineteenth century. The actions of both governments created conflicts and suspicions between the two countries. The War of 1812 brought open conflict while the Oregon Question of the 1840s and the purchase of Alaska in 1867 brought the potential for more difficulties. The end of the Reciprocity Treaty in 1866 threatened trade relations between Canada and the U.S. The American Civil War and Canada's and Britain's role in it, created further tension in foreign relations. The Americans, through their concept of Manifest Destiny, believed that since North America was one continent, it should
form one country and be ruled by one government. Annexation of
Canada could be achieved by many means. As Vernon Fowke points
out;

That commercial penetration was likely to be but a forerunner
of eventual territorial occupation was strongly suggested by
certain incidents in the American Congress. A bill providing
for the absorption of all British North American territories into
the American Union was introduced into the House of
Representatives in 1866. It was defeated, but in 1867 Senator
Ramsey of Minnesota moved that the committee on Foreign
Relations investigate the desirability of a treaty between the
United States and Canada which, among other things, would
provide for the annexation of all territories in North America
west of the 90th meridian; he stated that there was currently
a move in Canada to extend the Canadian boundaries to the
Pacific Coast, but that the Red River and British Columbian
settlers would prefer to join the United States. Although
Senator Ramsey's resolution was tabled for the time being, it
was brought forward again in 1868 and passed with minor
amendments. The Senate Committee on Pacific Railroads, to
which the resolution was then referred, apparently regarded
the matter as one which need not be dealt with hastily since it
could have but one outcome and that favorable to the
American desire for territorial expansion.22

There was a basis for some of Macdonald's fears in the actions of
political leaders in the U.S. Promoters of the Northern Pacific Railroad
hoped to divert Canadian traffic to their lines. Macdonald feared that
this would result in greater ties and economic cooperation with the
United States which in turn would hurt Canada's development. For

Macdonald, American railroads were a direct challenge to his vision of Canada and his hopes for the dominion’s future. As he said:

This whole scheme (the Liberal plan for the construction of the CPR), which was ostensibly to assume the responsibility of building and running the line from Lake Nipissing to the Pacific Ocean, is simply an impudent offer to build the prairie section, and to do it by means of political friends who, when they get in power, will grant them all they want and allow them to confine their exertions, their responsibilities, all the liabilities for the future to building an easy road across the prairies, and so connecting with the American channels, to the utter ruin of the great policy under which the Dominion of Canada has been created, to the blighting of our hopes of being a great nation, and to the ruin of our prospect of getting possession of the Pacific trade, and connecting Asia with England by a railway passing through the dominions of England.  

Macdonald’s objectives for the CPR were revealed by his actions while he was in power, both before the Pacific Scandal and after. While he may have made secret deals to allow the CPR to be built as an international transcontinental railway, when the time came to follow through, Macdonald would not. He believed in the future of Canada and in the provisions of the National Policy. For that future to have a chance, Canada needed to unite, develop, and move forward. An international line would have allowed the Americans to influence or, even worse, prosper from Canadian traffic. For these reasons,

---

Macdonald wanted the CPR built along an all-Canadian route.

In searching for a new group to undertake the project, Macdonald had some concerns that had to be met. In October 1881, Macdonald wrote to George Stephen about his concerns over dealings between the Northern Pacific and the Quebec Government. Macdonald worried that the NPR was going after the Quebec vote to gain political support in Canada. With this added influence, he feared the NPR would try to build into Canada. Support for the NPR by Quebec politicians and voters would make it very difficult for Macdonald to block the NPR's advances without politically hurting himself and his party. However, on other points he was open for new and better ideas. In 1879, the route for the CPR was amended. Public concern over the quality of the land that the mainline would pass through resulted in the government shifting the route of the mainline to follow the existing course of settlement. This resulted in a route that was twenty miles shorter and avoided the inhospitable terrain between Lakes Winnipeg and Winnipegosis.

The Macdonald government looked for a group to undertake the CPR project. In the financially depressed times of the mid to late 1870s,

---


25 NAC, Marcus Smith Letterbook, MG 29 B6, vol. 6, Notes on the Location of the CPR, 1879, p. 48.
no group came forward. Existing railways, like the Grand Trunk, were not interested. Finally in 1880, the government entered negotiations with a group led by George Stephen, James Jerome Hill, and Donald Smith. Each side had its own goals and objectives. The government had found a group to complete the CPR. It wanted the railway built along an all-Canadian route and constructed to serve the needs of Canada, free of American influence. However, the members of the syndicate had their own goals that they wanted to accomplish in undertaking the construction of the CPR. It was due to these objectives that the CPR mainline was constructed along the southern route.
2. OBJECTIVES AND POLICIES OF THE SYNDICATE,

1880-1883

The members of the CPR syndicate had some specific objectives when they opened negotiations with the federal government. They were businessmen who saw the potential that the transcontinental line had to offer, but they also wanted assurances that the venture would not fail. The three main players in the CPR syndicate, George Stephen, James Jerome Hill, and Donald Smith, had all worked together in a previous project and had interests in the North-West. By undertaking the construction of the CPR, the syndicate worked to promote all of their interests and holdings, so that all of them would be more profitable.

The head of the syndicate was George Stephen. He came to Canada in 1850 and became a junior partner in his uncle's importing business. Stephen acted as a buyer in England where he made contacts in the English financial community. Upon his uncle's death in 1862, Stephen took over the company. He began to make contacts in Montreal and became a member of the Montreal Board of Trade in 1864. In 1866, he sold the importing company and created a new one, called George
Stephen and Company. With his new company, Stephen began to expand into other industries, like woolen mills, cotton manufacturing, and flour milling. In 1871, Stephen was elected a director of the Bank of Montreal and rose to its presidency in 1875. It was while in this position that Stephen was approached to take his first steps into railroading by his cousin Donald Smith, and by James Jerome Hill.

Donald Smith was a senior officer in the Hudson’s Bay Company. With the decline of the fur trade and the sale of Rupert’s Land, the company was in transition. However, Smith remained optimistic about the HBC’s future. He recognized the value of the land that the company retained when it surrendered its control of Rupert’s Land to the new Dominion of Canada. The company retained one twentieth of the land, comprising one and three quarters or two sections in every township, in the prairies. It was therefore a major landowner in the region. With the development of the prairies, the profit potential for the HBC was very good.

James Jerome Hill was a successful businessman in St. Paul, Minnesota. He arrived in St. Paul in 1857, seeking to travel instead of


staying with his family in Upper Canada. After loading and unloading steamboats, Hill became an agent of the St. Paul & Pacific Railroad Company. He then decided to become his own boss and formed Hill, Griggs, and Company, a fuel, freighting, and merchandising warehouse business. In St. Paul, Hill came into contact with Norman Kittson, a fur trader and agent for the Hudson’s Bay Company. Together, Hill and Kittson formed the Red River Transportation Company, which became a profitable venture in the Red River area. Hill met Donald Smith in a blizzard in southern Manitoba. Through their common interests the men became friends, and then partners in the construction and operation of one of the most important business ventures in Canada’s history.

The Canadian Pacific Railway was not the first railway project the men were involved in together. In 1878, Stephen, Smith, and Hill were part of the group that took over the St. Paul & Pacific Railroad Company. The St. Paul & Pacific went bankrupt in the depression of the 1870s. Being in St. Paul and having formerly worked for the railroad, Hill saw the potential that was present in the venture. Achieving his success in the river transportation business, Hill recognized the advantages that railroads offered over river boats. Railroads could be used all year round and could be built along a chosen route, instead of river transport which had to shut down in the winter months and had to
follow the natural waterways.²⁸

Stephen, Smith, and Hill were the main figures of the syndicate, but there were other partners as well. Norman Kittson, R.B. Angus, and Duncan McIntyre were some of the other individuals, while the two financial houses of Morton, Bliss & Company of New York and the French-German house of Kohn, Reinach & Company were also involved in the venture.

2.1. THE CONTRACT

On October 21, 1880, the contract was signed between the federal government and the syndicate, to form a new Canadian Pacific Railway Company. The syndicate agreed to build the line within ten years in return for a $25 000 000 cash subsidy, a 25 000 000 acre land grant, protection from American competition, and major tax and tariff concessions. The contract did not become law until February 15, 1881, when it was finally passed by the House of Commons. While the contract covered the whole project, only portions of it are specific to the location question. Clause 13 of the Canadian Pacific Railway Act of 1881 states;

The Company shall have the right, subject to the approval of the Governor in Council, to lay out and locate the line of the railway hereby contracted for, as they may see fit, preserving the following terminal points, namely: from Callander station to the point of junction with the Lake Superior section; and from Selkirk to the junction with the Western section at Kamloops by way of the Yellowhead Pass.29

This clause defined the approximate route for the Canadian Pacific's mainline, through the Yellowhead pass. It allowed the company to choose its own route but defined certain points where the railway had to pass and connect. By having "fixed" points that the mainline had to cross, the government was assured that its objective of an all-Canadian route would be met. However, some syndicate members had a different route in mind for the mainline and before taking on the project, they sought assurances that they would be able to build the mainline where they saw fit.30 They did not get the flexibility they sought in the wording of the contract but believed that they could eventually bring the government on-side.

Another section of the contract with particular interest to the location of the mainline was clause 15, which is often referred to as the "Monopoly Clause."

For twenty years from the date hereof, no line of railway shall be authorized by the Dominion Parliament to be constructed

29 Dave De Brou and Bill Waiser, p. 123.

30 Heather Gilbert, p. 69.
South of the Canadian Pacific Railway, from any point at or near the Canadian Pacific Railway, except such line as shall run South West or to the Westward of South West; nor to within fifteen miles of Latitude 49. And in the establishment of any new Province in the North-West Territories, provision shall be made for continuing such prohibition after such establishment until the expiration of the said period.\textsuperscript{31}

This clause was designed to protect the CPR from competition by American railways. It created a buffer zone along the Canadian-U.S. border, where only railways serving as "feeder" lines of the CPR could be built for the next twenty years. The only exception was the government built line between Winnipeg and Emerson, which the CPR obtained complete control over. The Monopoly Clause forced all traffic passing between eastern and western Canada to be shipped over lines controlled by the syndicate. This clause also created the concept of "fair discrimination."

As Ted Regehr has written in his article on the issue of western transportation and freight rate problems;

The difficulty arises because of differing degrees of competition in the various regions of Canada. In one region the railways must meet very vigorous competition, both from rival American railroads and from water transport on the Great Lakes and St. Lawrence River system. In another region the railways have a virtual monopoly. National policies specifically permit and, indeed, require the railways to charge whatever the traffic of a particular region can be made to pay, ... which are much higher in non-competitive than in competitive areas. The railways set low rates, or reduce their...
rates, wherever competition from other railways or from other forms of transport compel them to do so, even if those reduced rates lead to operations losses in the affected region. In areas where no effective competition exists the railways set their rates at much higher levels. If the railways are forced to operate uneconomical sections, or if there are operational losses in highly competitive areas, they recoup their losses by charging higher rates in non-competitive areas.32

After the mainline was constructed, the CPR would be faced with operational problems. Most of its line passed through sparsely populated areas where little or no local traffic would be generated for years. In order for the CPR to survive, therefore, the ability to charge higher rates and protect its monopoly in the North-West was crucial.

A special provision for the company’s 25 000 000 acre land grant was included in the contract. All the land, earned by the company, had to be “fairly fit for settlement.” Specifically;

The grant of land hereby agreed to be made to the Company, shall be so made in alternate sections of 640 acres each, extending 24 miles deep, on each side of the railway, from Winnipeg to Jasper House, in so far as such lands shall be vested in the Government, - the Company receiving the sections bearing uneven numbers. But should any of such sections consist in a material degree of land not fairly fit for settlement, the Company shall not be obliged to receive them as part of such grant, and the deficiency which may arise from the insufficient quantity of land along the said portion of railway, ... shall be made up from other portions in the tract known as the fertile belt, that is to say, the land lying between

---

parallels 49 and 57 degrees of north latitude, ...\textsuperscript{33}

This provision ensured the value of the CPR’s land grant. It also reveals the syndicate’s doubts or suspicions of the quality of at least some land on the prairies. The syndicate received assurances that it would be getting good land in the North-West. The government’s approval of this provision illustrates that it was willing to negotiate on certain points and that it also wanted a strong and secure Canadian Pacific Railway Company to construct and administer the project.

\textbf{2.2. THE ROUTES IN QUESTION}

In terms of modern geography, the northern route would have run west from Selkirk to around Minnedosa, Manitoba. At Minnedosa it would have turned northwest, passing between the Duck and Riding Mountains. The road would have continued in this northwest direction to around Quill Lake, Saskatchewan. Here it would have run almost due west. It would have passed through or near Watson, Humboldt, and Saskatoon. After crossing the South Saskatchewan River, the route would have proceeded northwest to Battleford, staying to the south side of the North Saskatchewan River. Continuing northwest to

\textsuperscript{33} Dave De Brou and Bill Waiser, p. 122.
Map 2.1 The Yellowhead Pass Route
(Northern Route)
Map 2.2 The Crow’s-Nest Pass Route
Map 2.3 The Kicking Horse & Rogers Pass Route
(Southern Route)
Lloydminster, it would then have turned westward and passed through or near Vermillion, Vegreville, and Edmonton. At Edmonton, the railway would have continued to the west to around Edson. It would have made a gradual bend to the southeast around Hinton, and then onto Jasper and the Yellowhead Pass.

Originally the syndicate wanted to construct the mainline along the international border and cross the mountains through the Crow’s Nest Pass. This area was rich in coal deposits and had a favorable pass for crossing the mountains. By locating the mainline along the border, the CPR would have blocked any American attempts to build into Canada. Such lines would have had to cross or compete with the mainline service that the CPR would have provided. The government did not allow the mainline to be built along this route for security reasons. It feared that in a time of war, the Americans could easily cut the line.

Later, the syndicate tried to take its land grant as a belt along the border. By owning the land, the CPR could ensure that no rivals could develop or build up into the southern Canadian prairies. However, the

---

34 NAC, Shaughnessy Letterbook, no. 51, Memorandum from Thomas Shaughnessy to Sir Oliver Mowat, April 14, 1897, p. 785.

35 NAC, Shaughnessy Letterbook, no. 51, Memorandum from Thomas Shaughnessy to Sir Oliver Mowat, April 14, 1897, p. 785.
federal government did not allow this either.36

The route finally selected ran almost due west out of Winnipeg. It passed through the present day communities of Portage la Prairie, Brandon, Broadview, Regina, Moose Jaw, Swift Current, and Medicine Hat. At Medicine Hat, the road went northwest to pass through Calgary then turned west to pass through Banff and on through the Kicking Horse and Rogers Passes. In effect, this route was a compromise between the two parties. The syndicate wanted a more southern route to defend its territory and traffic from American rivals. The government, however, preferred the Yellowhead route, and insisted that the mainline be located at least one hundred miles north of the boundary.

2.3. THE INTERESTS OF THE SYNDICATE

The most basic reason for the change in route was that it was in the interests of George Stephen, Donald Smith, and James Jerome Hill. Each member had his own opinions and interests, but they were united in the pursuit of some basic goals and objectives. Their roles in the project and their backgrounds were crucial in the decision to change the route of the CPR mainline across the prairies.

George Stephen was the financier of the Canadian Pacific Railway Company.\textsuperscript{37} It was Stephen who raised the funds through his contacts in Montreal, London, and New York. Through his close relations with Sir John Rose, the head of a wealthy money-lending firm in London, Stephen was able to get Rose's New York office, Morton, Bliss & Company, to join the syndicate. As well, Stephen worked to get the French-German house of Kohn, Reinach & Company as part of the syndicate. It provided additional financial support as well as some political benefits as an overture to the French-speaking population of the House of Commons and Canada. With the Canadian Pacific dependent on concessions and approval of the government, the composition of the syndicate, with both British and French capital to back the venture, helped win the support needed in the House of Commons.\textsuperscript{38} These actions illustrate another important role that Stephen filled: he was the liaison between the syndicate and the federal government. Donald Smith could have fulfilled this role if it was not for his falling out with Prime Minister Macdonald during the Pacific Scandal.

Even with a favorable federal government behind it, the CPR quickly ran out of money during the construction of the railway.

\textsuperscript{37} Heather Gilbert, p. 76.

\textsuperscript{38} Heather Gilbert, p. 70.
Raising funds was a full-time job. In times of need, Stephen approached the government on behalf of the CPR for further financial aid and other assistance. He made many trips abroad, primarily to England, to raise foreign capital to keep the venture going. Finding the money to pay for the project kept George Stephen very busy during the construction period.

Stephen was also involved in the promotion of immigration to the North-West. In order to raise funds and attract investors, Stephen had to promote the North-West. Spreading positive information on the fertility of the land not only worked to attract settlers, but also worked to dismiss the harmful stereotypes that had been popularized abroad about the North-West being barren and inhospitable. By combating the negative views and attracting settlers, foreign views of the area began to change. In this way, Stephen was able to obtain the capital needed to continue the construction of the CPR and encourage the settlement of the North-West.

Donald Smith’s role in the syndicate, was linked to his business interests in the North-West. Not only was he a major shareholder in the Canadian Pacific and St. Paul, Minneapolis & Manitoba Railways, but he also was the Hudson’s Bay Company’s most senior officer in North America. Smith was also a member of Parliament from 1871-1880 and
thus had some political connections. However, he had also made an enemy of Sir John A. Macdonald and as a result was largely left in the background in terms of CPR affairs. Behind the scenes, Smith did what he could to promote the CPR.

Smith was quick to recognize the advantages of a railway in the North-West, as it affected his other interests. With the decline of the fur trade, the Hudson's Bay Company was diversifying into other areas and it was in the company's interests to have a better transportation system in the region. Over a railway, merchandise could be transported easier, faster, and year round both to and from the HBC's posts in the North-West. Just as important was the railway's opening of the land for settlement. As the North-West developed and grew, so would the value of the HBC's holdings. This recognition of mutual interests and profitability was Smith's contribution to the syndicate.

James Jerome Hill became the General Manager of the CPR at its incorporation. Hill had railway experience from his background working for the St. Paul & Pacific Railroad and his development of the St. Paul, Minneapolis & Manitoba Railroad. This along with his involvement in the transportation industry in the western United States and Canada, made Hill the most qualified member of the syndicate. Hill's role in the syndicate was to build the CPR along the most advantageous route to

39 W. Kaye Lamb, p. 55.
satisfy the aims of the syndicate.

Hill had a plan. He envisioned the Canadian Pacific and the St. Paul, Minneapolis & Manitoba Railways as forming a single transcontinental line. The western section of the CPR would provide the connection to the Pacific. Using the CPR branch between Winnipeg and Emerson to join with the St.PM&M, the line would then run south of the Great Lakes through the United States and cross back into Canada around Sault Ste. Marie, Ontario, where the line would link up with the eastern portion of the CPR to continue on to Montreal. In this strategy, the CPR would not have to build the costly Superior section. Running north of the Great Lakes, much of the proposed line ran across marshy and inhospitable terrain. The area was sparsely populated and would not provide any local traffic for many years.

The syndicate believed in an international transcontinental line. From the outset, the syndicate had another route in mind. They ignored the work and recommendations that Fleming had prepared for the government and began gathering their own information on the North-West. In November 1880, Hill’s associate, R.B. Angus made inquiries in Winnipeg about the construction of the mainline along a more southern route. Furthermore, within days of the incorporation of the CPR, Hill

Albro Martin, p. 239.
hired and sent Major A.B. Rogers, a railway locating engineer, to search
for another pass to cross the Rockies, south of the Yellowhead Pass.41
These actions plus later correspondence between Hill and Rogers
demonstrate that Hill was quite knowledgeable of the southern prairies
and had a strong desire to see the mainline built along a more southern
route.42

To maximize the benefits of an international line, it was important
for the western section of the CPR to run as close to the U.S. border as
possible. The southern route provided a more natural connection to
Hill's existing line in the U.S. The mainline also protected the area from
rival U.S. lines by placing the CPR in a strong, defensible position and
leaving the northern prairies to be tapped at the CPR's leisure by branch
lines.

A combined CPR-St.PM&M railway system would dominate
transportation services in the North-West. With the protection and
assurances the syndicate received from the federal government in the
contract, it could count on the Canadian traffic that the developing
North-West would produce and turn its attention to its only competition,
the Northern Pacific Railroad. In this scheme, each railway, the CPR

41 W. Kaye Lamb, p. 79.

42 James Jerome Hill Reference Library (hereafter JJHRL), James
from Hill, Sept. 25, 1881, 455.
and the St.PM&M, would still have branch lines to further exploit and extend their coverage of surrounding territory. However, it would not matter which railway carried the traffic because both the CPR and St.PM&M were owned and controlled by the same people, Hill, Stephen, and Smith. Such a linked transcontinental was mutually beneficial to each railway. The St. Paul, Minneapolis & Manitoba received a Pacific link. The Canadian Pacific would become a transcontinental line without the costly and difficult construction north of Lake Superior. By cooperating, each railway reduced the threat of competition and was able to focus on their common rival, the Northern Pacific Railroad.

If the CPR had been constructed along the Fleming line, it would have passed considerably further to the north. Increased demands on the southern Canadian prairies for better service would have been more difficult to satisfy. Rival lines would have been more difficult to keep out of Canadian territory if the CPR tried to use branch lines to serve the southern prairies, rather than the northern prairies. While the Monopoly Clause was intended to prevent competition in the North-West, it was a political vehicle which required the syndicate to rely on another party to enforce. With Hill's transcontinental aspirations and previous dealings with the Northern Pacific, the risk of encroachment would have been unacceptable. Hill believed that railways had to secure
and maintain effective control over their surrounding territory to ensure their continued viability. The southern route and the provisions of the contract placed the CPR in a strong position in the North-West. Joined with the St.PM&M, the CPR would have been the dominant line in the northern United States and Canada.

The syndicate could not reveal their plan for an international CPR transcontinental line because this went directly against the wishes of the federal government. This plan also was contrary to the provisions in the contract that the syndicate had made with the government. It is quite probable that Hill and the others knew of the Macdonald government's commitment to an all-Canadian route. They probably thought that they could convince the federal government that the high cost of building and operating a line north of Lake Superior was impractical. An international transcontinental line had a much better chance for success. The government had been desperate to find a group to undertake the project and had to deal with a deadline that had already been extended once. The favorable concessions the syndicate had received in the contract combined with Macdonald's desire for the CPR to be completed could have given the syndicate the notion that they could bargain with the government to receive their approval for a new

---

route. But until the government was won over to the idea of an international transcontinental route, the members of the syndicate could not reveal their true objectives. Discussion of their plan was not documented or not left behind, for fear that it would fall into someone else's hands and anger the government. Instead, one must look to the existing documentation and the actions taken by the members of the syndicate, to try to determine their true goals in the CPR project.

One such action, was the syndicate's postponement of construction on the section north of Lake Superior. Until that line was completed, all rail traffic to and from western Canada was carried to Winnipeg over the St. Paul, Minneapolis & Manitoba Railroad. As long as the Superior section was not built, the syndicate's plan had hope. In contrast to delaying the construction of the Superior section, the construction on the western section was pushed forward as quickly as possible.

Another factor that should be considered is the power that Hill had in the syndicate. Hill was in charge of the construction of the CPR and played a pivotal part in the change in route decision. Based on the idea of an international transcontinental line, it made sense to construct the CPR along a southern route. Such a route would thwart Northern Pacific incursions into Canadian territory. If, on the other hand, the CPR and the St.PM&M became competitors, the CPR location in the
south would serve CPR interests but thwart possible St.PM&M incursions into Canadian territory. Since Hill, whose primary loyalty lay with the St. PM&M, made the decision regarding the route of the CPR mainline, continued CPR-St.PM&M co-operation was apparently anticipated.
3. NEGOTIATING THE ROUTE CHANGE

In the 1881 Railway Act, the Yellowhead Pass had been named as the point for crossing the mountains. The syndicate needed the support and approval of the federal government to make the desired route change on the prairies. It is clear that the request to change the route came from the syndicate and not from the government.\(^{44}\) In a speech to Parliament in April, 1882, Sir Charles Tupper, then Minister of Railways and Canals, indicated the government’s consent for the CPR to be built along a different route.

W. Kaye Lamb points out that the syndicate had a different route in mind from the beginning of the project.

It is clear that Stephen and his associates had a change of route in mind for some time. When McIntyre reopened negotiations with Sir John Macdonald in London in August, 1880, he had stated that “we should expect to be allowed to locate the line as we would think proper.” In November, R.B. Angus made inquiries in Winnipeg about the feasibility of a more southern route than Fleming had recommended. Angus was then living in St. Paul, working with Hill, who certainly favored a southern line. Within days of the incorporation of the CPR, Hill engaged Major A.B. Rogers, a railway locating engineer whose work had attracted his attention, and instructed him to search for a practicable pass in the Rockies.

\(^{44}\) JIHRL, James Jerome Hill Letterpress Books, (microfilm), vol. R-21, Letter to R.B. Angus from J.J. Hill, October 14, 1881, 460.
south of the Yellowhead.\textsuperscript{45}

Why would the syndicate, upon assuming control of the project, immediately start new surveys of the area when they had access to the information that the government had already commissioned? Why was it more important to bring the railway south, instead of north, which was suggested by other surveyors at the time, like Charles Horetzky and Marcus Smith? The syndicate wanted a southern route because it would maximize the advantages of an international line.

In June, 1881, the syndicate asked the government for permission to relocate a portion of its mainline between Winnipeg and Portage la Prairie to a line crossing the Assiniboine River. The syndicate was notified that the crossing had been approved but that the abandonment and relocation of part of the mainline had not\textsuperscript{46} The government was concerned about the discontent and hardship which abandonment of part of the established line would create for the people that had already settled in the area. Several members of Parliament, namely Campbell, Macpherson, Tupper, and Pope, were consulted by Abbott, legal counsel for the CPR. These politicians maintained that they were willing to see

\textsuperscript{45} W. Kaye Lamb, p. 79.

\textsuperscript{46} Minnesota Historical Society (hereafter MHS), James Jerome Hill Correspondence, Box 17, Letter to Hill from Drinkwater, June 24, 1881.
the new line built, but would not accept the public’s anger for it.\textsuperscript{47} The government’s consent for this change would not come until August 13, 1881, when the Privy Council approved the relocation of the railway between Winnipeg and Portage la Prairie.

By this time, the CPR had submitted plans to the government for approval of the mainline running almost due west from Winnipeg to Fort Calgary. However, the approval from the government was not forthcoming. On August 19, 1881, A.P. Bradley, the Acting Secretary of the Department of Railways and Canals, sent a letter to the CPR acknowledging the receipt of the application for construction to Fort Calgary and stating that “before the line of location is approved by the Government beyond a distance of say 200 miles west of Winnipeg, it is desirable that the Company should submit the approach to the Rocky Mountains.”\textsuperscript{48}

In December, 1881, the secretary of the CPR wrote the following to the Minister of Railways and Canals:

I have the honor at the direction of the Board to inform you, that there is a great probability that a passage through the Rocky Mountains will be discovered which will afford a much more direct and shorter communication with Kamloops than could be obtained by means of the route by the Yellowhead

\textsuperscript{47} MHS, James Jerome Hill Correspondence, Box 17, Letter to Stephen from Abbott, June 23, 1881.

\textsuperscript{48} MHS, James Jerome Hill Correspondence, Box 17, Letter to Drinkwater from Bradley, August 18, 1881.
Pass, in which case it would doubtless be in the interest, both of the Government and the Company, to carry the line by such improved route.\textsuperscript{49}

Tupper’s response was that he wanted to know the new pass, “before relieving the company of its commitment to proceed by the Yellowhead.”\textsuperscript{50} Why did the syndicate keep the government in the dark about its new route? The most likely reason was that the CPR was not sure that it had a new pass through the mountains at the time. While Major A.B. Rogers had been hired by the syndicate shortly after its agreement with the government, there were few updates on his progress. Checking pass after pass and traveling through very difficult terrain took time. In September, 1881, Rogers received the following letter from J.J. Hill;

We (the syndicate) do not expect you will be able to find a pass through both the Rocky Mountains and the Selkirk Range where so many others have claimed no practicable pass could be found without sufficient time and working staff to enable you to make thorough and careful examination of all the mountain defiles. Mr. Stephen, our President, and Mr. Angus as well as myself, have read your letters with great satisfaction, and they desire me to express to you their confidence in your judgment and perseverance. If you are successful in getting a pass through the Rocky Mountains and the Selkirk Range anywhere in the neighborhood of latitude 51 north, you will have accomplished a great deal for our enterprises and the Company desires to support you in every

\textsuperscript{49} Canada, Department of the Secretary of State, \textit{Returns Relating to the Canadian Pacific Railway} (Ottawa: MacLean, Roger, 1882), p. 67.

\textsuperscript{50} Lorne Green, p. 137.
way in their power, giving you whatever is necessary towards an expeditious and thorough exploration of the country. Should the Cowes Pass, and the different passes leading out of the Bow River Gap not be found practicable, you may find a pass by following up some of the streams that empty into the Bow River, south of the Bow River Gap, and from their source cross over to the Kananaskis, either to the Kicking Horse or to a point where you can head to Columbia or get through the Selkirks near the head of the Columbia, coming up the Shuswap from the south east. We do not want to go nearer the boundary line there in the neighborhood of 100 miles.\footnote{JJHRL, James Jerome Hill Letterpress Books, (microfilm), vol. R-21, Letter to Rogers from Hill, Sept. 25, 1881, 455.}

The tone of the letter reveals concern and doubt about the success of finding a new pass. It also indicates Hill’s knowledge of the area in his brainstorming for possible pass locations. In October, 1881, Rogers reported finding two practicable passes through the Rocky Mountains, the Kicking Horse and the Kananaskis, but it would take until August, 1882, until he confirmed a pass through the Selkirks.\footnote{JJHRL, James Jerome Hill Letterpress Books, (microfilm), vol. R-20, Canadian Pacific Railway Telegram to George Stephen and E.B. Oster from J.J. Hill, Aug. 24, 1882, 233.}

Even though the exact route was not known, Sir Charles Tupper made a motion in the House of Commons on April 18, 1882, to allow the CPR to build through some pass other than the Yellowhead Pass. The government retained the following safeguards;

\begin{quote}
... the Government does not intend to make any payments on any portion of the line beyond Moose Jaw Creek until they are satisfied that a better line can be obtained for the Canadian
Pacific Railway by going south to the Kicking Horse Pass than has already been obtained in the direction of the Yellowhead Pass. The location of the Canadian Pacific Railway being more southerly than was intended or contemplated two years ago, I think will be attended with this advantage: that the branches will require to be fewer, and, as is perfectly obvious, the fewer the branches are the longer they will be, and the greater the facility with which they can be operated.53

As the excerpt states, the federal government did not “intend” or “contemplate” that the CPR would be built along such a southern route. Although maintaining the facade of being in control by withholding payments, the federal government had given the CPR what it wanted. By being allowed to continue building along the southern route, the Yellowhead Pass was removed as an option. If the mainline had to turn north and run through the Yellowhead Pass, any advantages presented by the southern route, in distance and in defense of the traffic of the southern prairies, would have been lost. The CPR would have gone from a relatively direct line which ran almost perfectly straight east to west, to a circuitous line that pulled sharply to the north in Alberta. This would have left southern Alberta and British Columbia open for rival lines to build into and compete for traffic. The syndicate, however, was determined to build through the Rockies and Selkirks somewhere south of the Yellowhead Pass. By getting the Government’s tacit approval, the

CPR was able to continue building the mainline along their desired route, with their aims and goals intact.

Why did the federal government allow this change? It is probable that the government permitted this concession in the hopes that the CPR would be completed faster and possibly be in a stronger position. The government's objective, of an all-Canadian route, was satisfied by this route through the mountains. As well, the Conservatives were tied politically to the CPR. Macdonald had always been a staunch supporter of the venture and his National Policy relied on a national transportation system. Faced with pressure from the syndicate to allow the new route, the federal government acquiesced.

The push to change the route came from the syndicate. However, to get the approval that they needed from the federal government they could not disclose their real reasons or motives. The syndicate had agreed to build an all-Canadian route in the contract, therefore they could not reveal their hopes of an international CPR-St.PM&M mainline. Instead the syndicate put forward many arguments to support the new location of the CPR. The southern route would be shorter and could be constructed faster and for less money. It also offered some sources of traffic that would support the developing railway. The syndicate appealed to political and nationalistic sentiments, by supporting the
belief that the southern route offered protection and a justification to
Canadian claims to the western territory from any claims that the
United States might try to make for the area.

With a government that was favorable to the CPR and wary of
American expansion in the North-West, the syndicate was able to get the
approval that it needed to construct the mainline along the southern
route. The construction and location of the mainline in the western
section was pushed forward at such a pace that as it reached the
mountains, suitable passes had still not been discovered.54 On the
other hand, the syndicate was able to stall the construction of the
central section, that it did not want, north of Lake Superior. With
continued concessions from the federal government, the syndicate's plan
to unite the CP and St.PM&M Railways came closer to a reality. As long
as the line north of Superior was not constructed, this plan of a single
international transcontinental line was possible.

54 F.G. Roe, "An Unsolved Problem of Canadian History," Canadian
Historical Annual Report, 1936, p. 70.
4. EXPLAINING AND JUSTIFYING THE ROUTE CHANGE

The syndicate wanted the mainline of the CPR built along a southern route. They wanted to join the CPR and St.PM&MR together to form a transcontinental line. This plan went against the wishes of Sir John A. Macdonald and the Canadian Government. Therefore, the syndicate did not reveal their plan. Instead they used other means to work towards their goal. The syndicate put forward many reasons to gain the support that they needed to get the route changed. As well, they pushed the construction of the CPR along the line that they wanted. In this manner, the syndicate was able to get the necessary changes that they needed without revealing their true objective to the government.

4.1. THE EASE OF CONSTRUCTION ON THE PRAIRIES

In contrasting the two routes, the southern route was from forty-five to around eighty miles shorter and did not deviate from an almost
due west direction from around Winnipeg.\textsuperscript{55} The route through the
Yellowhead Pass, however, was more circuitous due to its more
northerly location. In terms of distance, therefore, the southern route
had the advantage.

In terms of ease of construction, the southern route had an
advantage on the prairies, but was at a disadvantage in the mountains.
In general, the southern plains are more flat, have less trees, and fewer
rivers to cross than the northern parklands. In contrast, the northern
route would have required several bridges to cross the rivers that the
line would have traversed, like the North Saskatchewan, Battle, and
Pembina Rivers. However, the southern route's apparent topographical
advantage was not significantly large. The Qu'Appelle Valley in the
south posed a serious obstacle for railway construction, as acceptable
grades for the road were difficult to achieve. Thus in general, the
southern route was viewed as having a topography which permitted

\textsuperscript{55} There were several routes surveyed by Fleming for the northern route
and since the line did not run this way, there is some variance as to the
exact distance of the northern route. According to Marcus Smith it was
around 45 miles shorter. See NAC, Marcus Smith Letterbook 1881-
164.

According to Sir Charles Tupper, the southern line was 79 miles
shorter. See Official Report of the Speech Delivered by Hon. Sir Charles
Tupper on the Canadian Pacific Railway (Ottawa: MacLean, Roger &
faster construction of the CPR mainline.\textsuperscript{56}

The notion that the CPR mainline was relocated solely because it was a shorter route is quite doubtful. As F.G. Roe points out in his article, "An Unsolved Problem of Canadian History," the construction of the CPR mainline was pushed forward at such a pace that as the line neared the Rockies a pass across the mountains had not been located yet.\textsuperscript{57} This would indicate that the line was driven by some other force: the objectives of the syndicate. However, the line being shorter was popularized so that the mainline would be built along the southern route.

\section*{4.2. THE MOUNTAIN SECTION}

In crossing the mountains, one might conclude that the southern route was chosen simply because it was shorter and thus held a great advantage over the northern route. While its shorter length was an advantage, the southern route had a large disadvantage due to the significant difficulties it had to overcome in the construction of the mainline through the North-West. The major disadvantage of the

\textsuperscript{56} NAC, Marcus Smith Letterbook 1881-1896, MG 29 B6, vol. 7, Paper to Institution of Civil Engineers, 1895, p. 161.

\textsuperscript{57} F.G. Roe, p. 70.
southern route was in the higher construction costs and steeper grades required in the mountain passes, that had to be used, to cross the Rocky and Selkirk Mountain ranges. The Company maintained that the southern route’s ease and lesser cost of construction on the prairies, would offset the higher construction costs and steeper grades involved in the building of the line through the Kicking Horse and Rogers Passes.58

A detailed comparison of the mountain passes was given by Marcus Smith, a CPR engineer, in 1895.

But westward of the summit of the Kicking Horse Pass this favorable comparison will not hold good. The altitude of the company’s line at the summit of the Kicking Horse Pass is, approximately, 5320 feet above sea level; ... There are two minor ranges crossed between that and the point where it rejoins the Government line. A few miles west of the summit of the Kicking Horse Pass there is a gradient of 45 per 100 for a little over three miles, and two short lengths of 4 per 100. The maximum gradient on the rest of the western slope of the main range and on both slopes of the Selkirk Range is about 2.2 per 100, and the radius of the sharpest curves 716 feet to 573 feet. To obtain these gradients the line on the eastern slope of the Selkirk Range has been carried high up the slope of the valley which it follows, crossing deep lateral ravines requiring long and high bridges, and from the high inclination of the slopes of the valley, avalanches of snow come down requiring miles of snow sheds, so constructed that the top is a continuation of the mountain slope and the snow rolls over them. The altitude of the Government line at the summit of the Yellowhead Pass is 3730 feet above sea level and the approaches easy from both ends with a maximum gradient of

1 per 100, snow sheds would probably be required for about three quarters of a mile in length.\(^{59}\)

Thus in terms of grades and construction costs in crossing the mountains, the Yellowhead Pass was superior to the Kicking Horse.

Distances and grades can also be key factors in the costs of operating and maintaining a railway. The southern route was promoted as being easier to construct and operate yet it forced the company to assume some extremely difficult construction and grades in the mountain section. Thus, heavy assistant engines were necessary to aid trains in climbing and descending the difficult summit areas. This resulted in higher operating costs on the southern route. From this comparison, one could conclude that the initial savings in the construction of the southern route on the prairies were much smaller than the constant maintenance and operation costs of the hazardous summit area of the Kicking Horse Pass. Much steeper gradients, with long raised bridges and miles of snow sheds were needed to push the line through this area. In contrast, the Yellowhead route offered easier gradients and a lower summit area. Therefore, the Yellowhead route would have been more advantageous for the railway in crossing the mountains. This disadvantage was overlooked and the advantages of

the southern route were popularized to promote the syndicate’s desires to construct the mainline along that route.

4.3. SOURCES OF TRAFFIC

Tied to the economics of constructing and operating a railway are the sources of traffic that it will transport. Since the construction of the railway cost more than the members of the syndicate expected it was important for the CPR to start earning money by carrying freight as soon as possible, in order to help pay for its construction. Coal in the southern prairie region and the ranching industry were immediate sources of traffic for the newly built railway. As well, the agricultural potential of the North-West, as put forward by such men as John Macoun, was also seen as another source of traffic. However, the agricultural potential of the North-West would not be realized until the area was settled and developed. In the short term, the CPR needed immediate sources of traffic to keep it in business. However, these needs did not justify the relocation of the CPR mainline.

In the 1880s, coal was a crucial fuel source. It was burned to produce steam to power factories, locomotives, and other instruments of

60 Heather Gilbert, p. 102.
technology. However, not all coal could be burnt as a steam coal. Most of the coal reserves along the southern route were lignite, which was not suitable for use in steam engines and locomotives. In terms of use as a commodity for transport, there was not a demand for western coal in Central Canada at the time because its needs were being fulfilled by cheap Pennsylvania coal. So at the time of the mainline’s construction, the coal along the southern route was of little value to the CPR. In contrast, large deposits of anthracite coal were known to exist near the Yellowhead and Crow’s Nest Passes, which could have been used to produce steam power.

It was the threat of competition for the coal of the southern prairies, and not the substance itself, which was important to the CPR. By locating the mainline along the southern route, the CPR could better defend this and other sources of traffic that existed on the southern prairies, from the Northern Pacific. The role of the Northern Pacific and its effect on the location of the CPR mainline will be discussed in more detail later in this chapter.


Another source of traffic that existed in the North-West was the ranching industry. The vast grasslands of Alberta had proven good for raising cattle. World prices for cattle were high and rising in the early 1880s, which attracted both Eastern Canadian and British investment. All that was needed was a transportation link to serve the demands of this growing industry. To serve the industry, the CPR had to bring cattle into the region and carry sale animals to the markets. These needs could have been met by branch lines. Once a ranch and herd were established, imports of new stock would be minimal. Sales of stock would demand some attention but overall the industry could have been supported by branch line service. Therefore, mainline service was not needed to meet the demands of the ranching industry.

There were other sources of traffic that were or would be present in the North-West, like the potential of mixed farming. With its higher than expected construction expenses, the CPR needed ready and immediate traffic for revenue. It was not the commodities themselves but the possibility of competition or loss of traffic, that contributed to the route change. If the needs of the coal or ranching industry were not

---


satisfied, American railways could have been used to transport their products. The ranching industry in Canada was growing before the CPR entered the North-West and had relied on American railroads and cattle drives for its stock and sale deliveries. If the CPR did not meet the needs of the Canadian ranchers, the industry could have taken its business south of the border.66

4.4. THE ROLE OF JOHN MACOUN

The Canadian Pacific was also built to carry settlers to the North-West. The designs of the new nation of Canada included a settled and developing hinterland. For this reason, as well for the success and development of the railway and other industries in the area, a population base had to be established in the region.

In the 1880s, Canada was in competition with many countries, like the United States, Australia, and Argentina, to attract European immigrants. Canada may have had a vast unsettled area of land but immigrants had many options. The CPR, with its land grant and need for business in the North-West was concerned with attracting settlers to the prairies. To provide these settlers with information on the land, the

66 Sheilagh S. Jameson, p. 76.
CPR consulted with many people on their views of the North-West. One such individual was John Macoun.

John Macoun was a botanist who traveled extensively in the North-West during the 1870s and 1880s. He took part in CPR directed and other government sponsored expeditions to explore the prairie region. Macoun disagreed with the findings of Palliser, Hind, and Fleming on the fertility of the southern prairies. He believed the southern prairies were of equal if not better quality for agriculture than the northern parkland belt. It has been argued that Macoun’s ideas led to the CPR mainline being pulled south because his work convinced the members of the syndicate that the land of the southern prairies was at least as good in productivity. In reality, Macoun only played a supporting role in the syndicate’s decision to build along the southern route.

It has already been established that the CPR’s mainline was constructed along the southern route, before a way through the mountains had been located. This suggests that if Macoun had any influence it must have occurred before the syndicate assumed control of the project and pushed the construction ahead with no definite southern pass. If this was the case and the syndicate was convinced of the fertility and potential of the southern prairies, then why did the

---

syndicate insist on the "indemnity selection clause" in the Canadian Pacific Railway Act of 1881? The act states;

But should any of such sections consist in a material degree of land not fairly fit for settlement, the Company shall not be obliged to receive them as part of such grant; and the deficiency thereby caused and any further deficiency which may arise from the insufficient quantity of land along the said portion of railway, to complete the said 25 000 000 acres, or from the prevalence of lakes and water stretches in the sections granted, shall be made up from other portions in the tract known as the fertile belt, that is to say, the land lying between parallels 49 and 57 degrees of North latitude, or elsewhere at the option of the Company, ...  

By taking this precaution, the syndicate went against the ideas and interpretation put forward by Macoun. In reality, the CPR avoided taking large amounts of land west of Moose Jaw, Saskatchewan, in the "Palliser Triangle" area, and made up the deficiencies by taking land in the fertile belt to the north. This action demonstrates that the decision to change the route of the CPR mainline was not influenced by John Macoun.

How then could an individual like Macoun, be suspected of playing a major role in the change of route question? Macoun's "influence" in the route change did not come from his own personal actions but from his work and how others used it to promote their own

---

68 Dave De Brou and Bill Waiser, p. 123.

aims.\textsuperscript{70} Even before his reports from the field were in, members of the federal government, like Sir Charles Tupper, began to emphasize the “overall fertility of the land in the western interior.”\textsuperscript{71} In the hands of the federal government, Macoun’s work was used to attract a syndicate to undertake the project by illustrating the profitability and potential of the area. As well, Macoun’s boosterism of the North-West combated the traditional stereotypes of the Canadian West as a barren wasteland. Once the Canadian Pacific Railway project was underway, Macoun’s findings were used by the CPR to obtain financial support both privately and publicly. No one would be willing to invest in a venture that crossed a dry, arid, and inhospitable region. Macoun’s findings went against this bleak picture of the North-West so in this way, he aided the construction of the CPR.

As a final note, a meeting between Macoun and various members of the CPR syndicate is often cited as the decisive event in the determination of the route of the CPR mainline across the prairies. This meeting did occur in June, 1881, but its significance has sometimes been misconstrued. Macoun was called to St. Paul to meet with J.J. Hill and other members of the syndicate because they wanted to know his


\textsuperscript{71} W.A. Waiser, “A Willing Scapegoat,” p. 71.
impressions of southern Alberta in regards to a pass through the mountains. Specifically, they were curious about the suitability of the railway line passing through the Bow River Pass. By this time the railway was already constructed to around Moose Jaw, Saskatchewan, so the only influence Macoun could have given the syndicate members was hope that a southern pass would be found.

4.5. AVOIDING ESTABLISHED TOWNSITES

Around 1880, the prairies were largely unsettled. A few large and established communities, like Battleford and Edmonton, had emerged after starting out as fur-trade communities. These settlements were located along the river systems which they were dependent upon for their transportation needs. With the CPR, new transportation technology was being brought to the prairies. But the CPR was more interested in the many agricultural settlers who were expected to come to the prairies, than in the people settled in and around the old fur trading posts.

Land speculation in and around townsites which would be served


by the new railway was certainly a concern for the syndicate. However, land speculation would have been present along either of the routes that the CPR followed. Once word spread that the mainline was going to pass through or near a particular place, speculators were quick to seize the surrounding land. The northern route, which had been published by Fleming in his report in 1880, was rather common knowledge. Likewise, by following the southern route, the CPR had to deal with many serious conflicts with land speculators near communities like Portage la Prairie, Brandon, Regina, Moose Jaw, and Calgary. No matter which route the CPR followed, it would have to deal with land speculators.

With this in mind, and their plans for a CPR-St. PM&M transcontinental line, the syndicate realized the benefits and advantages of building the railway away from the established communities in the northern prairies. By following the southern route, the northern communities were relegated to branch line service. If the southern communities were only served by branch lines, those settlements could have approached rival railroads to provide better service. As is seen in the next section, such a dilemma occurred in 1881, when the city of Winnipeg began to demand better railway service.

4.6. THE MANITOBA SOUTH-WESTERN RAILWAY

One of the first challenges to the CPR's authority was Winnipeg's desire to become a major railway center. In the government plans for the CPR route, the mainline was to pass through Selkirk instead of Winnipeg before turning northwest to run between Lakes Winnipeg and Winnpegosis. In 1879, due to public pressure over the quality of the land along this proposed route, the federal government decided that the railway should follow the "general course of settlement" and pass westward by Winnipeg, before turning to the northwest. Facing the prospect that their community would be missed by the coming railway line, the people, and in particular the businessmen, of Winnipeg paid for the construction of a railway bridge in the hopes of attracting a line to the city.

In 1881, the syndicate was faced with a dilemma regarding the city of Winnipeg. A local group, led by John Schultz, had raised funds and obtained a provincial charter to construct a railway line called the

75 NAC, Marcus Smith Letterbook, MG 29 B6, Notes on the Location of the CPR, 1879, p. 48.

76 Canada, Department of Railways and Canals, Report and Documents in Reference to the Canadian Pacific Railway, 1880 (Ottawa: MacLean & Roger, 1880), p. 24.

Manitoba South-Western (MSW). The line was to run from Winnipeg to a point around the Souris coal fields, about 100 miles southwest of the city. To support this endeavor, the Winnipeg city council was willing to give a $200 000 bonus. The people of Winnipeg and southern Manitoba hoped that this line would make Winnipeg a railway center and obtain better railway rates for the area by providing a connection to an American railway, the Northern Pacific. The Northern Pacific hoped that with this public support, it would obtain the approval of the federal government to build a branch line up from North Dakota and gain access to the Red River Valley.78

If this rival line was allowed to go through, the CPR would have been weakened. The line north of Lake Superior would have been worthless if a rival was allowed to gain access to the CPR's traffic in western Canada and carry it to the East through the United States.79 Winnipeg, as the junction between eastern and western Canada, was a crucial center for the CPR's transportation of goods. If a rival railway was allowed access to the city, the CPR would have been forced to compete for the traffic of the North-West. Through competition, the CPR

78 JJHRL, James Jerome Hill Correspondence - General Correspondence, Letter to J.J. Hill from J.S. Kennedy, Feb. 21, 1881.
could lose business or be forced to lower its rates. For example, if the Manitoba South-Western Railway fell into the hands of the Northern Pacific, the CPR would be faced with another transcontinental line that could tap all of its traffic. This was unacceptable to the syndicate. In a discussion with Macdonald, Stephen revealed the syndicate's attitude towards the north of Superior section;

How do you suppose the line north of Lake Superior can be maintained and operated if the Northern Pacific succeeds in getting control of the traffic of Manitoba or what is practically the same thing, forcing down the rates to a point which leaves no profit? The Northern Pacific has no line north of Lake Superior to sustain and as I have always told you without a through line north of Lake Superior there would be no CPR. The line north of Lake Superior cannot be operated unless it can get the traffic and reasonably fair rates.80

Not surprisingly, the Manitoba South-Western became a pressing issue for the CPR syndicate.

In the summer of 1881, the CPR made its pitch to build its version of the South-Western. With the city council on the verge of awarding the bonus to the Schultz group, the CPR offered to construct a 100 mile branch line to the southwest of Winnipeg by 1882 and to connect it with its mainline at Winnipeg. The CPR also agreed to construct workshops in the city in return for the $200 000 bonus, a land grant for a

80 As cited in W.A. Waiser's, "Macoun and the Great North-West," p. 146.
passenger station, and a tax exemption.\textsuperscript{81} Before the offer had been accepted, the CPR began the construction of its proposed branch line. In fact, work on the branch line became a priority over the construction of the actual mainline.\textsuperscript{82} The work on the branch line was "crowded" to show the CPR's commitment to the city and to combat the popularity that the Manitoba South-Western group had in the community. In the end, the route of the CPR mainline was changed to run through Winnipeg, the CPR won the bonus from the city, and the Manitoba South-Western did not emerge as a rival and in fact, later became part of the CPR.

The importance of the situation was not lost on the members of the syndicate. A popular figure had been able to rally public opinion and use the threat of competition from the Northern Pacific to get concessions out of the CPR. In this case, the promised protection of the "Monopoly Clause" did not defend the interests of the syndicate in the face of local political pressure. The syndicate's concern over the possibility of the Northern Pacific gaining access to the North-West meant that they were willing to give a branch line priority over the construction of the mainline. This resulted in the mainline only being

\textsuperscript{81} JJHRL, James Jerome Hill Letterpress Books, (microfilm), vol. R-21, Letter from R.B. Angus to George Stephen, June 29, 1881, 388.

constructed 165 miles west of Winnipeg by the end of 1881.83 The syndicate’s actions in dealing with the situation demonstrated the importance which they attached to the maintenance and defense of the CPR’s territory and traffic. The CPR built a line, before it knew that it would be compensated for it, at a time when it should have been pressing the construction of its mainline in order to start earning money to pay for its increasing costs. The syndicate’s efforts also illustrate the lengths that they would go to keep the Northern Pacific out of their self-appointed “sphere of influence.”

4.7. THE BENEFITS OF THE SOUTHERN PRAIRIE

The Manitoba South-Western crisis also served as an example to the CPR that the established communities in the North-West would not just fall willingly to the CPR’s demands. Unfortunately, most settlements did not have the power or political and public opinion, to affect the decisions of the CPR. One example of a less fortunate community was the town of Grand Valley, Manitoba.

Grand Valley was located around Brandon. When the news began

---

to spread that the CPR would be building along a more southern route, the people thought their community was in the right place to be the next divisional point from Winnipeg. Speculators, settlers, and businessmen flocked to the town which boomed with the prospect of being on the mainline. However, when the surveyors and CPR officials arrived in 1881, the townsfolks' dreams did not come true. The CPR wanted to buy the townsite, but the people wanted more. At this impasse, the CPR packed up and moved on to another settlement called Brandon, whose citizens were more agreeable to the CPR's wishes. With the loss of the CPR and two disastrous floods, the citizens of Grand Valley moved on and the town disappeared from the map.

Every town and city in the North-West wanted to be on the CPR mainline. To many of them, it meant life or death for their communities. This power was not lost on the members of the syndicate whose decisions affected the lives of the people present and coming to the North-West. At one point in 1881, J.J. Hill is recorded as having said:

I am engaged in the forwarding business and I find that there is money in it for all those who realize its value. If we build this road across the prairie, we will carry every pound of supplies that the settlers want, and we will carry every pound

---


85 Isabelle B. Heeney, p. 3.
of produce that the settlers wish to sell, ...\textsuperscript{86}

This attitude demonstrates the syndicate's desires for profits and power. By avoiding the publicized northern route and building in the virtually unsettled southern prairies, the syndicate believed that it would be in control. The southern route defended the traffic of the southern prairies from rivals and left the traffic north of the line to be tapped by branch lines at the CPR's leisure.

4.8. THE AMERICAN "THREAT"

At the time of the CPR's construction, only American railways were present to challenge the company's monopoly in the North-West. The Grand Trunk Railway had declined an invitation to build the transcontinental line. It did not see the venture as viable. However, there were two American competitors, the St. Paul, Minneapolis & Manitoba and the Northern Pacific. The first was owned and operated by the same men undertaking the CPR project. As has been stated earlier, the CPR syndicate envisioned a union of the two roads, the St.PM&M and the CPR, as a profitable transcontinental railway that ran through Canada and the United States. That left the Northern Pacific a

\textsuperscript{86} As cited in W.A. Waiser ed., \textit{Autobiography of John Macoun}, p. 185.
rival to the interests of both railways. By locating the mainline along the southern route, the CPR was positioned to deal with any raids that the NP might make into Canadian territory. Later, when the syndicate’s plan for an international transcontinental line did not succeed, Hill left the syndicate to devote his attention to the American railroad. The St. Paul, Minneapolis & Manitoba, later to become the Great Northern Railroad, did compete with the CPR, but the CPR was able to hold its own.

The Northern Pacific Railroad was a constant rival of the CPR. The NPR was chartered for,

the construction of a railroad and telegraph line, beginning at a point on Lake Superior, in the State of Minnesota or Wisconsin; thence westerly by the most eligible route within the territory of the United States, on a line north of the forty-fifth degree of latitude, to some point on Puget Sound, with a branch in the valley of the Columbia River, to a point at or near Portland, in the State of Oregon, leaving the main trunk line not more than three hundred miles from its western terminus.87

In 1883, the NPR became a transcontinental line with termini at Portland and Tacoma on the Pacific coast and Duluth and St. Paul in the East.

---

The construction of the Northern Pacific Railroad began in 1869. As president of the NPR, Jay Cooke worked to build a transcontinental line. However, like the first CPR, Cooke's NPR failed. In the unstable money markets of the early 1870s, the Northern Pacific went bankrupt in 1873. Cooke attributed this failure to a number of circumstances. The Franco-Prussian War of 1871 absorbed all of Europe's potential investment dollars. Other sources of capital were inadequate. The Northern Pacific's rivals had closed up the North American money market by creating doubts about the venture. The recent Civil War had removed British interests from the United States and a possible war with England over the Alabama Claims made any attempts to obtain British investment impossible. However, Cooke placed most blame on his fellow partners who insisted on large offices, large salaries, favorable contracts, and other costly business practices. As Cooke stated, "had the Northern Pacific Railroad been built vigorously and economically the amount of money that I raised for the Company should have built at least a pioneer line almost across the continent." But, as in the case

89 BL, Jay Cooke's Memoirs, p. 140.
90 BL, Jay Cooke's Memoirs, p. 140.
91 BL, Jay Cooke's Memoirs, p. 139.
of the CPR, other people would come along and complete the job.

In September, 1881, Henry Villard was elected President of the Northern Pacific Railroad Company. He took over the NP to protect and for the benefit of his other holdings in the Pacific North-West. Villard was also interested in the NP itself; to complete it and make it a profitable railroad.

The construction of the Northern Pacific in relation to the construction of the CPR has been described thus:

In 1880, that system (the NPR) was no farther west than Bismarck, North Dakota; which is almost exactly south of Brandon, Manitoba, on the 100th meridian of west longitude. In 1882, it had only reached a point in central Montana, Sully Springs; apparently near Miles City, which latter place lies due south from Moose Jaw, Saskatchewan. Bismarck is in lat. 46 46’N. Missoula, Montana, is in lat. 47 N and almost precisely south of Calgary. Between the places mentioned, the northernmost point of the line is at Helena, lat. 46 41’N; and along the great southern bend of the Yellowstone near Billings and Bozeman, it lies for a considerable distance as low as lat. 45 30’N; or nearly two hundred and fifty miles from the International Boundary.

It would seem from its location that the Northern Pacific had little interest in building into Canadian territory. However, the NPR would make an attempt to get a connection to Winnipeg, using the Manitoba South-Western Railway.


93 F.G. Roe, p. 71.
One of the first threats to the CPR’s power in the North-West came from the Manitoba South-Western Railway. As discussed earlier, this railway was chartered to build a line southwest of Winnipeg which would then link up with the NP. When this attempt failed, the Northern Pacific tried again to obtain access to the North-West through another venture, the Winnipeg South-Eastern Railway. After some urging from the CPR syndicate, the federal government disallowed the charter for this new railway. With these methods, the CPR was able to keep the NP out of Canada.

It is evident that the CPR had an ally in the Macdonald government when it came to keeping American economic interests out of Canada. The CPR’s fears of competition from the Northern Pacific were used in the political arena as an American economic challenge to Canada’s claims to the North-West, when in reality, it was a business rival trying to gain access to a new market. The decision to relocate the mainline along the southern route fit into this rationale. From a political perspective, the southern route served to defend Canadian interests by blocking American railroads from building into the North-West. The Macdonald government had a strong belief in promoting Canada’s sovereignty in relation to the U.S. In battling the NP, the syndicate was able to champion the CPR as a vehicle for defending
Canada's interests. In this manner, the CPR was able to get further financing or other assistance from the federal government. More importantly, the syndicate was able to use this cause as another reason to justify the construction of the CPR along the southern route, without revealing its plans for an international CPR-St.PM&M transcontinental line.

To evaluate the Northern Pacific's ambitions towards Canada and the CPR, one must turn to the company itself. It was chartered to become a transcontinental railroad in the northern United States. In 1880, its line was not near completion. In 1881, Henry Villard took over the NPR. Villard was a man looking to promote and protect his holdings in the American northwest, while fulfilling the conditions of the NPR's charter. Building a line or lines into Canada would not serve to accomplish any of these goals.

The Northern Pacific was in a very serious financial situation in the early 1880s. It was in danger of losing its land grant for not completing the transcontinental line. As well, the NPR stock was depreciating and the company was having cash flow problems due to engineering estimates that had been too low. Furthermore, due to political issues, the U.S. government had not inspected or accepted any

94 James Blaine Hedges, p. 109.

95 James Blaine Hedges, p. 110.
track from October 1881, to September 1882.\textsuperscript{96} Without the government's approval, the NPR could not receive the money for the work it had completed. This placed the company on the verge of bankruptcy in February 1882.\textsuperscript{97} Only through Villard's use of his own personal funds and holdings did the NPR keep functioning until September 1882, when the U.S. government approved the track that had been laid and awarded the company accordingly. By then, the NPR's reputation and credibility was damaged.

In the summer of 1882, the Board of Directors of the Northern Pacific Railroad met and decided "to make every effort to complete the mainline." They decided to push construction simultaneously from both ends as well as commence work on the heavy mountain sections in between.\textsuperscript{98} So even with its financial problems unresolved, the NPR plunged into an ambitious plan of construction.

In this setting, no mention is made of constructing lines into


\textsuperscript{97} BL, Villard Papers, \textit{Statement of Mr. Henry Villard to the Stockholders of the Northern Pacific Railroad Company}, p. 17.

\textsuperscript{98} BL, Villard Papers, \textit{Statement of Mr. Henry Villard to the Stockholders of the Northern Pacific Railroad Company}, p. 18.
Canada. The Northern Pacific was concerned about its internal matters, its finances, and the completion of its own mainline. Possibly in the future it could have been a threat to the CPR, but it was not the current threat that the syndicate and others made it out to be. However, the NPR could not pass up the opportunity presented by the Manitoba South-Western; to gain access and compete on the CPR's territory. But this was a defensive measure. A line into Manitoba would have given the NPR an advantage which it could have used to gain concessions from the CPR and would have protected its territory from possible raids from its rivals. Instead of being portrayed as a business competitor, however, the syndicate portrayed the NPR as a threat to Canadian sovereignty. The NPR became an enemy that could be used to rally political and public support for the CPR project and the assistance it needed. With the fear of the NPR "looming in the background", the government was willing to make concessions that the syndicate wanted to ensure that the railway would be successful.

The CPR had the "Monopoly Clause" in the 1881 Canadian Pacific Railway Act as a means to defend its interests and protect its territory from the NPR. Under this proviso, railway construction in the southern prairies was severely limited, basically relegating construction south of the CPR mainline to branch and feeder lines of the CPR. The CPR could also seek the assistance of the federal government to eliminate potential
areas of competition. The federal government had the power to disallow provincial legislation. In the case of the Winnipeg South-Eastern Railway, the government used the power to disallow the provincial railway charter on the grounds that it was not in the national interest.99

Both of these methods relied upon the federal government to enforce and protect the interests of the CPR. However, governments are made up of politicians who are creatures of public opinion. The CPR could not rely totally on the government’s protection. In the case of the Manitoba South-Western Railway, the CPR thought it was prudent to deal with the matter itself. This resulted in the CPR building a branch line to guard its territory and eliminate the challenge from the MSW and NP.

The NPR did negotiate and make attempts to gain connections into Canada. However, these actions can be seen as a more defensive strategy, to compete with its rivals over their territory instead of on its own. Overall, the Northern Pacific was not a genuine threat to the CPR but was used by the syndicate to further its own agenda.

99 R. Douglas Francis, Richard Jones, and Donald B. Smith, p. 70.
5. CONSEQUENCES OF THE DECISION TO CHANGE THE ROUTE

The Canadian Pacific Railway played a major role in the settlement and development of the Canadian West. It became the transportation and communication link that tied the country together. It carried the settlers who came to the Canadian prairies and made it their home. Politically, it became the “National Dream,” a way for the country to demonstrate its greatness through modern technology. However, the change in route also had some other far-reaching, long-term, and ironic consequences.

5.1. THE FLOW OF SETTLEMENT

By relocating the mainline, the CPR disrupted and changed the normal flow of settlement and development on the prairies. Before its construction, most people had settled in the northern parkland or “fertile belt” region. With the change in route, the northern prairies were relegated to branch line service. Most branch lines were constructed only after the mainline was completed. As a result, many people moved closer to the mainline to ensure the viability of their communities and to
enjoy the benefits that the new transportation brought to the area. Communities along the northern route languished. In the developing years for the North-West, transportation, and more specifically the CPR, played a key role in shaping the emerging region.

5.2. THE CONTROL OF THE CPR

Another consequence of the route change was that the CPR found itself in a very good position to defend its territory for many years. By locating along the southern route, the CPR was able to protect its territory and sources of traffic from competitors. When competition did threaten, the CPR either got the government to deal with it or eliminated the threat itself. When these means failed, the CPR made deals with their rivals. In 1888, when the Northern Pacific Railroad received a running rights agreement to enter Manitoba, no cut-throat competition emerged. Instead, the two railways negotiated a mutually beneficial agreement that ended the hopes of western farmers for lower freight rates.100

By maintaining effective control over its southern traffic, the CPR had obtained a monopoly in the North-West. Its power was supreme in

100 Ted Regehr, "Western Canada and the Burden of National Transportation Policies," p. 270.
the area. Thanks to its location and the support of a favorable federal government, it was virtually impossible for a rival to threaten the CPR's position in its early years. Only increased development and public dissatisfaction made possible the later construction of other transcontinental railways.

5.3. THE OTHER TRANSCONTINENTALS

By locating the mainline across the southern prairies, service to the northern prairies was less effective. Branch lines were eventually built to the major northern centers, but their service was poor. With only threats from the U.S. railways, the CPR focused its attention on defending its interests on the southern prairies so that it did not lose business or allow a rival to gain a foothold. But with the developing North-West, demands for better service in the northern prairies would emerge.

There was a lack of transportation competition on the prairies because of the concessions the syndicate had received in its contract with the federal government. To build its line, the CPR had obtained a monopoly on western traffic to help compensate for the construction of the section north of Lake Superior, and for the losses the CPR had to
incur where it was faced with stiff competition in the East.\textsuperscript{101} Thus as the Canadian West developed, paying higher transportation rates became increasingly unacceptable.

Through its actions, the CPR paved the way for the emergence of the other two Canadian transcontinental railways. The Canadian Northern and the Grand Trunk Pacific Railways developed largely because of the increased prosperity of the post-1896 settlement boom and the failure of the CPR to satisfy and fulfill the demands of Canadians. On the prairies, farmers’ demands for lower freight rates and service became a powerful political and popular force. Rival railroaders, like Mackenzie and Mann, were able to capitalize on these demands to get their railway up and running. With the emergence of three Canadian transcontinental railways, there is no doubt that Canada constructed too many rail lines, with repercussions that can still be seen today.

\section*{5.4. TAKING THE FIGHT TO HILL}

In 1886, the CPR gained control of two American rail lines, the Minneapolis, St. Paul and Sault Ste. Marie and the Duluth South Shore

\textsuperscript{101} Ted Regehr, “Western Canada and the Burden of National Transportation Policies,” p. 266.
and Atlantic. These lines ran south of the Great Lakes and were strategically located so that, with some additional construction, they could provide the CPR with a connection between eastern and western Canada through the United States. At this time, J.J. Hill was no longer part of the syndicate. He had left the CPR when the construction of the line north of Lake Superior began and his plan for an international transcontinental line did not come to fruition. When he learned of the CPR’s acquisition, he was wary but knew that those lines were insignificant on their own. Later, the CPR also acquired the Duluth and Winnipeg line. By combining these three lines, the CPR gained a second through line south of the Great Lakes.¹⁰² These lines, collectively known as the Soo Line, passed through the heart of Hill’s territory and had the potential to compete and divert traffic away from his Great Northern (GN). The Soo Line allowed the CPR to compete with the GN not only on its own turf, but also on equal terms as the line offset the disadvantage that the north of Lake Superior section posed for the CPR mainline.

Relations between the CPR and the GN deteriorated as Hill undertook an all-out attack on this venture. Legal injunctions, rate wars, and even violence followed. Because the CPR mainline was along the southern route, it could afford to take the battle to the GN over its own traffic and territory. The southern route placed the CPR in a strong

position to defend its traffic from attempts that the GN made to extend feeder lines into CPR territory. If the CPR had followed the northern route, it would have had a much more difficult time defending the traffic of the southern Canadian prairies. In this setting, the CPR would have been tied to a more defensive position, instead of having the freedom to undertake initiatives to compete with one of their rivals on their own terms.

The Soo Line would have been a strong weapon against the GN in the hands of the CPR, but Stephen and Smith did not want competition between the two. They each had a substantial stake in both the CPR and the GN and worked to protect their interests in both railroads. In the end, a peace was arranged between the CPR and the GN. The Duluth and Winnipeg was sold to the GN as part of an agreement to divide up the traffic of the North-West between the two railways.\textsuperscript{103}

\section*{5.5. THE IRONY OF J.J. HILL}

To a large extent, the route change can be attributed to the actions and goals of J.J. Hill. He was the member of the syndicate with the railway experience and was in charge of the construction of the CPR.

\textsuperscript{103} David Cruise and Alison Griffiths, p. 223.
He put forward the idea of uniting the two railways that Stephen, Smith, and Hill controlled. This idea was supported by the other major players in the syndicate and became their underlying goal for the construction of the CPR. The southern route was adopted under Hill's direction. However, Hill would not always be part of the CPR syndicate. In 1883, he left the syndicate in favor of the St. PM&M. While relations between Hill, Stephen, and Smith remained cordial, the relations between the railways did not. The battles between Hill and William Cornelius Van Horne are well documented. It is through the clashes between the CPR and the Great Northern (the expanded St. Paul, Minneapolis & Manitoba Railroad), that an ironic consequence of the southern route is revealed.

In the late 1890s and early 1900s, the CPR and GN clashed over the Kootenay region of southern British Columbia. Mining development in the region needed rail service. The CPR could not easily gain access to the area from its mainline. Hill, who already had some interests in the area, saw an opening and pushed his branch lines into the district to tap the traffic. The CPR appealed to the government to get help in build its Crow's Nest Pass Railway, which resulted in the Crow's Nest Pass Agreement of 1897. With its new southern British Columbia

104 Albro Martin, p. 247.

105 David Cruise and Alison Griffiths, p. 284.
mainline, the CPR not only competed but drove Hill and the Great Northern out of the Kootenays. But to get that line built in southern British Columbia, the CPR made major freight rate concessions which they later very much regretted. Their willingness to make those concessions, however, illustrates the importance they attached to having their own line across southern British Columbia as close to the border as possible. Only such a line gave them the means to keep the Great Northern out of territory the CPR regarded as its own. Had the CPR followed a more northern route for its mainline, the GN would have been able to push farther into the area, if not into the rest of western Canada. As a result, the CPR would not have been as successful as it was in dealing with its rivals. As a member of the CPR syndicate, Hill had wanted a southern route to keep out rival American railroads. In the end, it was that route that worked against Hill's interests and allowed the CPR to defend its territory from Hill's efforts.
6. CONCLUSION

The Canadian Pacific Railway was built along the southern route because of the influence of James Jerome Hill. He had a plan to unite the Canadian Pacific with the St. Paul, Minneapolis & Manitoba Railroad to form an international transcontinental line. This plan was agreeable to the other members of the syndicate, like George Stephen and Donald Smith, who also had a vested interest in both railway projects. In constructing the CPR, they wanted a line that would thwart any attempt by their main rival, the Northern Pacific, to build branch lines into Canada. With this goal in mind, the syndicate worked to accomplish this change without revealing their goal to the federal government because the federal government wanted an all-Canadian transcontinental route. Until the syndicate could demonstrate the advantages of its plan and get the government on-side, they had to keep their true objectives to themselves.

The government’s route for the mainline was unacceptable for the syndicate’s objectives. The northern route would not have economically linked up with the St.PM&M to form a transcontinental line. It would have left the southern prairie open for encroachment by the CPR’s rival.
By constructing the mainline along the southern route, the CPR was placed in a strong, secure position to defend its traffic and territory.

To achieve its plan, the syndicate needed concessions from the federal government. The Yellowhead Pass was specifically named in the 1881 Canadian Pacific Railway Act which meant that the syndicate could not abandon it without the consent of Parliament. However, the Macdonald government had definite views on the location of the CPR. It was not willing to have the railway built along the international border, but eventually allowed the southern route. However, Macdonald remained adamant about an all-Canadian route. For this reason, the syndicate did not reveal their plan. Instead they used other ideas to gain the support that they needed to get the mainline built where they wanted it. Reasons like the southern route was shorter, had more and better sources of traffic, and was cheaper to construct and operate, were all popularized. The work of people like John Macoun was used to argue that the quality of the land of the southern prairies was as good as that further north. Macoun's findings also combated the earlier reports that the prairies were arid and unsuitable for agriculture. Not all of the information popularized by the syndicate was true, but it did gain them the support that they needed to get the change of route, without revealing their hopes for an international transcontinental line.

The syndicate worked to protect the traffic and territory that they
saw as being in the CPR's domain. They knew that the railway had to control its surrounding area and sources of traffic if it was to remain a profitable business. Challenges to their vision were dealt with severely. Efforts like the Manitoba South-Western and South-Eastern Railways were blocked by the CPR and the federal government. By playing on nationalistic sentiments and fears, the syndicate was able to portray the Northern Pacific as a vehicle of American expansion instead of as a source of competition. In this manner, the CPR was able to gain further support from the federal government and helped to create the popular myth of the “National Dream.”

From the beginning of the project, the construction of the section north of Lake Superior was postponed. This part of the proposed line went against Hill’s plan and would later lead to his leaving the CPR syndicate. The longer that construction was put off on the Superior section, the more time Hill and the syndicate had to demonstrate that it was unnecessary and uneconomical compared to their international road. The error that Hill and the syndicate made was that they underestimated the resolve of Sir John A. Macdonald, and later William Cornelius Van Horne, for an all-Canadian route. When the construction north of Lake Superior proceeded, Hill was unhappy and left the CPR. He was faced with the challenge of building his American railroad into a transcontinental line while holding back the challenges of the CPR to the
north and the NPR to the south. The other members, Stephen and Smith, stayed on. Their interests were not as closely tied to the St. Paul, Minneapolis & Manitoba Railroad. In fact, Stephen and Smith worked to maximize their profits by keeping the peace between both railroads.

The construction of the CPR along the southern route satisfied the government's most important objective. The CPR was built along an all-Canadian route that served the government's political and social concerns, especially with the construction of the line north of Lake Superior. The government demonstrated its flexibility and willingness to compromise by allowing the syndicate to locate the prairie section as they saw fit, even though it was unaware of the business goals that Hill, Stephen, and Smith were trying to accomplish.

The lasting effects of the route change were far reaching. The existing settlement pattern of the Canadian West changed to follow the new route. The CPR did end up in a strong position to defend its interests, but its insufficient service to other areas gave rise to the other Canadian transcontinentals. It is ironic that Hill's desire for a southern CPR line made it possible for the CPR to thwart later attempts by Hill and the Great Northern Railroad to extend their lines into Canada. From its location, the CPR was able to meet successfully the challenges from rival American railroads which allowed it to prosper and become a great Canadian enterprise.
BIBLIOGRAPHY

ABBREVIATIONS OF SOURCES CITED

BL- Baker Library, Harvard Business School, Boston, MASS
JJHRL- James Jerome Hill Reference Library, St. Paul, MN
MHS- Minnesota Historical Society, St. Paul, MN
NAC- National Archives of Canada, Ottawa, ON
PRIMARY SOURCES: ARCHIVES

Baker Library

Canadian Pacific Railway, Historical Corporate Reports.
Cooke, Jay Papers.
Northern Pacific Railroad, Historical Corporate Reports.
Villard, Henry Papers.

James Jerome Hill Reference Library

Hill, James Jerome Papers.

Minnesota Historical Society

Great Northern Railroad Company Records.
Hill, James Jerome Correspondence.
Northern Pacific Railroad Records.
Stevens, John. An Engineer's Recollections.

National Archives of Canada

Angus, R.B. Letterbooks.
Macdonald, Sir John A. Papers.
Shaughnessy, Thomas Letterbooks.
Smith, Marcus Letterbooks.
Stephen, George Letterbooks.
Van Horne, W.C. Letterbooks.
PRIMARY SOURCES: GENERAL


Canada, Department of the Secretary of State. *Returns Relating to the Canadian Pacific Railway*. Ottawa: MacLean, Roger, 1882.


SECONDARY SOURCES

ARTICLES


BOOKS


