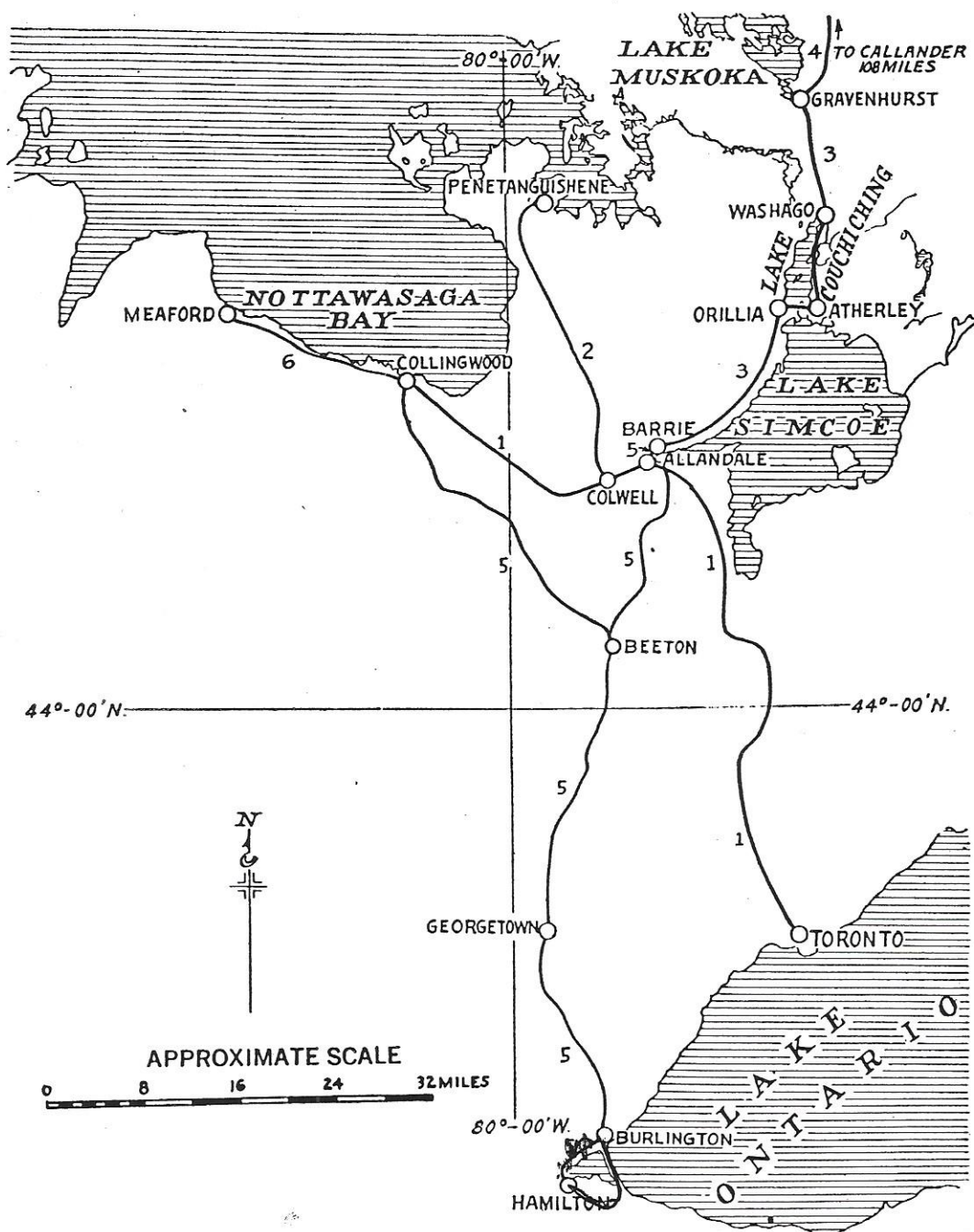


# THE NORTHERN RAILWAY GROUP, 1879



1 The Toronto, Simcoe and Lake Huron Union Railroad (afterwards the Northern Railway). 2 The North Simcoe Railway. 3 The Toronto, Simcoe and Muskoka Junction Railway. 4 The Northern and Pacific Junction Railway. 5 The Hamilton and North Western Railway. 6 The North Grey Railway

of unprofitable contracts; even when deals had been negotiated on the back stairs and in the dark of the moon the directors were not prepared to repudiate them. A slur on their personal honour was answerable with more than words; they used law courts in place of pistols. They were long-suffering; year after year they forwent their dividends and interest when the railway was in difficulties. They saw to it that their employees lived up to their responsibilities to the public; in the annual report of 1863 they were perhaps the first Canadian employers to define such responsibilities specifically. Finally, they were not unmindful of charity. On more than one occasion when the poor of Toronto were suffering from the lack or high prices of fuel the Northern brought in its own cordwood and distributed it free of charge.

### *Prospects Improve*

By February 1860, a few months after Cumberland's return, the operating ratio was falling and the returns of the Northern were improving. Freight had increased over the preceding year by 12,834 tons; the trains had logged 9,982 miles less and operating costs had been cut by \$58,777. It now was possible to think of the rehabilitation of the line. In October of that year a contract was placed with Thomas Brassey and Company of London for essential repairs. In the next four years \$700,000 was found out of revenue for such improvements.

During the American Civil War both freight and passenger volumes were relatively stable but gross earnings rose from \$332,967 in 1860 to \$506,749 in 1865. During the same period expenses rose from \$260,466 to \$327,361. In 1865 the net operating income was sufficient to take care of all loan and interest charges.

Cumberland's attention to detail could be seen in the explicit reports of his technical officers, in whom he had inculcated exactitude as a first principle. Each year there was an analysis of fuel costs which began at the woodpile. "God help the man," wrote a Northern employee, "who delivers a billet short in the cord, or the checker who fails to detect it." In 1863, when a record low figure of 4.72 cents per engine mile and forty-six miles to the cord was achieved, everyone from President to section man rejoiced. Out of such routines emerged one of the best-managed railways that Canada has ever had.

The mainstay of the traffic was the timber freights. In the first eight months of 1865, 1,072 Northern trains brought



45,809,000 feet of lumber to the Toronto market. The squared timber trade with the United Kingdom had been revived and great quantities of logs and sawn lumber were being shipped from Collingwood to Milwaukee and Chicago. The volume of wheat being shipped was increasing; in 1860 the Bradford district alone sent 150,000 bushels to Toronto. Three years later this volume had doubled.

When Cumberland returned to management he still clung to his faith in the possibilities of through traffic and to the long-term prospects of a combined land-water route. In February 1862 he announced that he had arranged for new services by fast steamships both on the Collingwood-Chicago run and between Toronto and American ports on Lake Ontario. During the 1863 shipping season, eighty-nine steamers and twenty-one sailing vessels picked up Northern cargoes at Collingwood. In 1860, when the Great Western and Grand Trunk built onto the Toronto esplanade, Cumberland obtained 110,000 cubic yards of spoil. He used this earth to reclaim seven acres of valuable land on which he built timber yards and jetties in order to dispatch timber cargoes to the eastern United States.

In spite of all efforts, however, water profits continued to elude him. No sooner had the Northern opened its new service on Lake Huron than a motley array of lake craft of all sizes and conditions cut into the trade and the rates to Michigan ports were slashed to next to nothing. In addition, the wild fluctuations of American currencies during the Civil War made export business a gamble; in a single year gold rose to a premium of sixty per cent in terms of silver currency and greenbacks, with devastating effect on the Canadian timber trade. Cumberland was stubborn, as dour as the folk of the shire whose name he bore, but eventually he admitted defeat. An arrangement was reached with the Grand Trunk for the handling of eastbound traffic and with an American shipping line for the Collingwood service.

#### *Attitude to Expansion*

This was a wise decision, for by the middle of the 1860's the Northern, which lived on its timber freights, had discovered the nomad nature of that traffic. When an area was cut out, the lumber companies moved on, ever deeper into the Ontario hinterland; the railway had no option but to follow them, so that sooner or later construction of branch lines, extensions and feeders must be undertaken. In 1864 Cumberland came under



severe pressure to provide Grey County with a branch line to its market town of Durham. When he refused on the ground that traffic was insufficient he was roundly abused, both in the press and in the legislature. In August of that year, with a view to dealing with future demands, he put his policy on record in oblique and ingenious fashion:

The extension of railway services to the counties of Grey and Bruce has recently attracted renewed attention and the Directors have been called upon to consider various propositions, having that important and necessary objective in view. Foremost among these are the Grey and Simcoe Railway from Angus to Durham and the Collingwood and Owen Sound line projected between those towns. Both these extensions would be tributary to this railway and would seem to be an admirable device in local interest and for the efficient and economical service of the North-Western district. To both the Directors have not hesitated to afford their cordial concurrence and support. As the capital account of the Northern is closed and its revenues appropriated by loan to specific and limited propositions the fulfilment of these hopes must in the main depend on local and independent effort; yet the Directors will continue to attribute whatever assistance the good offices and influence of the Company might earn.

The significance of this declaration lay in such phrases as "local interest" and "local and independent effort." The meaning was clear: if rural communities wanted railways they must be prepared to pay for them.

#### *Expansion Forced on the Northern*

This was a policy of perfection and impossible to maintain. As the Northern grew and took shape as a profitable venture, the London bondholders let it be known that they would not be averse to finding more money for the company. On receipt of such intelligence most railway managers would have dispatched survey crews forthwith but not Cumberland; funded debt was no better than any other debt in his eyes. In 1869 a group of Torontonians began to plan a railway to Orillia, at the western end of the causeway between Lake Simcoe and Lake Couchiching. This would involve an extension of twenty-two miles northward from Barrie. Cumberland let it be known that he and Robinson would join the list of sponsors and that the Northern would undertake to operate the line; he carefully avoided any mention of financial support. On December 24th 1869 the Toronto, Simcoe



and Muskoka Junction Railway came into being with authority not only to build from Barrie to Orillia but to continue on to an unnamed terminal on Lake Muskoka thirty miles farther north.

Among the forty-seven sponsors of this venture were the Beardmores, the Ridouts, the Barnharts, and the McMasters, as well as newcomers such as Frank Smith, then at the beginning of his long and distinguished career. But not even such substantial backing drew from Cumberland more than an announcement that

the Directors of the Northern Railway have been invited to consider a project for the extension of this railway from Barrie to Orillia. Such an enterprise to be successful must be initiated by the people themselves who must act unitedly together. Contributions by municipalities and other aid together with the cordial co-operation of this country would secure an early substantial and remunerative execution of the work.

Thus Cumberland cheered when the promoters passed the hat but put nothing into it. The first canvass was disappointing; the Toronto municipality only subscribed \$25,000 (later it found a further \$75,000) and only \$42,500 was forthcoming from the countryside. For two years, therefore, the project lay dormant. During this period the citizens of Grey and Bruce counties had never ceased to harry Cumberland on account of his rejection of the Durham project. They now found a pistol to put to his head. It took the form of the Toronto, Grey and Bruce Railway Company, which had been incorporated in 1868 as a narrow-gauge line and which at first had languished for want of backing. But by 1871 some of the best names of Toronto were behind it and it was obvious that the new railway would go it alone if the Northern wanted it that way. Further obduracy would invite competition; so on February 15th 1871 the Northern gave its blessing to the incorporation of the North Grey Railway Company, for the purpose of building from Collingwood to Meaford, a distance of twenty-two miles, and with authority to extend to Owen Sound, a further twenty miles.

The cost of this line was set at \$250,000 for the first section. When the citizens of Grey County proved their earnestness by putting up approximately half this amount in hard cash the Northern undertook to back its construction bonds to a maximum of £1,800 a mile and to operate the line on completion for a



period of twenty-one years, on the basis of a division of the gross receipts on a graduated scale.

In for a penny, in for a pound. It was impossible to play patron to the North Grey Railway and not to the Toronto, Simcoe and Muskoka Junction Railway. As a consequence, both these extensions were placed in work concurrently. Francis Shanly, who had been called in as consultant, put the cost of the Barrie-Orillia line at \$15,000 a mile and its extension to a Lake Muskoka terminal at an overall cost of \$839,000. It would seem as though these estimates had been deliberately inflated with an eye to subscriptions for, when tenders were called for, Shanly put in his own bid at under \$11,000 a mile and the contract was awarded to an even lower tender.

The Barrie-Orillia section was opened for traffic on April 1st 1872. At Orillia the route crossed to the eastern bank of Lake Couchiching, and was completed to Washago, at the head of that lake and twelve miles beyond Orillia, on August 8th 1873. The remainder of the line was built in leisurely fashion, being opened to the Severn River (two miles) in September 1874. A further nine miles to Gravenhurst was completed in August 1875 and a final two miles to Muskoka Wharf in November of that year.

The pitfalls of piecemeal financing by means of grants in aid were well illustrated in the case of the Toronto, Simcoe and Muskoka Junction Railway. As against Shanly's estimate (\$839,000), there were subscriptions promised and debentures authorized to the value of \$859,492. When it came to converting these assets into hard cash, the Toronto municipal bonus only realized ninety-two and a half per cent net, that of Barrie eighty-two per cent, of Orillia eighty-two per cent and of Muskoka seventy per cent; three quarters of the debenture issue was sold at ninety per cent and the remainder at eighty per cent of par. Thus the take in hard cash fell \$124,000 short of the estimated costs of construction and, as the estimate was far too optimistic in the first place, the building of the line resulted in a substantial debit and a corresponding increase in the floating debt of the Northern Railway.

The North Grey Railway, perhaps because of the testy tempers of its local shareholders, was built more rapidly than the Muskoka line. The section of twenty miles westward from Collingwood along the shore of Nottawasaga Bay to Meaford was opened for traffic on April 1st 1872.



Before either of these lines was in operation the companies which had sponsored them had ceased to exist. On December 27th 1871 they had been amalgamated under the description of the Northern Extension Railways Company, with the same capital stock as their components, with the leases to the Northern Railway undisturbed and with the outstanding bonds called in and replaced by a new issue of £340,000, much of which was taken up by the British holders of Northern bonds. On June 3rd 1875 the Northern Extension Railways Company in turn was absorbed by the Northern Railway Company.

The Toronto, Simcoe and Muskoka Junction and the North Grey lines were entered for amalgamation purposes at £4,109 per mile. The Northern Railway was permitted to issue capital stock to the amount of £50,000 in exchange for the ordinary stocks of the absorbed companies. These extensions immediately contributed a welcome quota of traffic. Nevertheless, they precipitated a financial crisis which grew out of the restrictive terms of the provincial (now the federal) lien. As long as this lien existed it was impossible for the Northern to raise fresh capital for expansion. In 1868 special permission had been obtained to sell £150,000 in third-preference shares, but this new money had gone to pay off debts and the company purse remained as empty as before.

*Release from the Lien*

At the annual meeting of 1871 Cumberland dwelt at length on the manner in which this official obligation hampered the growth of the company. The British bondholders, ever sympathetic, suggested another approach to the Government, with a view to release from the thralldom of the lien. On hearing of this proposal, those forgotten men, the Northern shareholders, came to life and endeavoured to reassert themselves in the affairs of their company. They offered, subject to the waiver of the lien and the forgiveness of the arrears of interest, to raise sufficient new money to liquidate the floating debt of the company. Of the position of the bondholders they said nothing; this was bad tactics on their part, since a settlement with such creditors would be necessary before they could regain control of the company.

For a time it seemed as though the Government leaned towards the shareholders' proposals, but in 1873 the defeat of the Macdonald administration left the settlement in the



far from being a railway enthusiast, yet within two years he offered a generous settlement of the Northern debt. In April 1875 a measure was introduced to extinguish the official claim of £475,000 by a cash payment of £100,000. A concurrent act reconstituted the capital of the company with £203,760 in common shares, £250,000 in first-preference shares, £283,000 in second-preference shares and £150,000 in third-preference shares. Of this capital the federal government retained £50,000 in both second- and third-preference shares.

### *An Official Inquiry*

In this settlement the interest of the bondholders was improved to the disadvantage of the common shareholders, who promptly raised an outcry against the Northern management. The political leanings of the board had never been concealed: they were definitely in the Tory camp and they had not been ungrateful for official services rendered. The Liberal back-benchers complained that the Government was showing undue tenderness toward a company which financed the Conservative party. Specific allegations followed and in July 1876 a Royal Commission was appointed to investigate the charge that "the funds of the Northern Railway have been misappropriated and fraudulent entries have been made in the books of the Company."

This court of inquiry bogged down after the examination of a number of witnesses and in 1877 a Select Committee of the House took over the investigation. In the course of the hearings it was revealed that Sir John A. Macdonald's brother-in-law had drawn handsome fees from the Northern; that that company had subscribed \$2,500 to a testimonial to the Prime Minister and on one occasion had paid him \$1,000 for no obvious reason; that it had hired the Deputy Minister of Justice as its parliamentary agent and had contributed to the election expenses of several Conservative candidates. Cumberland under examination made no attempt to conceal these transactions; they were, he maintained, quite in the normal line of business. Apparently the Government and the country at large agreed with him, for the inquiry came to naught; in the spring of 1877, in the interval between the two investigations, the remaining claims of the Government against the railway were settled by a final payment of £50,642.



The Northern now was doing famously. In 1870 gross receipts had been \$784,801 as against expenditures of \$458,552, an operating ratio of 58.42 per cent. The replacement of iron by steel rails had begun and the change to the standard gauge had been authorized. The management had been advised from London that there was more money on tap if required and a new issue of £850,000 in first-preference debentures had been decided upon. The proceeds of this loan would be used to liquidate higher-priced indebtedness and to provide adequate working capital for the expanding traffic. The local benefits of the "Canada First" movement, now about to be incorporated in Macdonald's National Policy, were not lost upon the bondholders, who had marked the growing diversity of the Northern traffic. It had emerged as the trunk line of a rich area and its need was to put forth more branches without delay.

#### *The North Simcoe Railway*

A new project already was in hand. On March 24th 1874 the North Simcoe Railway Company had been incorporated by a Toronto group with authority to build from a point on the Northern Railway to the village of Penetanguishene, a prosperous settlement on a southerly arm of Georgian Bay. This company was no more than a money-raising enterprise and it had some early successes. The township of Tiny, in which Penetanguishene was situated, issued debentures to the value of fifty thousand dollars to aid in the project; Barrie found twenty-five thousand dollars, as did Flos Township, which adjoins Tiny Township to the south. The first petition to the Toronto municipality was coldly received, and an alternate proposal, that the city should turn over its Northern Railway stock to be used as collateral by the new venture, also was turned down; but as a result of successive appeals a younger generation of promoters—E. B. Osler, whose family again and again appears in Canadian railway history, John L. Blaikie, a Scottish immigrant who had quickly made a place for himself in financial circles, D'Arcy Boulton of Cobourg and William Hendrie the contractor—undertook to back the project if the Northern would operate the line on its completion. On January 14th 1878 an agreement was signed under which the Northern would build on North Simcoe's behalf from Colwell, five miles west of Allandale, to Penetanguishene. Thereafter it would take the new line under its wing by means of a lease. The annual rental would be \$720 a mile and the lessor would assume responsi-



bility for bonded indebtedness to a maximum of \$6,000 a mile.

In June of that year the construction contract was placed with William Hendrie at an estimated cost of \$351,881. In October, when the railway was nearing completion, Blaikie, Boulton and Hendrie underwrote the construction bonds to a maximum of ten thousand dollars a mile. The line, thirty-four miles in length, was opened for traffic on December 1st 1878.

With mounting traffic on the lines, expansion in the air and money in the bank, the Northern's annual meeting in May 1877 was a festive occasion. Everyone was pleased with everyone else; the shareholders and the bondholders, lately at daggers drawn, now were men of one mind. The only party to escape eulogy was the Dominion government which had made this prosperity possible by accepting twenty-two cents on the dollar of the Northern's debt. All speakers rejoiced at escape from the servitude of the lien; some insisted that the company should have nothing to do with governments or politicians in future. A Londoner who had come out to speak for the British bondholders positively glowed; in the course of his remarks he said:

Gentlemen of influence in England who are interested in the line and who have seen it for themselves prepared me before I left home to be delighted with what I saw; but I must honestly confess that what I did see very far exceeded my highest expectations. In going over the line, I noticed the solid and well laid track, the fine equipment, the neat stations—perfect models of picturesque simplicity—the thriving towns dotted along the line, the signs everywhere of thorough organization and good discipline among the staff and the indications, even in spite of the generally prevalent depression, of renewed activity and life in the trade and industries of the districts through which we passed. The thought that occurred to me was this—and you must put it down to the conceit of the true-born Britisher—that the Northern line was for all the world like a flourishing and well-ordered English line; and that is the highest form of compliment an Englishman can pay to it.

#### *The Lumbering Spurs*

One of the reasons for the participation of the Oslers in the North Simcoe project was their interest in a large acreage of timber lands in Flos Township. In August 1879 they had reached an agreement whereby they would build the roadbed for and the Northern would provide the rails for and operate a lumbering spur from the North Simcoe Railway eastward into the Orr Lake district. On March 5th 1830 the Flos Tramway Company was



incorporated as the instrument of this agreement. The promoters guaranteed a minimum of 750 cars of lumber annually at fixed rates (eighteen dollars a car to Toronto, twelve dollars a car to Hamilton). The contract would run for eight years.

The description "tramway" had legal connotations in Canada that it does not seem to possess elsewhere. In the *Toronto Railway v. The Queen* (1895) tramways were described as "short lines of rails connected with mills, manufactories and mines and used in lumbering operations." In another decision in 1910 it was ruled that "tramway" described a freight-carrier. Both the "tramway" companies that appear in this history had clauses in their charters which allowed them but which did not compel them to carry passengers.

By the end of that year eight miles of tracks were opened for traffic between Elmvale on the North Simcoe Railway and Hillsdale, to the southeast of Orr Lake. On July 4th 1882 the Northern purchased this spur for \$11,300 with the traffic agreement remaining in force.

Two years later the Medonte Tramway Company was incorporated in the adjoining township, for the purpose of building a lumbering spur along the diagonal from Coldwater, on the Orillia-Midland line, to Craighurst in the southwest corner of the township. Capital of twenty-five thousand dollars was set for this project, which was intended to be about thirteen miles in length; authority was obtained to abandon it at any time after eight years of completion, with the right-of-way reverting to its former owners. There is no record of any money having been raised and it seems likely that the roadbed was built by contributed labour, with the sleepers and rails found by the Grand Trunk. (The roadbed was exceedingly bad; most of the oldsters' stories of this line deal with a gradient near Coldwater, which was so steep that the summit could only be reached by a flying start.) It never progressed beyond Knights Mills in the fourth concession of the township; nine miles of tracks had been built by the end of 1883. It was officially in operation for exactly ten years, permission to abandon being obtained on December 31st, 1893; but there is evidence that trains ran for some time after that date and that the rails were not raised until 1896 or 1897.

#### *A Competitor Appears*

It was inevitable that sooner or later the Toronto monopoly of the valuable traffic area between Lake Simcoe and Georgian



Bay would be challenged by Hamilton, which envied the role played by Toronto in opening up the northland. Hamilton's first railway venture, however, was not to the north but to the southwest. On April 23rd 1853 the Hamilton and Port Dover Railway was incorporated to build for about forty miles into the southwest, with the object, as stated by Thomas Keefer, "of restoring to the city of Hamilton and to Canada the trade of the Grand River and of the southern tier of counties along Lake Erie, whose trade has been transferred to Buffalo by the facilities afforded by the Buffalo and Lake Huron Railway." At that time the Hamilton Board of Trade warned that

it is obvious to every intelligent observer that a fatal blow is being struck at the city of Hamilton by the trade of the north being diverted by the Grand Trunk to Toronto and the trade of the southwest being drained by a similar road into Buffalo. . . . Effectual means have been taken to prevent this and to secure to the City and the Port of Hamilton, not only their present prospects but greatly to extend their sources of prosperity.

The Great Western Railway was within a few months of linking Hamilton with both Niagara Falls and Windsor, but this was beside the matter. The Hamiltonians wanted a railway of their own and they were prepared to pay for it.

The Hamilton City Council set aside £50,000 to invest in the new venture. The village of Caledonia subscribed £10,000 and the township of Walpole £15,000. Thomas Keefer, as Chief Engineer, estimated that the line, when equipped for traffic, would cost £439,750: but in submitting these figures he added this honest admission: "I am sensible of the well-founded distrust with which all prospective estimates of returns upon Canadian and American railways are now regarded." A firm of contractors quoted £304,050 for the construction of the line and agreed to take £60,800 in stock in part payment. The arrival of the Great Western in Hamilton temporarily deflated the project but the Hamilton and Port Dover managed to cling to life and in 1855, as if to prove its virility, absorbed another tentative enterprise, the Hamilton and South Western Railway. Thereafter, for fourteen years nothing happened except statutory renewals of the charter. On December 24th 1869 the Hamilton and Lake Erie Railway Company was incorporated for the purpose of purchasing the assets of the Hamilton and Port Dover Railway. The sponsors of the new company included some of the best-known citi-



SIXTY YEARS OF TRIAL AND ERROR

zens of Hamilton, including Isaac Buchanan, Edward Gurney, Adam Brown and others of similar standing.

*Another Project in a Different Direction*

By now, however, the excursion into the crowded Lake Erie area had lost its appeal; the Hamilton promoters were looking in another direction and were thinking in more ambitious terms. On March 2nd 1872 the Hamilton and North Western Railway Company was incorporated to build to Georgian Bay and thereafter on into northern Ontario to a junction with the Canadian Pacific Railway near Lake Nipissing. Among the sponsors of this project were eight of the principal backers of the Hamilton and Lake Erie Railway Company. The canvassers took the field and within a matter of weeks made a handsome haul. The Ontario government promised aid which eventually mounted to \$565,020; the City of Hamilton found \$100,000 and two counties, seven townships, one town and two villages along the route to the north subscribed \$644,753 in all. This fine send-off was spoiled by the 1873 panic; out of total subscriptions of \$1,393,900 only \$377,000 was paid up.

Meanwhile, the Hamilton and Lake Erie Railway Company, with the subsidies inherited from the Hamilton and Port Dover Railway Company, and with a grant from the Ontario government which eventually amounted to \$67,000, had made a start on construction towards Port Dover. By January 1st 1875 the line had been opened from Hamilton to Jarvis, a distance of thirty-one miles. When only nine miles from its goal the project bogged down, for in the wake of the panic capital was unobtainable on any terms. The Hamilton and North Western was equally hard hit and on the principle that two cripples can lean on each other, the northern and southern projects amalgamated on August 5th 1875, retaining the description of the Hamilton and North Western Railway Company. The participants exchanged share for share in the united company, which shouldered \$550,000 of floating debt of the Hamilton and Lake Erie Railway.

Work on the Hamilton and North Western line began in the summer of 1874. At this time the bonds of the company were unsaleable and construction soon halted for lack of working capital. In 1875 an agreement was negotiated under which the contractors agreed to accept bonds in payment. The Hamilton-Georgetown section was opened towards the end of 1876, the



Georgetown-Barrie section on January 1st 1878. The Collingwood branch, which had taken off from Allimil, twenty-three miles to the southwest of Allandale, had trains running for twenty miles to Glencairn by the end of 1877. The final nineteen miles from Glencairn to Collingwood were opened for traffic on January 1st 1879.

Out of a capitalization of one million dollars approximately one seventh was paid up. It seems probable that the railway complete with rolling stock cost \$2,500,000 or about \$20,000 a mile. The contractors on the Allimil-Collingwood section (thirty-nine miles) were paid in part in bonds which proved unsaleable. They afterwards exchanged these bonds for £110,000 in preference shares of the company.

#### *Joint Operations*

From the beginning the earnings of the Hamilton and North Western were satisfactory. In the first four years (1876-1879) annual revenues rose from \$84,860 to \$127,080 and expenses from \$47,150 to \$86,860, giving an average operating ratio for this period of fifty-four per cent. The Northern Railway, therefore, knew from the outset that it faced strong competition in its traffic area and the older company had to decide whether to fight or to join the intruder. The long-term prospect indicated that both companies would have to extend to the north and this circumstance probably dictated the decision. On June 6th 1879 the rivals undertook to operate thereafter under a joint executive committee, which for purposes of identification would be described as the Northern and North Western Railway Company. The companies would maintain their individual policies subject to the rules of the committee, which would consist of an officer of the Northern Railway as chairman and four representatives of each company as the other members. In event of dispute C. J. Brydges, then Dominion Government Commissioner on the Intercolonial Railway, would act as referee. The joint revenue would be divided on a graduated scale, with the Northern taking two thirds of any surplus up to £80,000 and with an even distribution of any sum over £100,000.

In 1881 the joint revenue was \$1,226,873 as against expenses of \$777,709—a slightly worse operating ratio than that of the components in their last independent year, but nevertheless satisfactory. In February of that year equipment bonds to the value of £200,000 were sold, with the Northern accepting



responsibility for two thirds of the issue. This new capital unfortunately did not lead to increases of traffic and even more unfortunately the joint committee discarded Cumberland's policy of meeting a slump in earnings by fresh economies. The directors of both companies had come to believe that the answer to their problems lay in an immediate thrust into the north, to a point of junction with the transcontinental line of the Canadian Pacific Railway.

*Expansion to the North*

On March 21st 1881 the Northern, North Western and Sault Ste. Marie Railway Company had been incorporated with authority to build from Gravenhurst to Callander on the eastern arm of Lake Nipissing, thereafter continuing westward to Sault Ste. Marie. The panel of sponsors contained many of the familiar Northern and Hamilton and North Western names—Frederic Cumberland, Senator Frank Smith, Edward Gurney, Senator William McMaster, D'Arcy Boulton and E. B. Osler—but among the other incorporators were fifteen politicians, members of the House of Commons or the Ontario House of Assembly. Chief among them was D'Alton McCarthy, the favourite son of Barrie, who on his third try had reached the House of Commons and immediately had become one of the chief props of Sir John A. Macdonald. A brilliant debater, McCarthy was a power both on the floor of the House and behind the scenes.

The Sault Ste. Marie extension did not make sense and there was also considerable feeling against the Callander project, in part because of the participation of McCarthy and the other politicians in the new venture. (It was only fifteen years since Northern shareholders and bondholders had vowed to have no further truck with such gentry.) As a result, the project hung fire until it became apparent that if it went through at all it would be because of the efforts of the politicians rather than those of the proprietors of the railway companies.

In the negotiations with the Dominion government, McCarthy was his customary deft self. The charter provided borrowing powers up to \$20,000 a mile and the first proposal was that the Dominion government should guarantee such funds. In May 1882 the project was held to be for "the general advantage of Canada" and it received a Dominion subsidy of \$6,000 a mile. A year later this subsidy was doubled and the name of the com-



pany was changed to that of the Northern and Pacific Junction Railway. In July 1884 a contract was placed with a group headed by J. M. Hendrie of Hamilton for the construction of 111 miles of line at a price not to exceed \$20,000 a mile. Surveys were completed before freeze-up that year and work continued throughout the winter. The line was built swiftly rather than well, and on January 27th 1886 the first train bumped into Callander.

### *Trouble in the House*

Until then there had been no more than grumbling and subterranean suspicions concerning the enterprise, but at the 1886 spring session of Parliament McCarthy and his friends precipitated a first-class row. The Northern and Pacific Junction Railway had agreed to reduce its authority to issue bonds by the amount of any federal subsidy; when such a subsidy stood at \$12,000 a mile the maximum permissible bond issue, therefore, would be \$8,000 a mile. These bonds, which the contractors had accepted in part payment, had fallen to substantial discounts and more money was needed. Whereupon, McCarthy and his associates introduced a measure to allow the railway company to sell preferential debenture stock to a maximum of \$20,000 a mile.

It was not clear whether the Government would be guarantor of such an issue but there was no denying that the measure would raise the authorized indebtedness of the line to \$32,000 a mile, which was considerably more than it should cost. The Opposition, led by William Mulock who loathed McCarthy, was instantly in arms. The Liberal speakers dwelt on the enormity of underwriting a private enterprise to the extent of \$3,520,000 when its principals had invested no more than \$28,300 in its capital stock. It was alleged (and not denied) that when this bill was first tabled Sir John A. Macdonald had described it as blackmail; nevertheless, his loyalty to his lieutenant impelled him to support it. The parliamentary correspondent of the *Montreal Star* thus described the uncomfortable scene:

Sir John usually sits well back in his seat, with his head against the desk behind him and has a habit of working his mouth as if constantly smacking his lips at the Parliamentary fare before him. At times however, when things look serious he ceases this. He ceased last night. He sat as usual, sometimes with his eyes closed, evidently with his ears very wide open, and the effect of the closed eyes was to make prominent the bull-dog set of his mouth and



jaws. He looked as though he were getting down a strong dose of medicine and certainly the Northern and Pacific Junction Bill was such a dose.

### *Hickson Makes His Move*

The bill went through and only just in time, as the contractors, pending settlement, had refused to turn over the railway to its owners. Negotiations with the Canadian Pacific for exchange of through traffic broke down and the prospects of local traffic were negligible. At this juncture, Joseph Hickson made his move. As has been related in another chapter<sup>3</sup> the canny Grand Trunk tactician had been laying ground bait for almost ten years; in that time he had bought up (in many instances at bargain prices) one quarter of the Northern and Hamilton and North Western preference shares. He had skilfully nourished the mutual suspicions of the partners in this enterprise and when the Northern and Pacific Junction episode accentuated these apprehensions he began to pick up proxies. By the autumn of 1887 he was in control.

By the Deed of Union of January 24th 1888 the Grand Trunk Railway Company took over 494 miles of tracks, comprising the Northern and the Hamilton and North Western, their leased lines and affiliates. The Grand Trunk exchanged share for share of its common stock for the common stocks of the vendors and took over the preference shares of both constituent companies at sixty-eight cents on the dollar, paying for them with its preference shares. The Grand Trunk also assumed the funded indebtedness of the purchased lines and set aside £600,000 of its debenture stocks to improve them and to build an extension from Calander to North Bay.

On February 23rd 1888 Sir Henry Tyler announced these terms at the semi-annual meeting of the Grand Trunk in London. An enthusiastic shareholder sprang to his feet exclaiming, "You, sir, are a champion amalgamator." This was a fair comment, but in justice to Frederic Cumberland, John Beverley Robinson and others who served the Northern with the utmost devotion it should be recorded that the politicians who cheapened the property played into Hickson's hands.





#### **Northern Railway Offices 4-6 Spadina**

The first brick building on the northwest corner of Front and Spadina was the Northern Railway office. It was close to the Northern Railway station at the foot of Brock (Spadina), which was the terminus for the Collingwood/Georgian Bay and the Huntsville/Muskoka rail lines. The terminus was closed after the amalgamation of passenger terminals at Union Station.

The two-storey square, Georgian-style building was remarkable for its surface detail and patterned brickwork.

During the early 1900's the building served as the headquarters for the British Welcome League, which assisted newly arrived immigrants, and as an office of the YMCA. An auto accessories shop took the building over in the 1920's and subsequently demolished it.

The present building on the site, a one-storey garage, operates as an auto-body shop and car rental outlet.

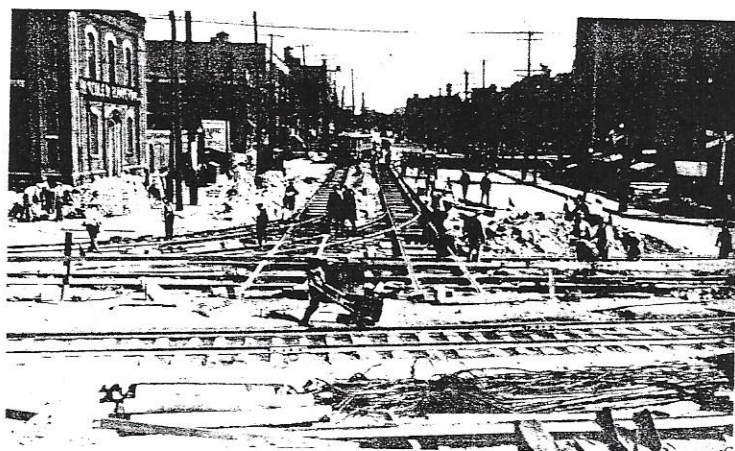
#### **Northern Railway Offices, c. 1860**

Anonymous watercolour,  
Baldwin Room, Metro Reference  
Library (T 12336)

#### **Laying Streetcar Tracks, Front and Spadina, June, 1926**

Looking north. The Northern Railway offices are on the left.

Public works photograph, City of Toronto Archives (VIA 56)





## A BRIEF HISTORY OF THE SPADINA RAILWAY LANDS

Spadina, a railroading name of prominence in North America, is a far cry from the original Spadina associated with wealth and elegance in early Toronto, Ontario. The street was laid out in 1836 as a park drive from Lot Street (now Queen Street), and was intended to go as far north as Dr. W.W. Baldwin's Georgian country estate (in the region of present day Casa Loma). Below Queen Street, Spadina Avenue was called Brock Street until 1884. Since those days, the wide avenue has become lined with industry, fading into a maze of railway tracks where the CNR's Toronto Spadina roundhouse is tucked away out of view of the general public.

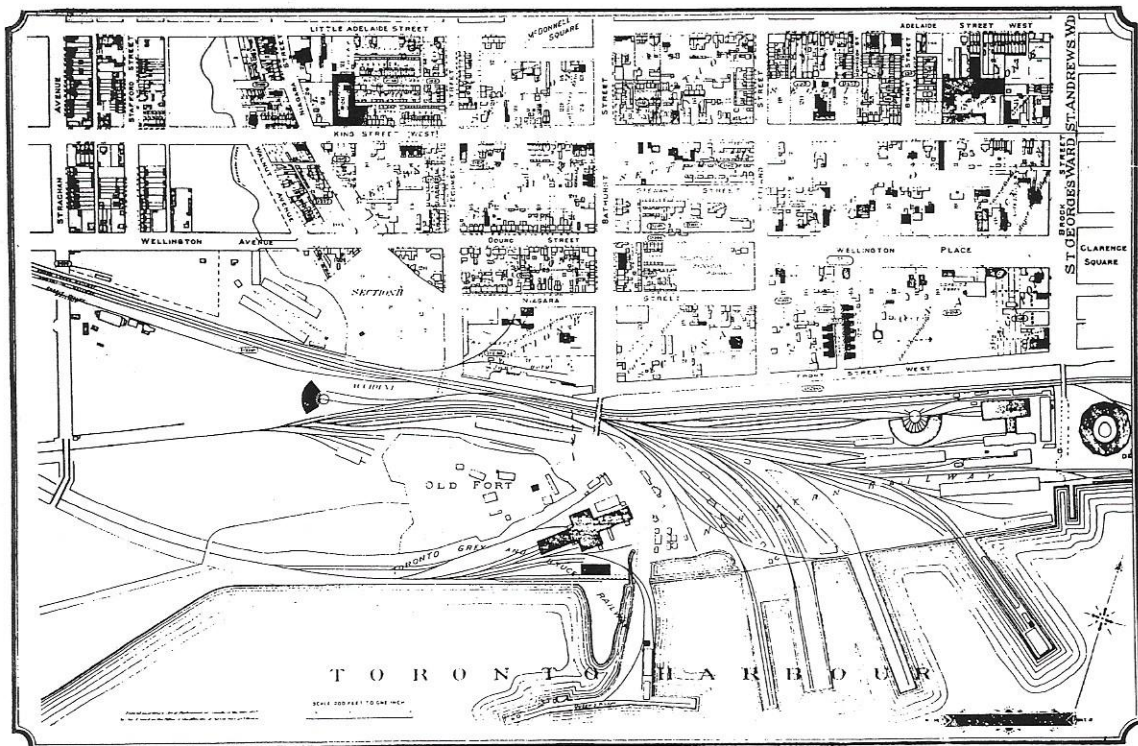
Although this book deals primarily with the Canadian National Railways' lands and facilities as they appear to-day, many of the buildings in Harry Watson's early photographs were in existence long before the property came into CNR ownership.

The Toronto, Simcoe & Huron Railway was the first on the Toronto scene in 1853, purchasing 4 acres of land for its terminus to the west of Spadina (Brock St.) for the grand sum of \$100. This pioneer Ontario railway was reorganized as the Northern Railway in 1858.

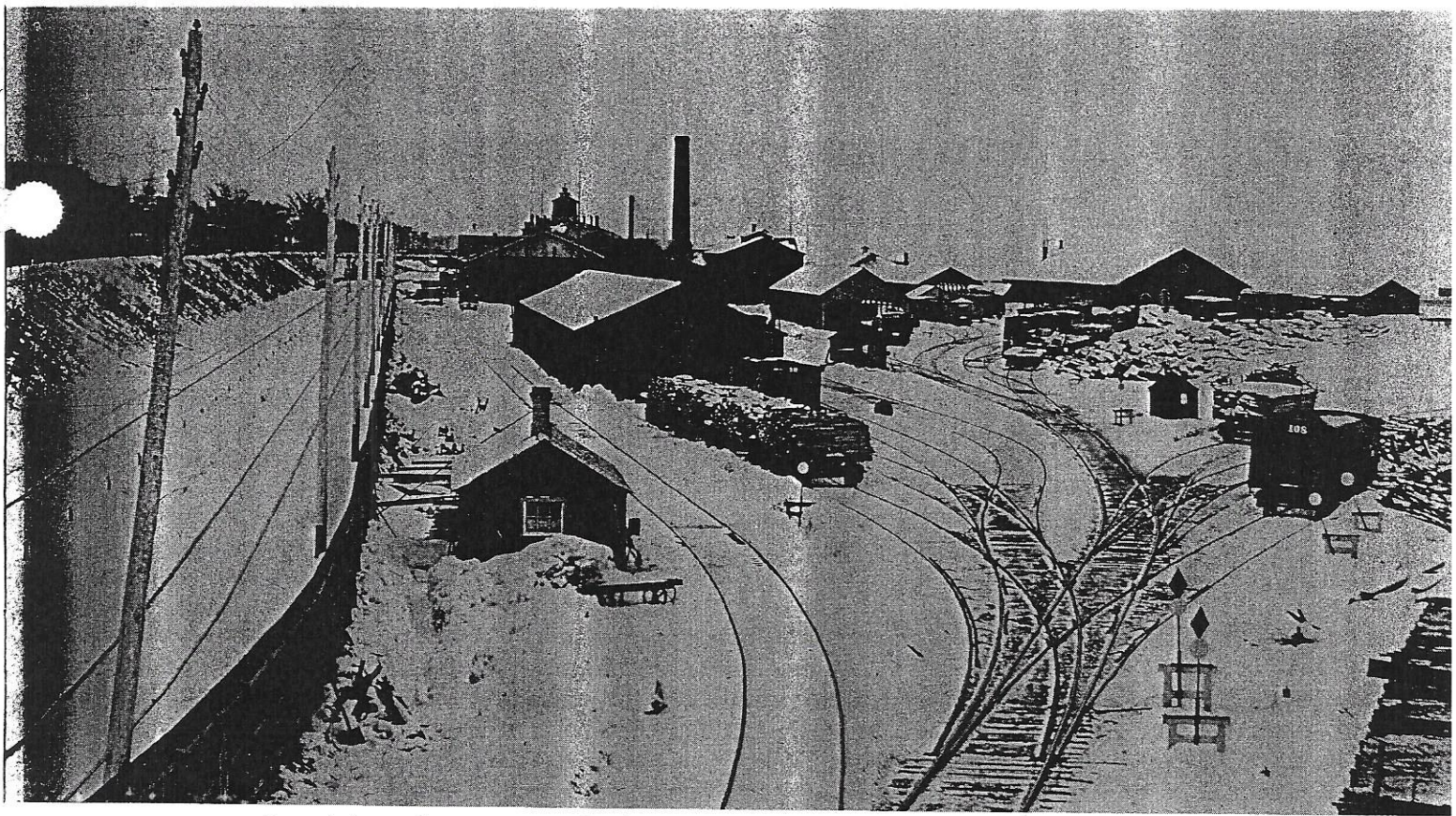
Meanwhile, the Grand Trunk Railway had finally arrived at the Don River in 1856, and continued to the eastern side of Spadina Ave in 1857, where it built its own unique domed roundhouse facility. The legacy of buildings left by the Northern Railway were added to the Grand Trunk in 1888, and all were subsequently merged into the Canadian National Railways in 1923.

None of these early buildings exist today, but many were still on the property in 1923 when Harry Watson joined the CNR. They continued to be used until construction of the modern Spadina roundhouse and shops in 1927-28.

*Northern Railway yards west of Spadina Avenue (Brock St.)*

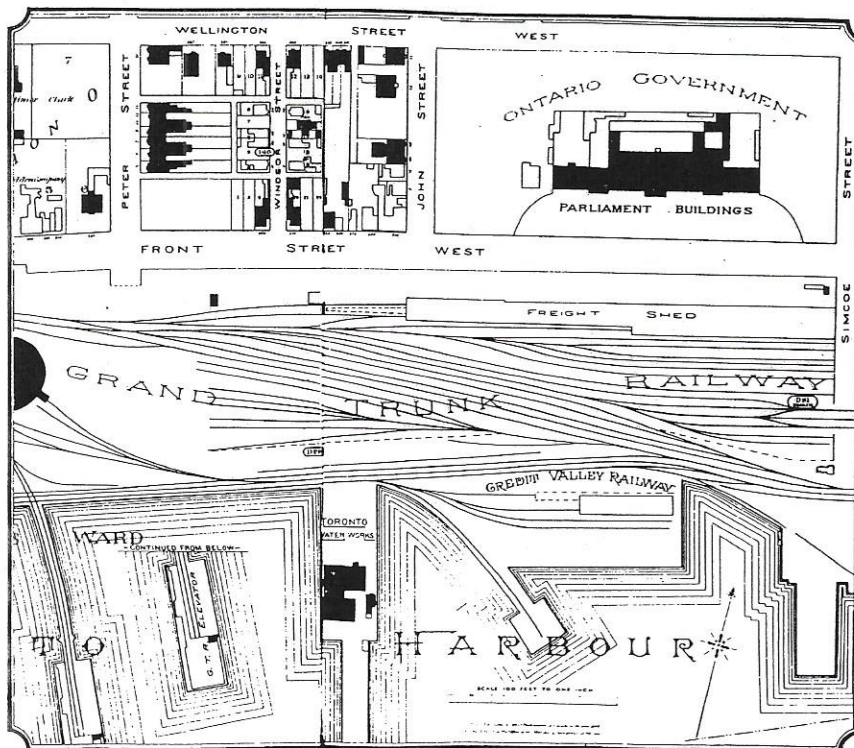




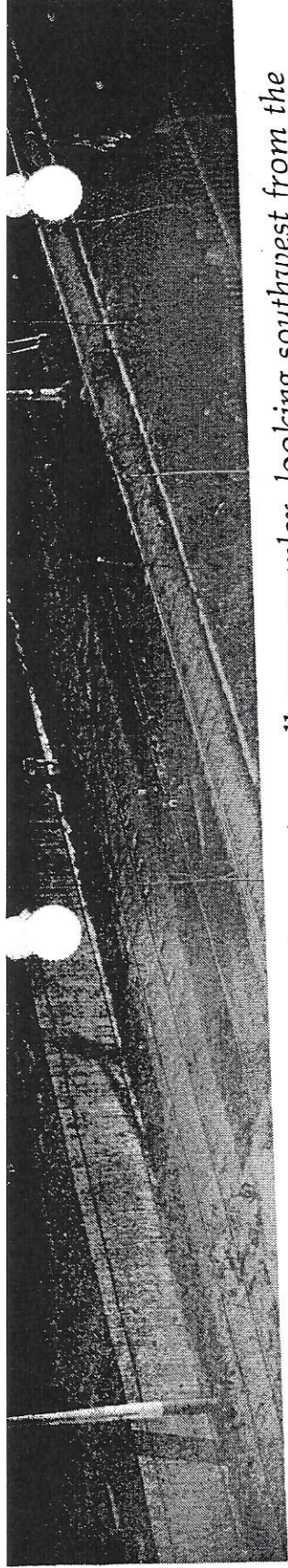


One of the earliest views of the Northern Railway's Toronto yards and engine facilities, seen from Bathurst Street looking east, circa 1860. The original Spadina (Brock St.) bridge can be seen crossing the Grand Trunk main line on the left. Clearly visible are the Northern Railway's roundhouse and machine shop, with the domed roof of the GTR roundhouse peeking over top in the distance. — The Boston Mills Press collection.

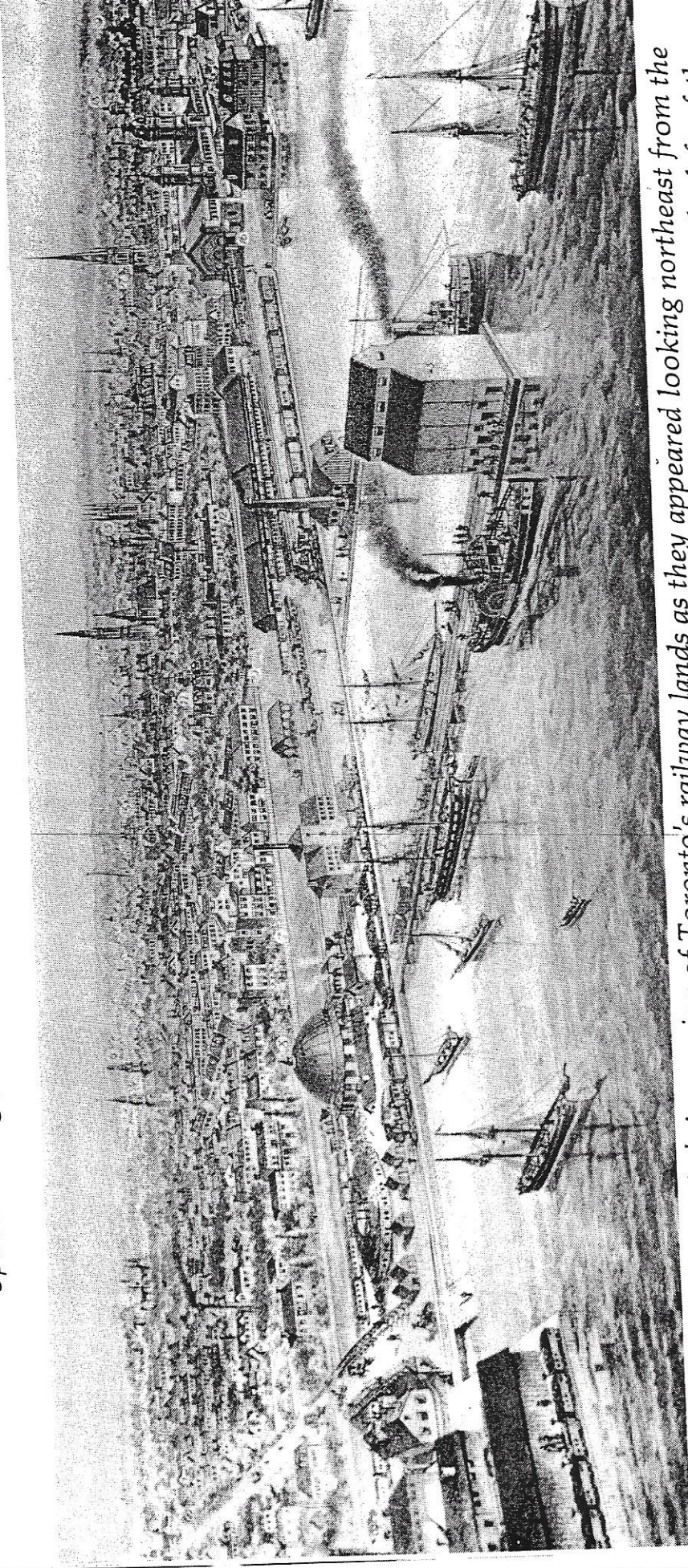
Grand Trunk yards east of Spadina Avenue (Brock St.)







*The Northern Railway's machine shop and roundhouse complex, looking southwest from the Spadina bridge, circa 1860. — The Boston Mills Press collection.*

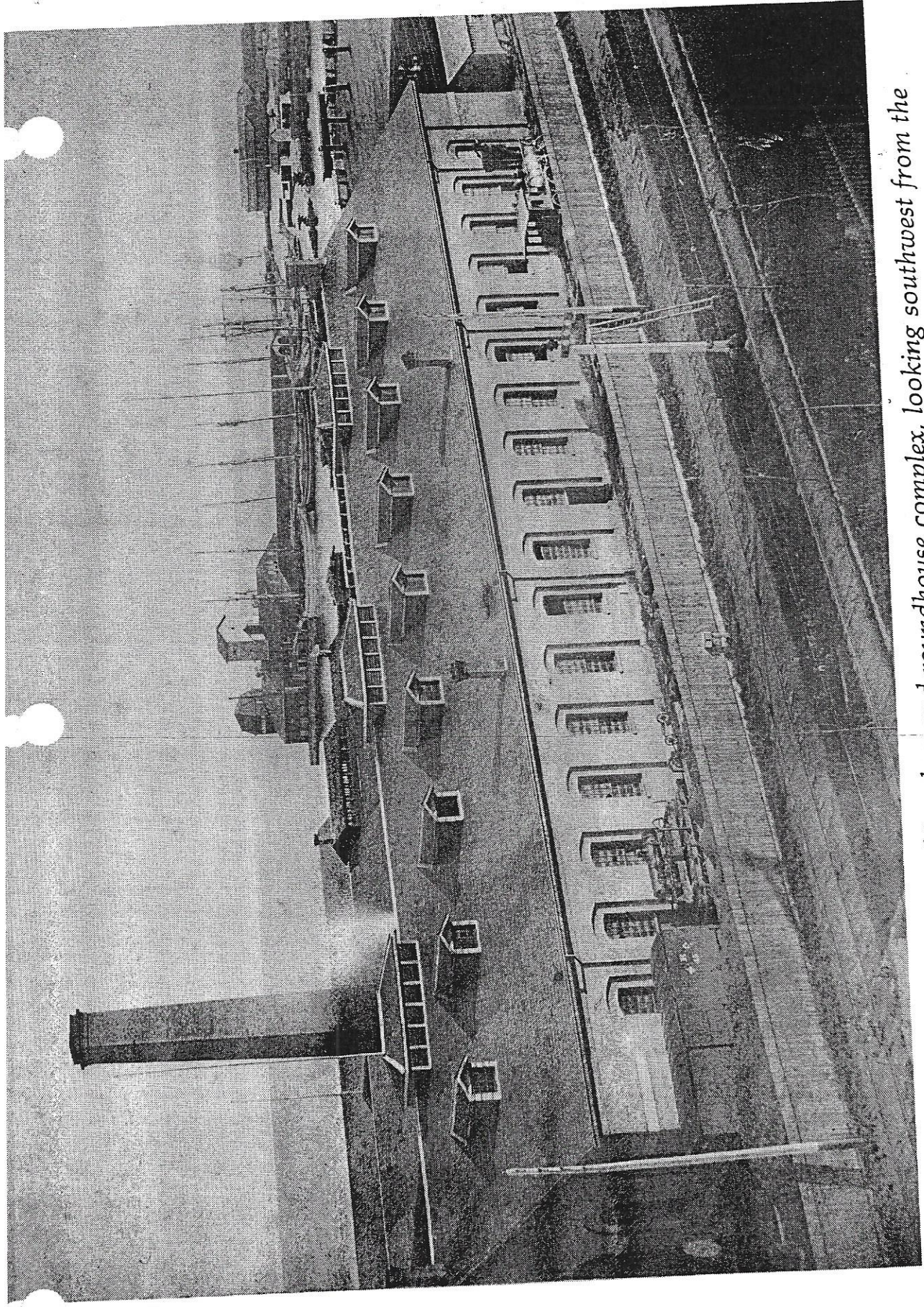


*An artist's impression of Toronto's railway lands as they appeared looking northeast from the harbour wharves in 1876. The original Spadina bridge can be clearly seen to the left of the picture.*

*The Northern Railway's roundhouse is out of view to the left, but it and the shop buildings, which are visible to the left of the bridge, were familiar to Harry Watson during his first years on the railway.*

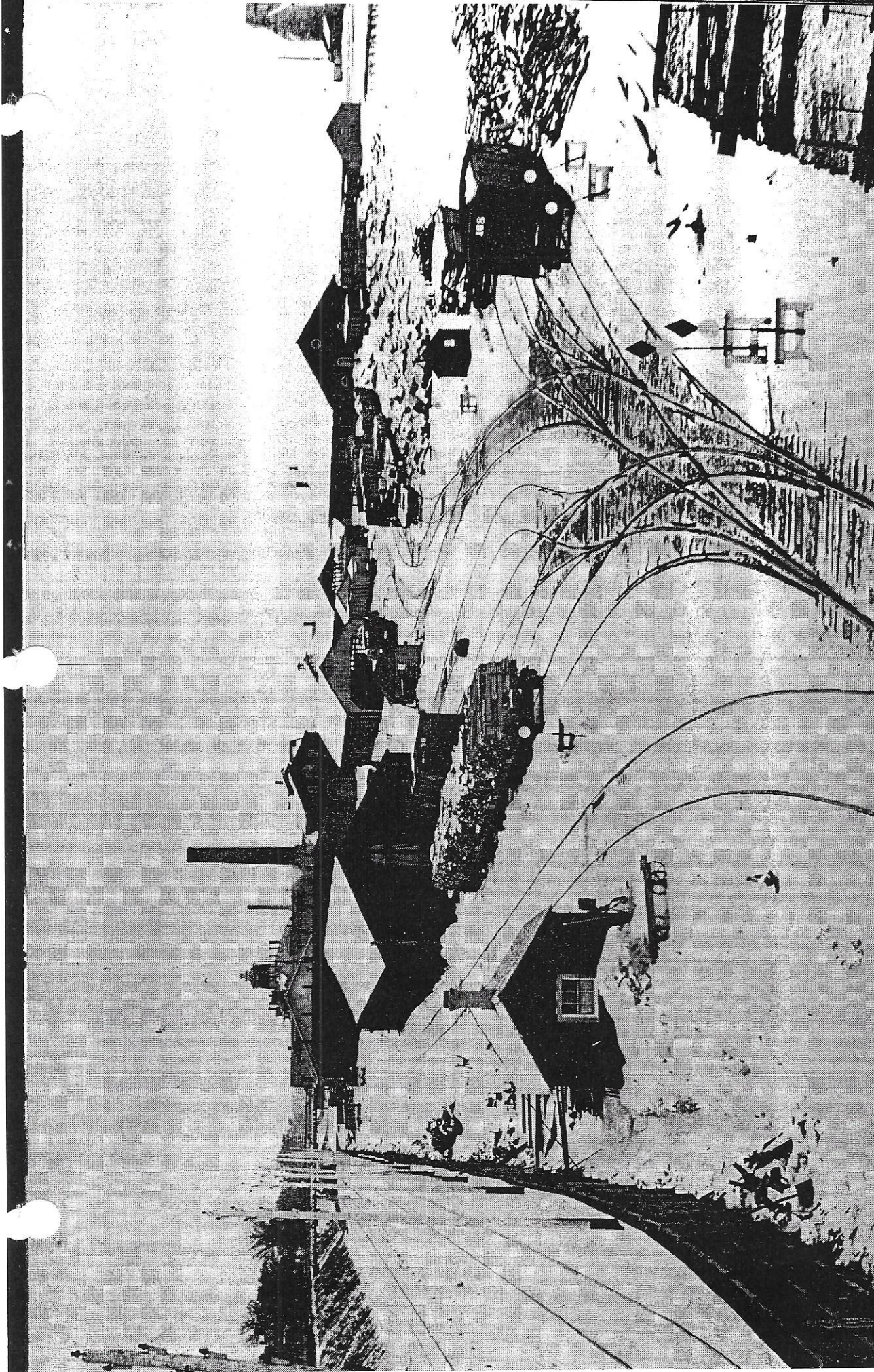
*Illustration of the Grand Trunk Railway, basically*





*The Northern Railway's machine shop and roundhouse complex, looking southwest from the Spadina bridge, circa 1860. — The Boston Mills Press collection.*

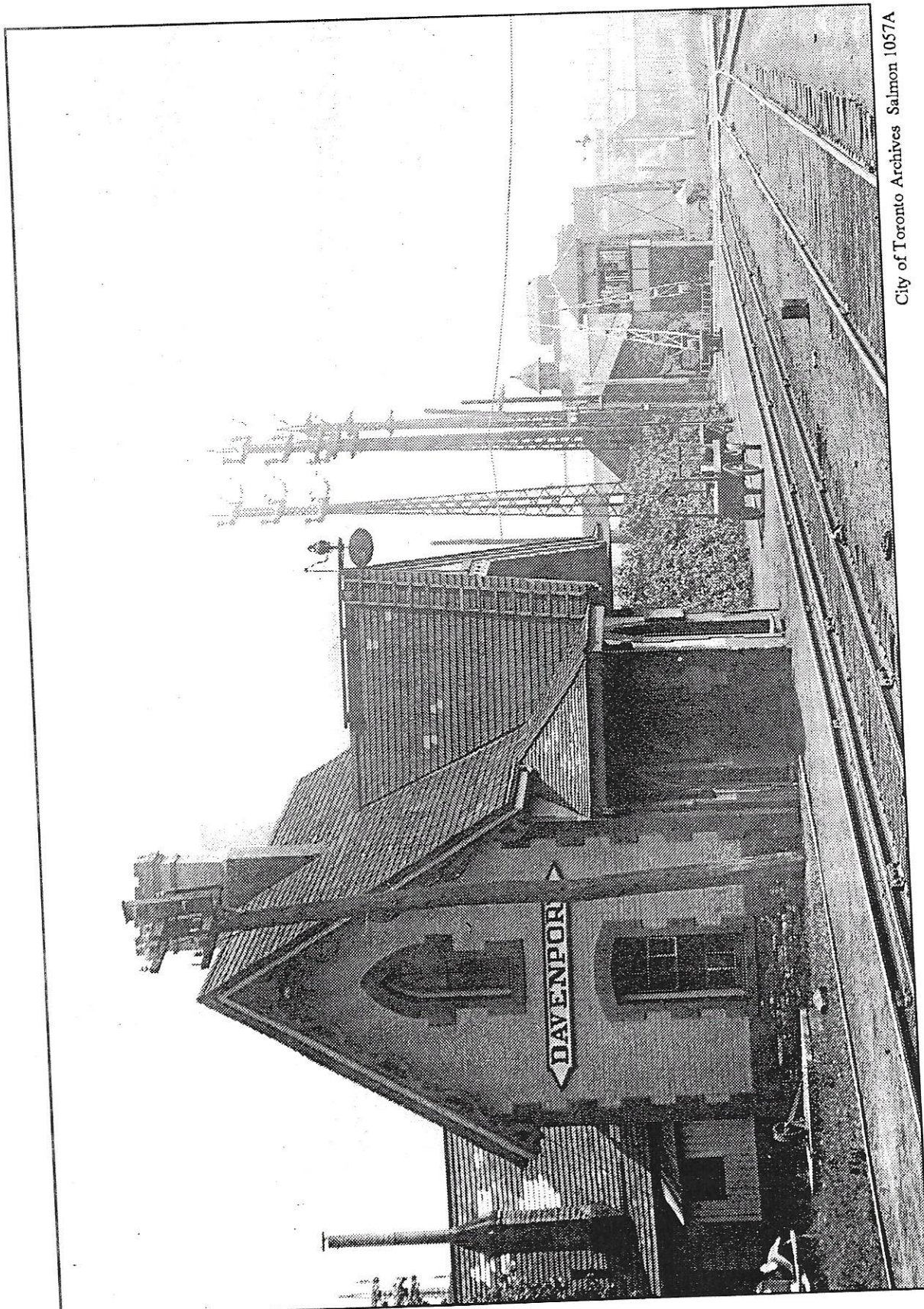




One of the earliest views of the Northern Railway's Toronto yards and engine facilities, seen from Bathurst Street looking east, circa 1860. The original Spadina (Brock St.) bridge can be seen crossing the Grand Trunk main line on the left. Clearly visible are the Northern Railway's roundhouse and machine shop, with the domed roof of the GTR roundhouse peeking over top in the distance. — The Boston Mills Press collection.



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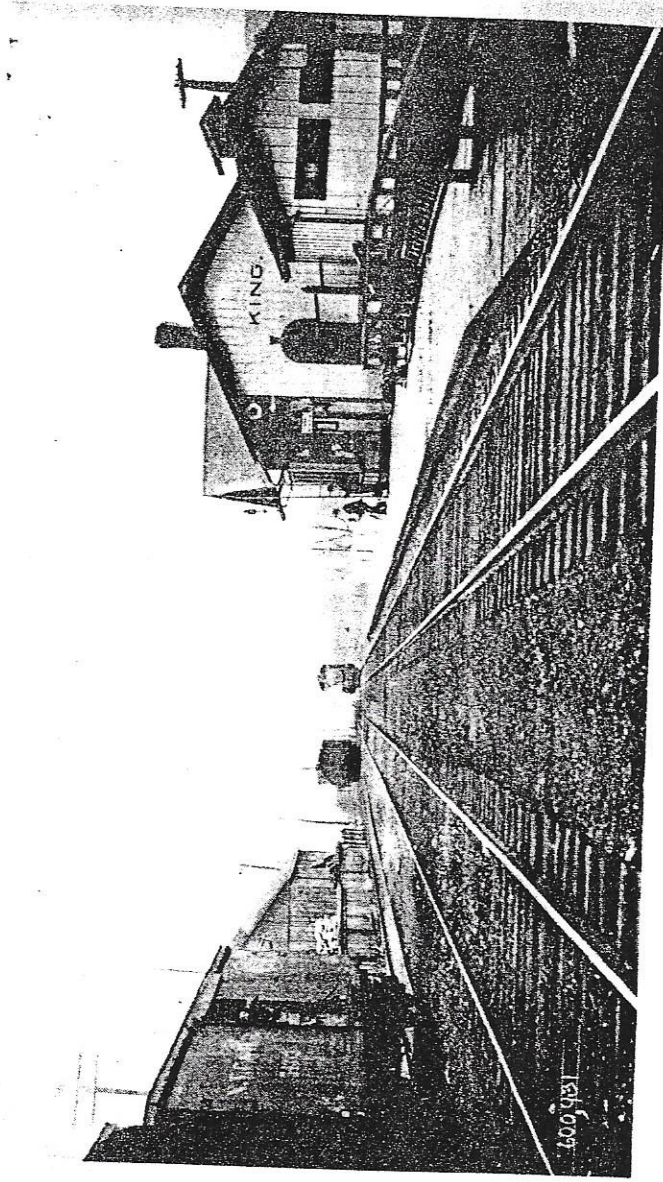
divided the country into regions, each with its own headquarters. Station plans were often devised in the regional headquarters. Here too executives huddled in panelled

One of Toronto's many stations was this delightful structure at Davenport.

1 - 12-12-12 ON/ONR



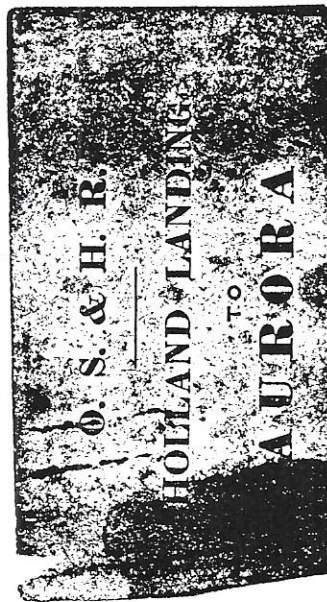
instead of attending therto been required concession they lived. Lloyd, Gabriel Wells, violation for scholars ur year. Punishments The teacher's noblest ing pupils through the air elementary educa- as built south of the Zeele Street. The two teachers who taught n and Eva L. Dennis. accommodate Grades lary School was built sent extremity of the ert of King Township.



Railway station, King City, in 1913

on the King Sideroad was purchased as a parsonage. The house had been built by George Norman when the latter operated a wood and coal establishment at the railway station. After the church house

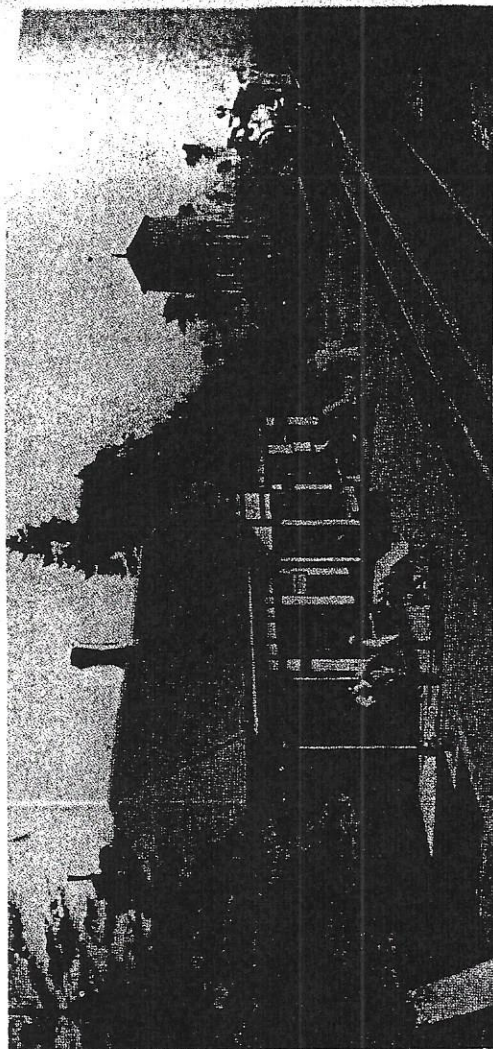




*Ontario, Simcoe & Huron Railroad ticket, c.1855*

The coming of the railway brought dramatic change to the village, ending years of isolation. Regular stagecoach service had existed on Yonge Street since 1828, but it was the railway that made travel easy and enjoyable for the first time.

This ticket was issued by the Ontario, Simcoe & Huron Union Railroad, which opened Ontario's first railway from Toronto to Machell's Corners on 16 May 1853. Later that year, service was extended to Newmarket. In 1855, it opened to Collingwood, providing a direct link with the steamships that plied the upper Great Lakes. A provincial plaque on the grounds of the Aurora railway station marks this historic line.



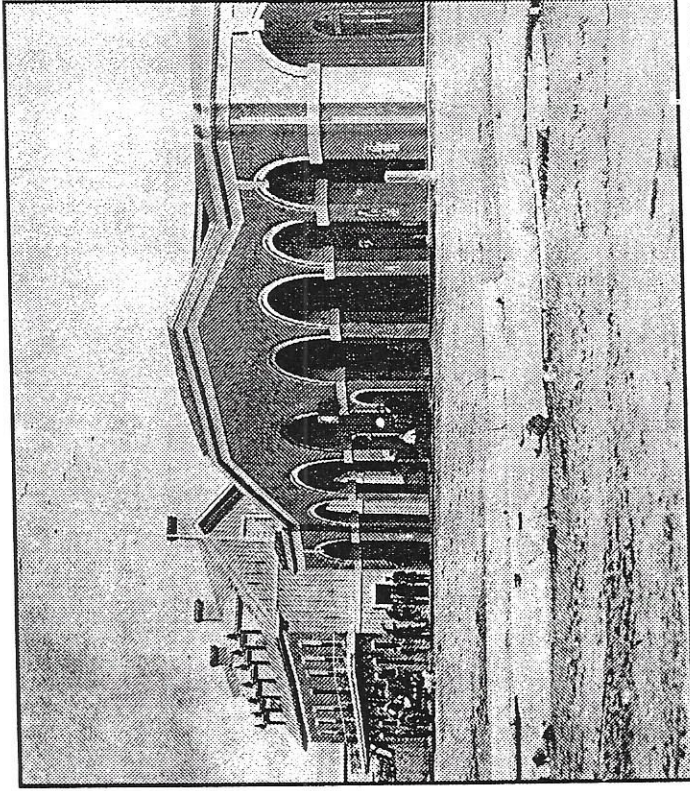
*Grand Trunk Railway station (built 1900), Wellington Street East*

Aurora's first railway station, served by the Ontario, Simcoe & Huron railway and later the Northern Railway, was built on or close to this site. An insurance map for 1885, however, shows a depot on the west side of the railway tracks. In 1900, the line was operated by the Grand Trunk Railway which built this station according to one of their standard designs. This postcard view shows the station in its heyday, with board-and-batten siding and carefully tended grounds that made it a fitting gateway to Aurora for weary travellers.

Across the tracks, at Wellington and Berczy streets, stood the Wellington Hotel. Just to the north was the Railroad Hotel, which stands today as a private residence.

This old station survives as well, serving commuters every weekday. Its past glory has faded and its walls are covered with "insulbrick," but hopes for its restoration still run high.





Ontario Archives S 1627

Collingwood's first station, a board and batten structure, was embellished with arches. When the rails first reached Collingwood (on the shores of Georgian Bay), it was little more than a clearing in the woods. Its station, however, appeared to be its grandest building, at least according to the *Northern Advance* in 1855: "[Collingwood is] an opening in the forest...about the size of an emigrant's back wood farm, littered with blackened stumps and sparingly sprinkled with hotels and charming houses, all dwarfed by the railroad's voluminous passenger depot, freight house and office."

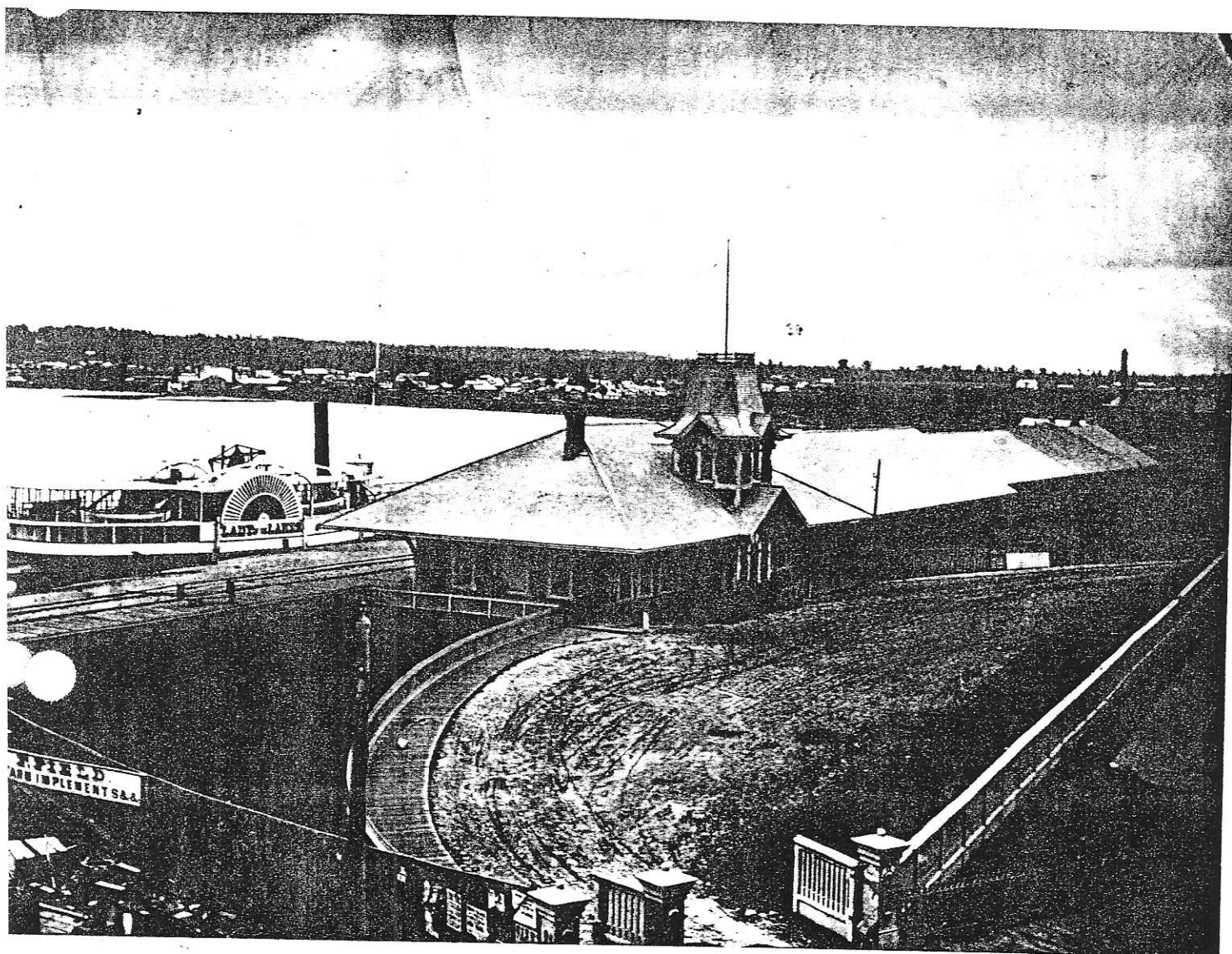
a simple ball on a pole. The higher position meant the train could proceed; the lower meant halt.

Perhaps the most important role for early stations was that of fuelling, or "wood up." Until about 1873 wood was the fuel used to fire the early steam engines. If an engine had to haul a heavy load, or climb severe grades, the fuel supply was quickly exhausted. Whenever his tender ran dangerously low the engineer would sound four blasts on his whistle to alert the next station agent that he required wood.

Railways like the Ontario Simcoe and Huron (later called the Northern), which opened in 1853 between Toronto and Bradford, at first contracted with local suppliers to provide the wood. George Brown, founder of Toronto's *Globe* newspaper, began as a wood contractor for the Great Western Railway, supplying wood from his seven-hundred-acre woodlot at \$1.75 per cord. Before the wood-burning era finally ended, his contract was said to earn fifty thousand dollars per year.

Whenever contractors' prices became inflated, the railways switched to buying directly from local farmers. The farmers would haul the logs to the sawmill nearest t

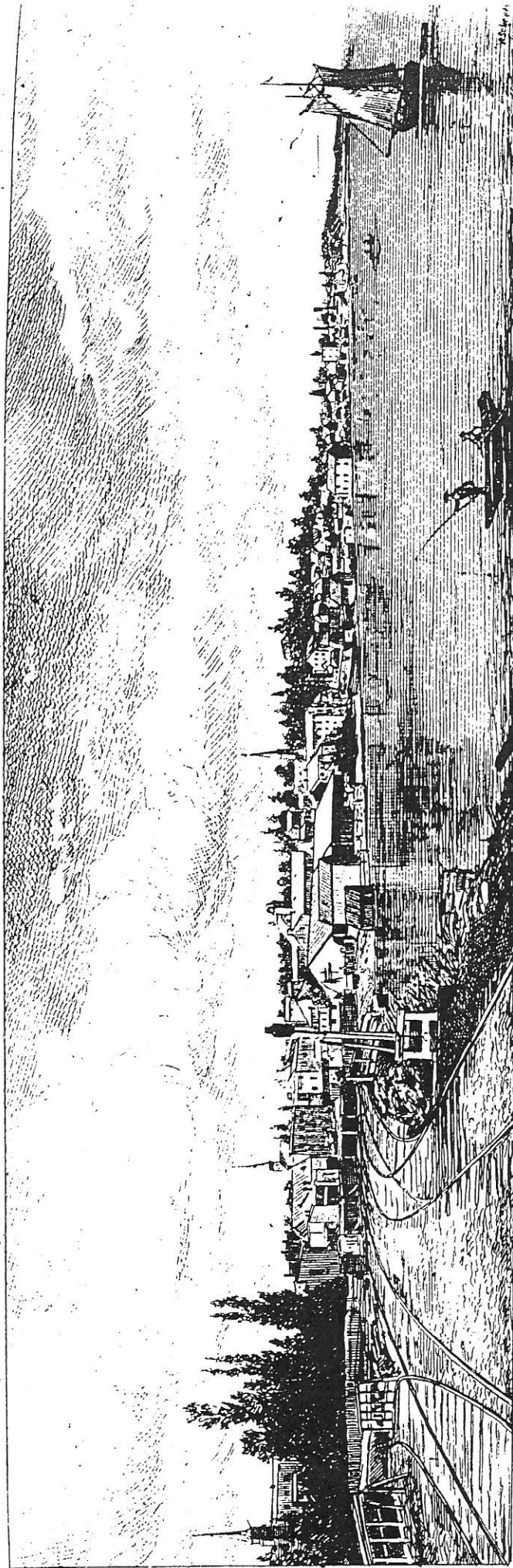




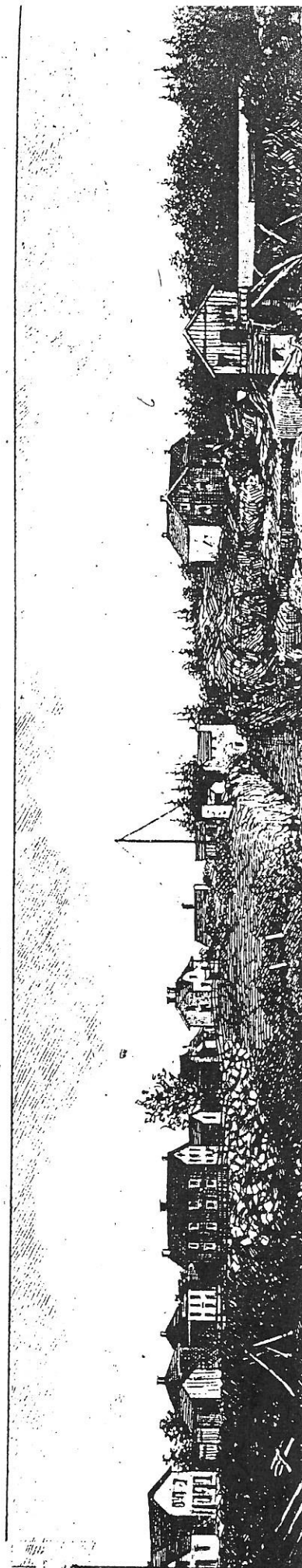
### 34. RAILWAY STATION

The Ontario, Simcoe, and Huron Railway reached Allandale on October 1, 1853, but was not extended into Barrie until June 21, 1865, after a long court battle. This station was then built south of Dunlop Street, at the foot of Owen Street, in the area which became known as the Station Gore (now Memorial Square). The railway company also operated a steamer, scheduled to allow for transfers from the train to the steamer for travel to Orillia and Muskoka. In this photograph the *Lady of the Lakes* (formerly the *Emily May*, built at Bell Ewart and launched in 1861) is docked at the wharf. The station was demolished in 1963. In the background, right, is Robert Simpson's Simcoe Steam Brewery. In the background, left, is a rare view of Allandale, showing the sawmills and workmen's houses which characterized that village in the 1860's and 1870's.

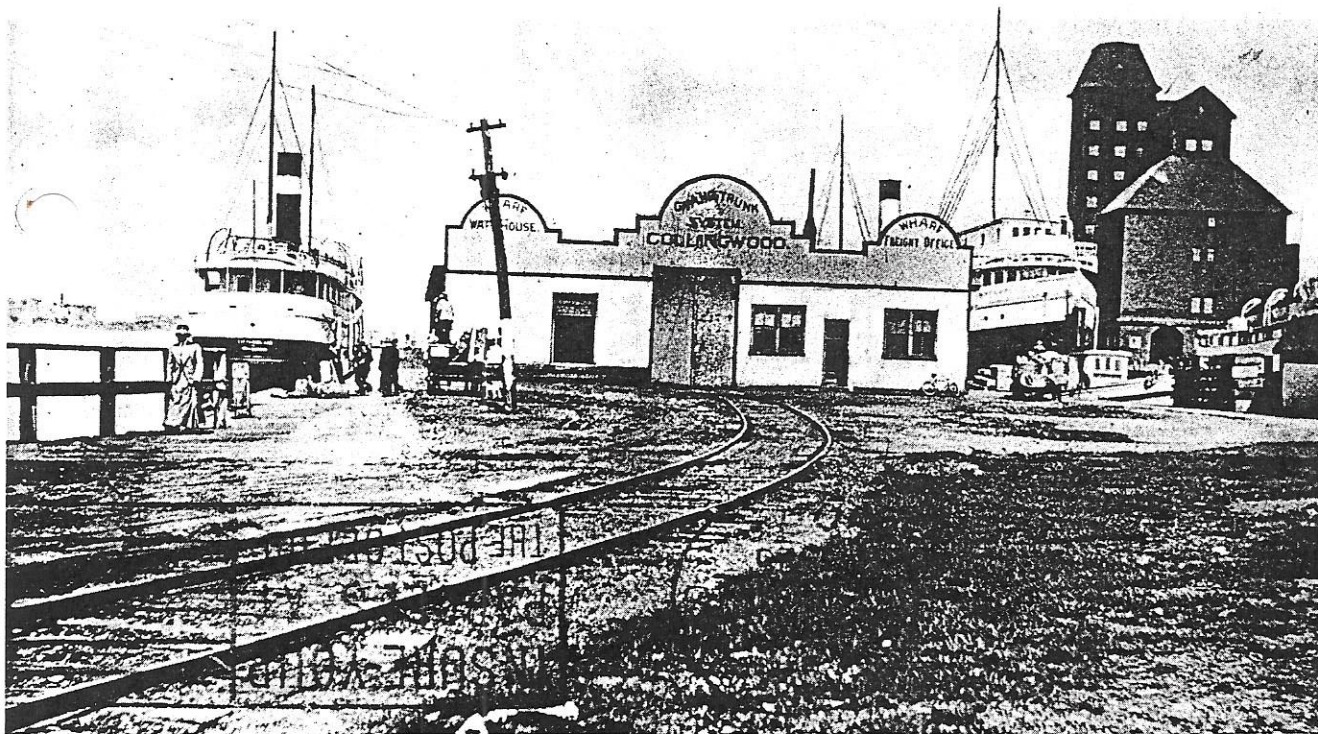




BARRIE, ONT.—FROM A PHOTOGRAPH BY JNO. STEPHENS.

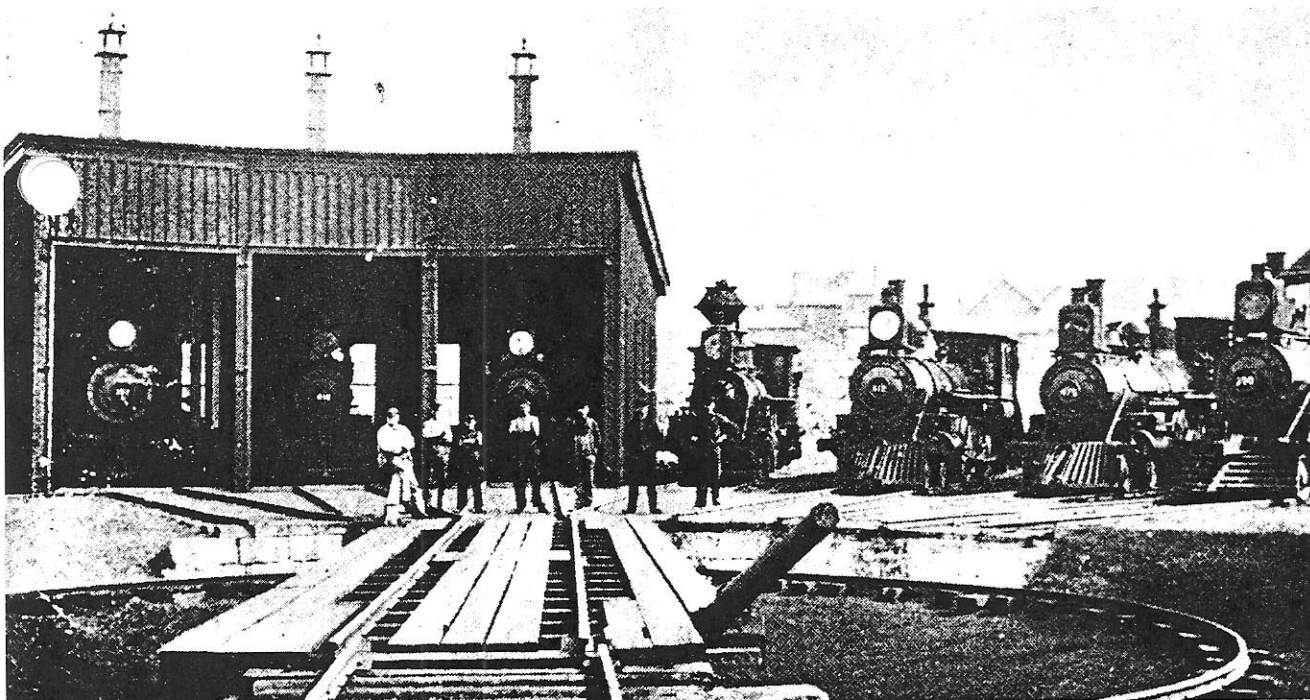






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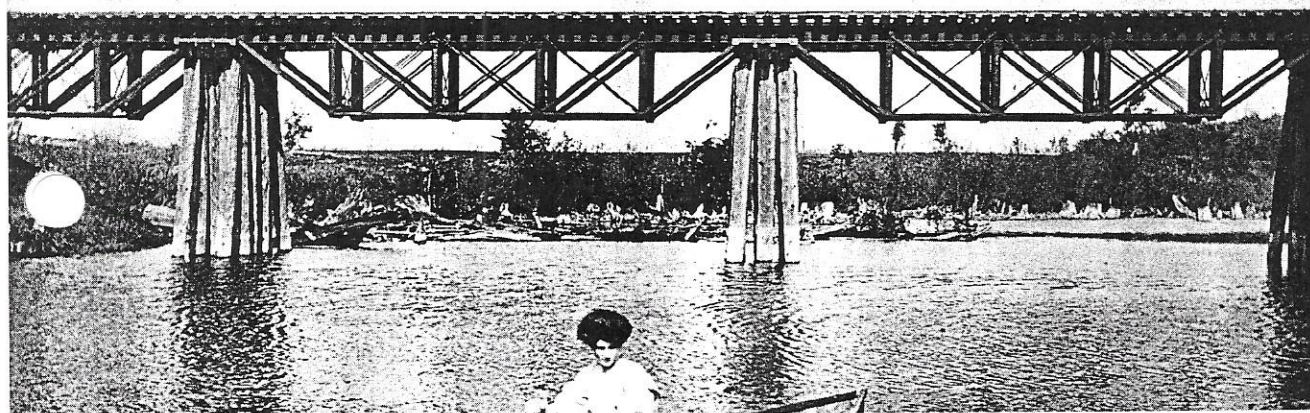
The Grand Trunk Wharf and Freight Office, Collingwood.  
The dock are the City of Midland (left) and the Majestic (right).



491

Locomotives at the Round House, Midland.

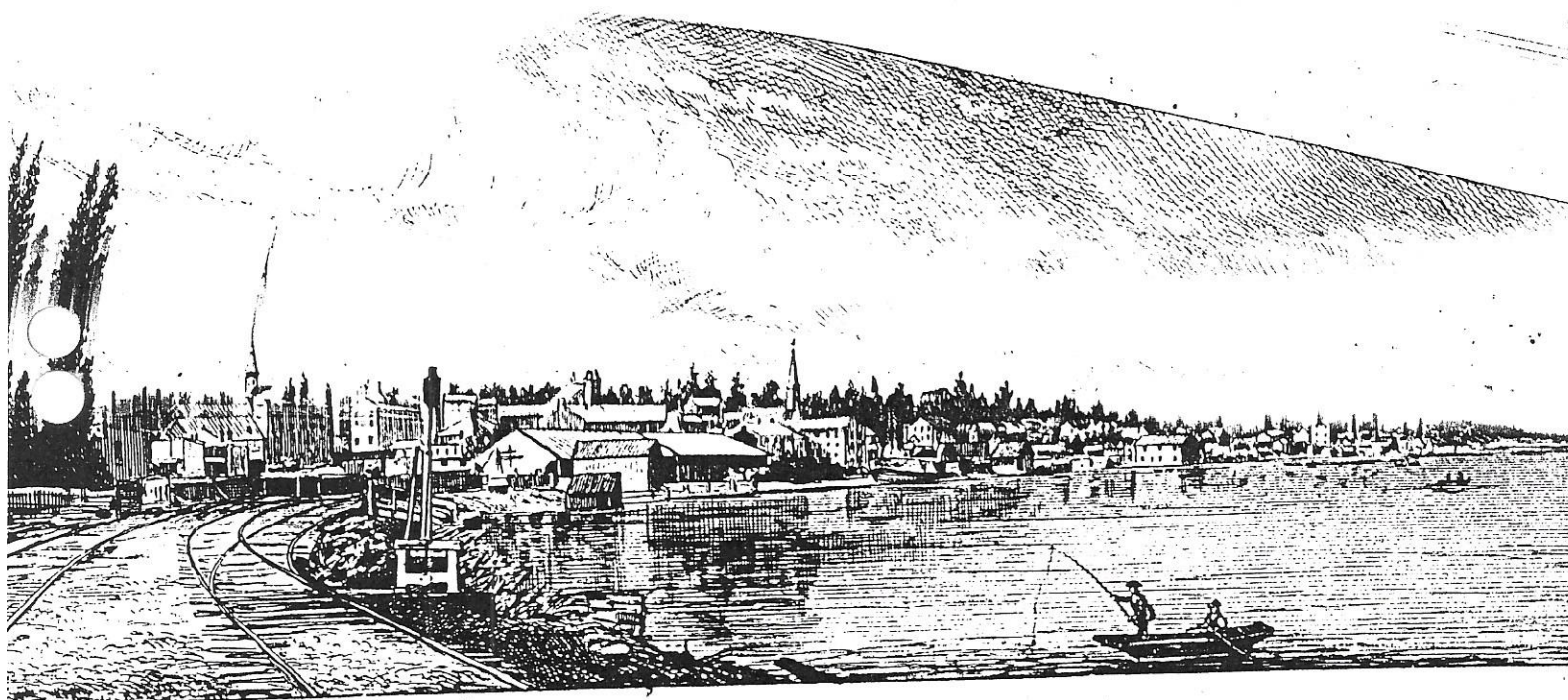
492 The CNR bridge over the Boyne River near Alliston, 1910.



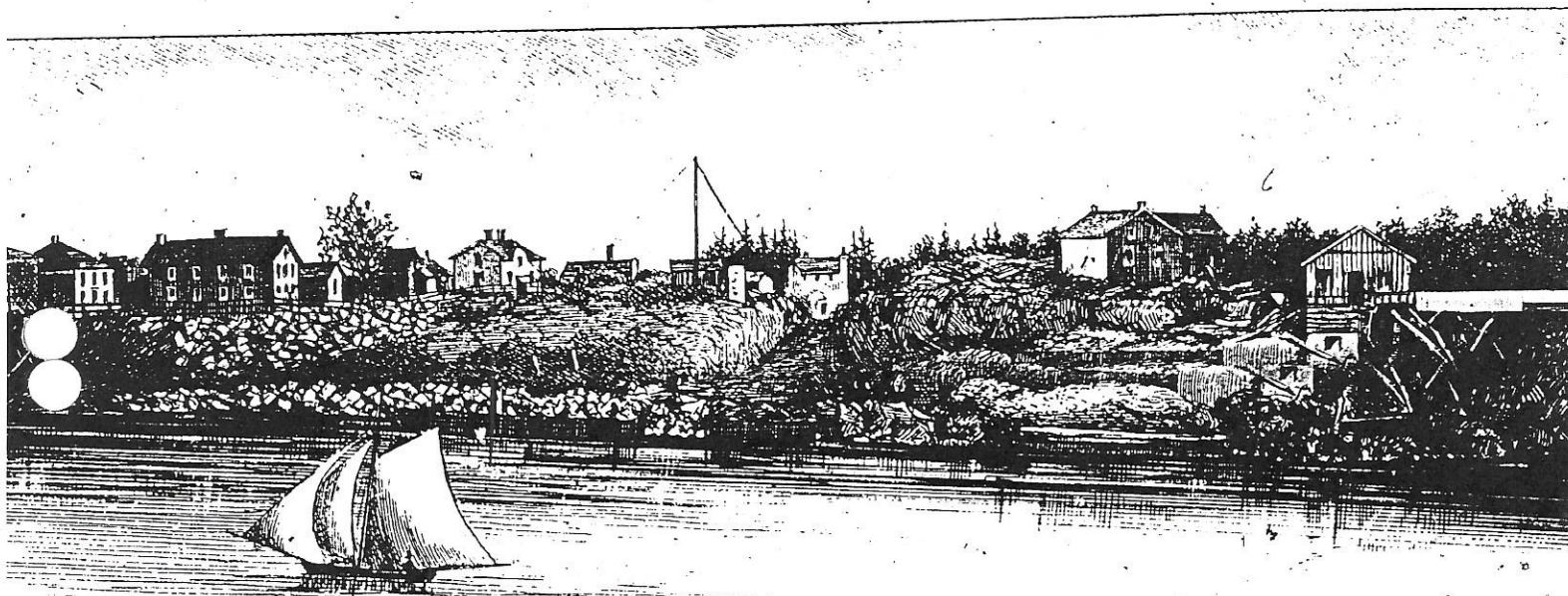
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BARRIE, ONT.—FROM A PHOTOGRAPH BY JNO. STEPHENS.





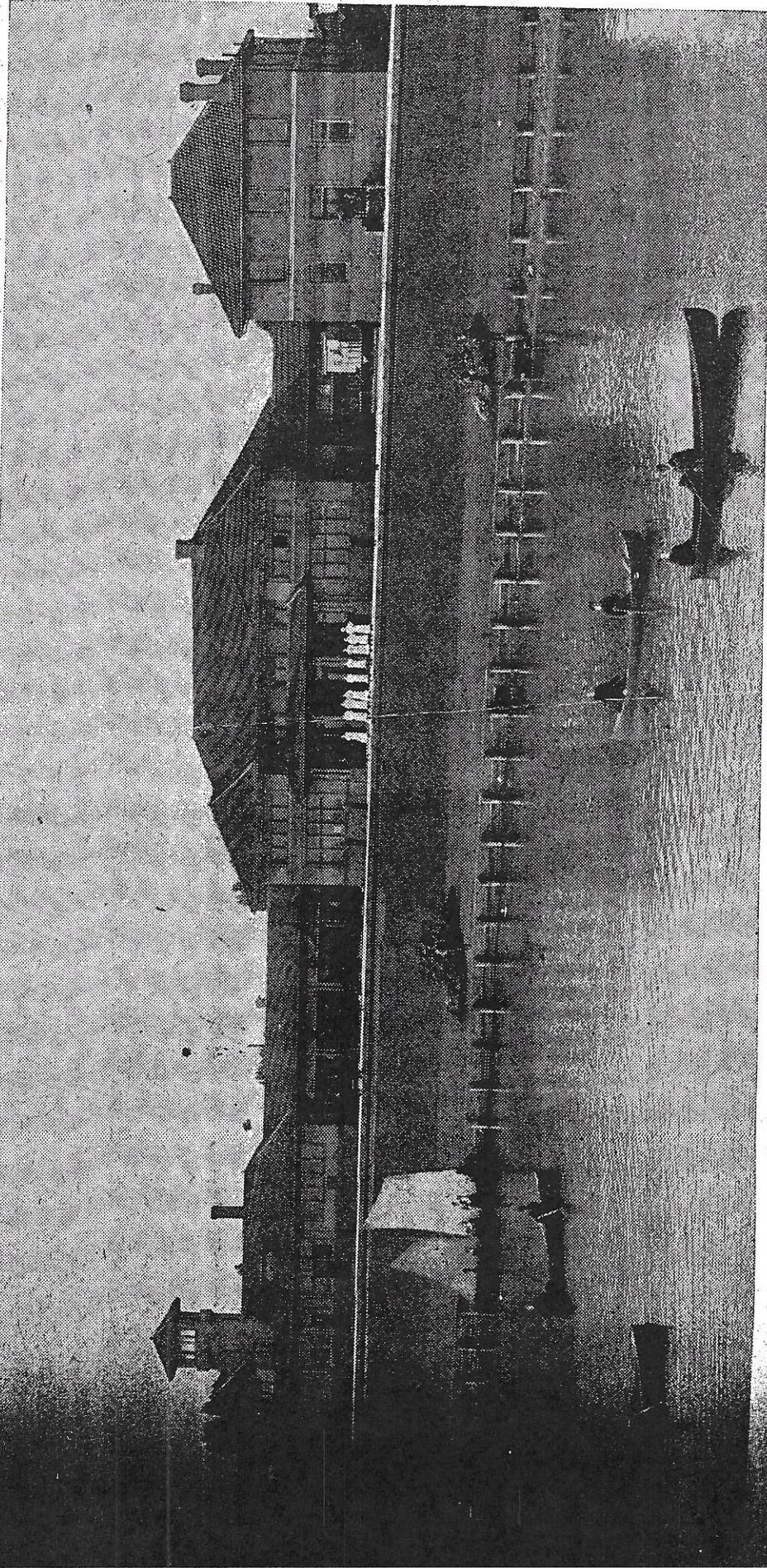
in former editions of the  
 whereby rendered much  
 the maps of the Atlas  
 reference upon these in pre-  
 and include a general map  
 of the Dominion, with the  
 the Ocean; a general map of

struction is going on upon this railway, and  
 that several cargoes of steel have been  
 delivered.

Canadian-Minnesota Bridge Co.—Appli-  
 cation has been made to the Canadian Gov-  
 ernment and to the United States War De-  
 partment for the necessary authority to

construction will extend from Mich-  
 the collieries, now under developi-  
 the Imperial Coal Co., a distance of about  
 30 miles. (Aug., pg. 451.)

Intercolonial Ry.—Tenders are under con-  
 sideration for the erection of a passenger  
 car repair shop, a paint shop and a store-



ALLANDEALE STATION, GRAND TRUNK RAILWAY.

maps of British Columbia,  
 Saskatchewan, Manitoba, On-  
 tario, Quebec, Montreal city;  
 the various projected routes  
 Ry., and of the extensions  
 Northern Ry. to the Pacific  
 on the map of Man-  
 projected cut-off from Mol-

construct a bridge across the Rainy River,  
 at or near Fort Frances, Ont. The exact  
 point suggested is Pither's Point, on Rainy  
 River. The bridge will be used, when com-  
 pleted, by the Canadian Northern Ry., and  
 the Duluth, Rainy Lake and Winnipeg  
 Ry. (Aug., pg. 451.)

The Duluth, Rainy Lake and Winnipeg Ry.  
 is now operating 44 miles of line from Wi-

house at Moncton, N.B. These are part of  
 the new car shops, etc., general dimensions  
 of which were published in our July issue,  
 pg. 381.

Tenders are being received for the steel  
 superstructure of a bridge at Doaktown,  
 and the masonry substructure of a bridge  
 at Boiestown, N.B., on the Loggieville-  
 Fredericton section (the

Sept 1906  
 527