

## In Charles Melville Hays' tracks

*Were it not for Charles Melville Hays, downtown Ottawa — and much of the country — would be a very different place. One hundred years after his death, Don Butler looks at the life of the largely forgotten railroad baron whose influence on the capital and Canada endures to this day.*

**By Don Butler, *The Ottawa Citizen* April 7, 2012**

Charles Melville Hays is pictured on the right in this photo, courtesy Library and Archives Canada. The president of the Grand Trunk Railway was no desk-bound bureaucrat. He made several arduous trips through Western Canada to check out the new western line, including a 14,500-kilometre odyssey through the Canadian northwest 1904. Image courtesy Exporail, the Canadian Railway Museum  
Ottawa's venerable Château Laurier Hotel celebrates the 100th anniversary of its opening June 1, and the Citizen will mark the occasion with a special package of stories, photographs and videos. You can enhance our coverage by sending your photos and memories to [chateaumemories@ottawacitizen.com](mailto:chateaumemories@ottawacitizen.com). We'll publish the best of them in the newspaper and at [ottawacitizen.com](http://ottawacitizen.com).

OTTAWA — Sir Wilfrid Laurier called him “the greatest railroad genius in Canada.” A century ago, Charles Melville Hays was a larger-than-life tycoon whose ambition and decisions helped shape the country and its capital city. But apart from railroad enthusiasts and Titanic buffs, few Canadians today know his name.

Hays was largely responsible for cajoling the reluctant British directors of the Grand Trunk Railway into building Canada's second transcontinental rail line as well as iconic railway hotels in Ottawa, Winnipeg and Edmonton. He founded Prince Rupert, B.C. at the western terminus of the Grand Trunk Pacific rail line, which he virtually willed into existence.

Hays was a devoted husband, a parent to four daughters and a father figure to Vivian Payne, the son of a neighbour and Grand Trunk comptroller who died when young Vivian was 13. Yet he could also be a bully and was virulently anti-union. When Grand Trunk employees went on strike in 1910, demanding wage parity with American railway workers, he fired the ringleaders and later reneged on a promise to reinstate them once the strike was settled.

“I think he was a nasty piece of work at the end of the day,” says Ottawa lawyer Gavin Murphy, who wrote a slender volume about Hays, *Ottawa's Titanic Connection*, published by the Nepean Museum in

2000. “He was an aggressive manager. He wanted results, and he saw that unions got in the way of results.” One of Laurier’s ministers called him “heartless, cruel and tyrannical.”

But he was also an important figure, as well known in his day as railway legend William Cornelius Van Horne, who oversaw the construction of Canada’s first transcontinental rail line, the Canadian Pacific. In fact, the parallels between the two are almost eerie.

Both were Americans born in Illinois — Van Horne in 1843, Hays a dozen years later. Van Horne joined the railroad at 14. Hays was 17. Both presided over the construction of transcontinental lines in Canada and built famous chateau-style hotels: the Château Frontenac, the Banff Springs and the Château Lake Louise in Van Horne’s case; the Château Laurier, the Fort Garry and the Hotel Macdonald on Hays’ watch.

But Van Horne’s name remains familiar, while Hays is largely a forgotten figure. Hays may be perceived as a failure, suggests Murphy, because he died on the Titanic and the Grand Trunk ultimately fell into bankruptcy. But Hays “deserves a lot more than a footnote,” Murphy says. “This man deserves to be recognized as a great Canadian.”

Hays arrived in Canada in 1896. He’d had more than 20 years’ experience with American railroads, the last seven as general manager of the Wabash Railroad. His nationality was one of the attractions to the floundering Grand Trunk, based in London, England.

“They really needed someone who was aggressive and businesslike on site,” Murphy says. Hays, a stocky man with a neatly trimmed beard and moustache, was hired as general manager to bring edgier American business methods to the Grand Trunk’s operations.

“No detail escaped his critical eye,” writes Murphy in his book. “He hired many Americans and imposed a faster, more informal style.” The Railway Age Gazette reports that Hays was “very self-possessed, seldom showing irritation or anger, and his capacity for work seemed unlimited.” He quickly turned the company’s fortunes around, transforming a £370,000 deficit into a £673,000 surplus by 1902.

That same year, Hays began making the case to his bosses in London for a new transcontinental line. In an April 1902 letter to Grand Trunk president Sir Charles Rivers Wilson, Hays argued that “the great

manufacturing district of Canada and the market for their products is more and more going to be found in the Great Northwest and British Columbia.”

Canadian governments, he added, were keen on the idea and would “liberally subsidize” a second railway to compete with the Canadian Pacific.

Initially, Prime Minister Wilfrid Laurier encouraged the Grand Trunk and a competitor, the Canadian Northern, to build the line as a joint venture. But when that proved to be a non-starter, Hays encouraged his company to proceed alone. “We could not have a more favourable time for launching an enterprise of this character,” he told Wilson.

By late 1902 the Grand Trunk board, though dubious of the merits of the scheme, had authorized Hays to negotiate terms with Laurier’s government. After months of hard bargaining, the board approved a proposed agreement in July 1903.

The deal nearly collapsed several times as Grand Trunk directors balked at a paying a \$5-million security deposit demanded by the government in return for subsidies. By November 1903, Wilson was telling Hays that board members were “almost to a man” opposed to the scheme.

Hays declared that it would be “nothing short of a calamity” if the deal fell through. “I do not believe there will ever be another subsidy bill of this magnitude granted a railroad,” he told Wilson.

In a bid to salvage the agreement, Hays crossed the Atlantic to meet face to face with the Grand Trunk’s reluctant directors. He marshalled his considerable powers of persuasion and the board fell into line. “I have changed situation from adverse majority to unanimity,” he boasted to Laurier in a December 1903 cable.

That was more than just bravado. In a letter to Hays a week later, Wilson told him his presence in London had been “most useful. Thanks in great measure to your tact and to the convincing and withal moderate way in which you discussed the question at issue, I am happy to think the board is more united now than it was prior to your appearance on the scene.”

In spring 1904, Hays began hearing rumours that Ottawa lumber baron J.R. Booth was selling his railway, the Canada Atlantic, to the rival Canadian Northern. Word was that Booth — who'd suffered major losses when fire destroyed much of Hull and large parts of Ottawa in 1900 — was under pressure to repay large loans from Toronto banks.

Hays met with Booth and extracted a promise that he would sell to the Grand Trunk instead if it matched Canadian Northern's offer. By fall, to the consternation of the Canadian Northern's owners, Hays had snatched the line, giving the Grand Trunk access to Ottawa and, in his words, "a commanding location at the capital."

The acquisition prompted Hays to develop a plan for a new central railway station in Ottawa linked to a first-class hotel to house rail passengers. Working closely with Laurier, Hays obtained a prime location for the new hotel — named the Château Laurier in appreciation for the prime minister's support — and the Beaux-arts Union Station, now the Government Conference Centre, across the street. A century later, both buildings remain defining features of Ottawa's core.

The Château Laurier was the flagship of a string of seven luxury railroad hotels that Hays proposed to build along the Grand Trunk's network. Of those, three were completed — the Château, Winnipeg's Fort Garry and Edmonton's Hotel Macdonald. In 1913, construction began on a fourth, the Château Qu'Appelle in Regina, but was halted when the First World War broke out. The project was ultimately abandoned and the unfinished shell dismantled.

To build the line to the Pacific, the Grand Trunk created a subsidiary, the Grand Trunk Pacific Railway, and installed Hays as president. In 1905, construction started on a new line from Winnipeg to Prince Rupert. It was to link up with the government-owned National Transcontinental Railway, being built between Moncton and Winnipeg, creating a second national rail network.

Meanwhile, the Canadian Northern was forging ahead with its own transcontinental line from Quebec City to Vancouver, via Ottawa, Winnipeg and Edmonton. By the time the two lines were built, Canada had more kilometres of track per capita than any country in the world.

Hays was no desk-bound bureaucrat. He made several arduous trips through Western Canada to check out the new western line, including a 14,500-kilometre odyssey through the Canadian northwest in 1904 with Grand Trunk directors and staff.

He recounted the trip in a long letter to Wilson. In an incident that foreshadowed his deadly encounter with an iceberg aboard the Titanic, a steamer carrying Hays and his party north along British Columbia's coast struck a rock in heavy fog. Fortunately, the boat wasn't damaged and the rising tide lifted it afloat a few hours later.

At Port Simpson, 800 kilometres north of Vancouver, Hays transferred to the Hudson Bay Company's steamer Mount Royal and travelled nearly 300 kilometres up the Skeena River to Hazelton, B.C. "The valley of this river, it is believed, will afford the easiest and most direct approach to the coast from the interior for our new railway," Hays told Wilson.

In 1906, Hays reported on a 1,200-kilometre journey he'd taken along the new rail line from Portage la Prairie to Edmonton. "This trip can never again be taken in this way," he wrote. Settlers increasingly were fencing off the trails and short cuts his party had followed.

As for the rail line, "what has been completed will present a more creditable appearance in the uniformity and excellence of the work than any new railway I have ever seen," Hays declared. "Certainly nothing heretofore done in Canada will approach it."

Later on the same expedition, Hays approvingly visited the site of the new town of Prince Rupert, at the railroad's western terminus. He'd chosen the location because of its fine harbour and relative proximity to the markets of Asia. He imagined an active port and another grand railroad hotel — never built — to house the tourists he was convinced would pour into his new West Coast city.

Alas, Hays, who became president of the parent Grand Trunk company in 1909, was a century ahead of his time. The Grand Trunk Pacific was too far from population centres and lacked the feeder lines needed to funnel business to the main line. And the high quality of the line that Hays had boasted about inflated costs far beyond original projections.

Hays died on the Titanic two years before the new line opened to traffic in 1914. The world was on the brink of war, and the resulting plunge in traffic and western Canadian immigration helped seal the company's fate.

The Grand Trunk Pacific defaulted on loan payments to the federal government in 1919 and was swiftly nationalized and incorporated into a new Crown corporation, Canadian National Railways. The subsidiary's financial woes also fatally weakened the parent Grand Trunk. By 1923, it too had been absorbed into the CNR.

It's impossible to know what might have happened had Hays lived. He was in his prime when he died, a month shy of his 56th birthday. "You wonder, had he survived, maybe his business acumen could have turned things around," says Murphy. Hays, he notes, "ran the company out of his back pocket. That went down with him on the Titanic."

Hays bequeathed an impressive legacy — the magnificent hotels, the first-class rail line and the city of Prince Rupert, now poised, perhaps, to realize the destiny that Hays foresaw for it. Melville, Saskatchewan is named after him, as is Mount Hays, overlooking Prince Rupert on Kaien Island. His ghost is said to haunt the Château Laurier, which opened about six weeks after his death.

But had he lived, Murphy suggests, his legacy would have been much greater. "Maybe," he muses, "Hays would have been the great railway legend and Van Horne would have been playing second fiddle."

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