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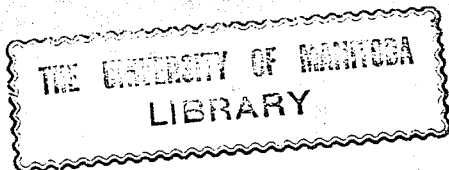
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TITLE .Transportation in western Canada. 1785.-.1885...
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TRANSPORTATION IN WESTERN CANADA 1785 - 1885.

Introduction.

CHAPTER 1.

The 'Canoe Route'; 'York Route'; and the American Phase to 1874.

The general importance of transportation has been estimated by Macaulay in the following words, "Of all inventions the alphabet and the printing press alone excepted, those inventions which abridge distance have done most for the civilization of our species. Every improvement of means of locomotion benefits mankind morally and intellectually as well as materially and not only facilitates the interchange of the various productions of nature and art, but tends to remove national and provincial antipathies, and to bind together all the branches of the great human family."^{1.}

In Canada, the natives had for centuries followed the waterways, the chief means of communication, and when these were interrupted, the lines of least resistance overland, pointed out by the tracks of wild animals. Thus they acquired a first hand geographical knowledge of the country, which enabled them to wander to their destination by various routes. They had, however, a few recognized paths, such as the one from Lake Nipigon overland to Lake Winnipeg and the old 'canoe route' that they generally followed with modifications answering to their needs or inclinations. Usually they passed via Dog Lake and a Thousand Lakes.

Whittier's verses suitably suggest the early progress.

'Behind the scared squaw's birch canoe,
The steamer smokes and raves,

1. Macaulay's "History of England" Vol.1. P. 370.

And city lots are staked for sale

Above old Indian graves.

I hear the tread of pioneers

Of nations yet to be

The first low wash of waves

Where soon shall roll a human sea.'

We shall first examine the 'primitive' means of transportation.

By the time of the conquest the French had gone as far west as Nipawee on the Saskatchewan river.^{2.} They carried on a fur trade under the "license" system. The government regretted to see their youth flock into the interior and become indianized. It was impossible however, to attain perfect control and by 1763 the Coureurs de Bois or French fur traders had increased to a considerable number. With the conquest the French interest in the fur trade lapsed and we have the services of these people with a knowledge of the waterways equal to that of the native at the disposal of a new set of men, who began to visit the interior and 'had adapted the plan of travelling together in parties of 30 or 40 canoes, and keeping their men armed'^{3.} as a means of protection against the Indians whom they corrupted.^{4.} By 1787, through the amalgamation of the original North West Company formed in 1784 and their rivals, operating under the leadership of Pangman and Peter Pond, this new set of men organized

2. Now near the city of Prince Albert.

3. MacKenzie's Voyages p .10.

4. Ibid. pp.13. 'In short it appeared that the natives had formed a resolution to extirpate the traders;... it appears to be incontrovertible that the irregularity pursued in carrying on the trade has brought it into its present forlorn situation.'

as the North West Company. Later the autocracy of Simon McTavish and the inducement of enormous profits drove the younger men of the Company into opposition under the name of the X.Y. Co. Finally, they were united in 1805 and carried on a brisk trade with the interior for the next sixteen years.

The old North West Company's route to Central America followed the boundary line, between British America and the United States, as far as Rainy Lake. It was known as the "Pigeon River Route". The 'Kaministiquia Route' which superseded it remained in continual use up to 1821 when the North West Company amalgamated with the Hudson's Bay Company. Both companies had stations on or near this route but the former made the most extensive and exclusive use of it. The latter made use of another means of communication, (the Hudson's Bay Route to be examined next.)^{5.}

Thomas Moore's Canadian Song suggests very well the 'start' in May from St. Ann's, a little village at the southwest end of the island of Montreal. Services were held in the village church, friends assembled, then the voyageurs, singing their ditties, drew away from the throng keeping time to the 'evening chime'. They sailed up the Ottawa river then up the Mattawa, its branch, to the point where the Little river flows into it; then they passed over the height of land and entered a feeder of Lake Nipissing; sailed over the French River, its outlet, to Georgian Bay, along the north shore of Lake Huron to Sault Ste. Marie, along the north shore of Lake Superior to Fort William, which may be considered as a Divis-

5. The Canadian Expedition 1857 used the Kaministiquia Route. Prof. Hind records it took them 27 days 6 hours. The following year the journey to Fort Garry over the Pigeon River Route was made in 21 days 6 hours.

innal point. 'North Canoes' made of birch bark were used for this section. They were 35 feet long and weighed from 300 to 400 pounds.⁶ It was early in July before Grand Portage was reached and the Northmen were beginning to assemble. Those from the far interior, Athabasca for instance, waited at Rainy Lake. To man the canoes from Fort William thither some of the 'porkeaters'⁷ had to be enlisted. The smaller or 'inland' canoes used for the interior were often supplied by the natives and could be manned by four or six men. The party was broken up into 'brigades' consisting of a half a dozen canoes, piloted by a man of superior skill and long experience.

From this point (i.e. Fort William) to Rainy Lake the route passed over a series of shallow rivers and small lakes interrupted by troublesome portages. After the Kaministiquia river the first water body of any importance is Lac des Mille Lac. Leaving this at Baril Bay the route ran to Baril Lake, Brulé portage, Windegoostegoon Lake, the Great French portage, the Koogassikok or Ogasegakning Lake, Pine Portage, Deux Rivieres portage, Lake Sturgeon, Island Portage, Sturgeon River, Nequaquon Lake, Nameukan Lake (or Lac le Croix), Snake Falls, Bear Portage,⁸ and finally to Rainy Lake. From Rainy Lake the route ran over Rainy River, Lake of the Woods, the Winnipeg River, Lac du Bonnet, and into Lake Winnipeg at Fort Alexander, where the brigades usually split up into two sections. The larger division went into the Athabasca country to trade, the remainder went south on the Red River to procure food supplies. The northern

6. Sir Geo. Simpson "A Journey Round the World" Vol. 1 p. 14...

7. 'Porkeaters' were the men who worked between Montreal and Fort William.

8. Vide Map Appendix 3 to Journals Vol. XVI No. 2 1858.

route passed through Cumberland House, over Pine Island Lake, several minor rivers, Pelican Lake, Portage de Traite, Lake Idle a'la Crosse --- to Portage La Locke, a ridge 13 miles wide dividing the waters which flow into the Hudson Bay and the Arctic, through Clearwater and Athabaska rivers to Athabaska lake (or Lake of the Hills). It was generally about the end of September before the laden canoes arrived at the various forts of the North West Company with supplies for the eager natives. Slave Lake, Slave River and the Mackenzie river were used to reach the Beaver, Inland and Mountain Indians.

It has been estimated that during the hey day of the North West Company over 2,000 people passed over this route annually. The voyageurs worked 18 hours a day - little wonder that Moore has them praying for "cool heavens and fav'ring airs". Benjamin and Joseph Frobisher, the first directors of the Company stated that there were over 90 carrying places between Montreal and Lake of the Woods alone. At every portage each voyageur had to carry two "bundles" which were suspended from his head so as to enable him to use his hands for brushing aside the small shrubs that generally covered these portages. At the 'decharges' only the cargo was carried, while the boat was dragged over the shallows by means of a line operated from the shore. Every night they had to unload and in the morning reload the cargo, but all their hardships were borne cheerfully. It took them 12 days to come from Lake Superior to Red River. The feats performed by these men in the battle with the wilderness in 9. Frobisher 1775 interrupts H.B. Indians on their way to Churchill.

the fight against immense distances has never been surpassed if ever equalled.^{#.}

When the two companies united in 1821 Allan MacDonell says, "the route via the lakes was abandoned not because it was an objectionable one, but because the continuing of it as the route would in all probability lead to another competition for the trade from Canadian merchants."^{10.} While Simpson held in 1857 that "there is no trade which would justify any outlay" and that unless "the Bank of England were expended" this route to the interior could not be made practicable.^{11.} More concerning this will be said in a later chapter. It suffices here to say that the North West Company's route fell into disuse. The conveyance of wheat for the military troop at Fort Garry was probably the most important use made of it until Dawson renewed the project.^{11.}

For the next 40 years, roughly, the Hudson Bay route assumed importance from the fact that it was almost exclusively used by the suppliers of the interior. York Factory was the great entrepot of the Hudson's Bay Company. Generally two ships a year came from England to Hudson Bay. The ships discharged their freight into schooners which the company kept in the bay for the purpose and these went up the mouth of the dreaded Nelson to York Factory, taking out the return cargo in a similar manner.^{12.} Ice, which in one form or another

#. The Canadian North West Legislative Records - Prof. E. H. Oliver P.631 quoted from Isaac Cowie.

10. Report from Select Committee 1857 P.387.

11. Ibid P.162.

12. Canadian Sessional Papers 1887 Paper 15 (b).

er is to be found in the bay all year was the chief menace to the ships. The 'young floe ice' disappears annually, but the 'heavy Arctic ice', a product of many winters, reaching a thickness of 40 feet was dangerous. It flows through the straits early in July, disappears about August and returns in October. Icebergs are to be found in the bay all year round. Examining 116 consecutive arrivals of the company's ships at York Factory Lieut. H. R. Gordon, who was in charge of the Hudson Bay Expeditions in the early 80's, found that the earliest date of arrival was August 6th, the average date September 4th.

The Hudson's Bay Company attempted to supply the wants of the entire interior but could not meet the demand. The consequent failure led private individuals to undertake importing. 'In the fall of 1823 the Hudson's Bay Company introduced a paper currency into the country consisting of 12, 5s, and 1s notes payable at York Factory, on a Bill of Exchange on the Governor, Deputy Governor, and Committee of the Hudson's Bay Company London at sixty days sight^{13.}'. Later, the bills were drawn at Upper Fort Garry. This method of importing goods to Red River was 'slow, unprofitable and vexatious.' The merchant drew at Fort Garry a Bill of Exchange on London in the month of October or November. This he transmitted, generally, to the secretary of the company London, who fulfilled the orders by June and despatched the goods to Hudson Bay in a sailing vessel chartered by the company. It was fully a year before the goods arrived at Red River. At first the company organized the "brigades" that worked almost incessantly during the open season between Fort Garry and York

13. Nor'Wester Feb. 28, 1860.

Factory. The Portage La Locke Brigade helped to distribute the English manufactured goods. This brigade started in the spring from Fort Garry. At Norway House they met those that carried the goods from York Factory; taking over their cargo they made their way to the Athabaska district as far as Portage La Locke where they exchanged their load for the 'traded furs' conveyed by the Athabaska brigade. On their return they aimed to reach York Factory by September, in time to catch the company's vessel before it returned to England. If early, they waited until it arrived, so as to enable them to take back to Fort Garry whatever freight they could carry. The transportation campaigns were in the hands of the council of the Northern Department of Rupert's Land which exercised control over the minor councils located in what are now the provinces of Quebec and Ontario as well as those of Columbia and New Caledonia beyond the Rockies. They were so well planned that brigades starting from places as far apart as the Lower MacKenzie river, and from Red River District, and others from Fort Vancouver and from York Factory were so nicely timed to meet at fixed points, that they rarely failed to connect on schedule time.

The route from York Factory to Lake Winnipeg via Oxford House was greatly improved since 1821 but it was still in the 40's impracticable for extensive use. The growing traffic necessitated more adequate facilities nevertheless the company neglected to improve the dangerous shallows. In fact, this neglect was part of an attempt to enforce the monopoly of trade, which would have been successful had it not been for another means of communication to be discussed below. The company adapted a non-cooperative attitude towards the trade of private individuals. Sir George Simpson states that they refused to bring out British manufactures for James Sinclair 'on the ground that

14.
 he was to employ them in the fur trade! In 1844 Sinclair and McDermot had bought up a considerable amount of tallow in the Red River Settlement. They took it to York Factory, expecting to export it to England by the company's vessel. The company claimed that they had insufficient tonnage - at any rate, the tallow remained behind and had finally to be sold to them. The spirit of the proclamation issued by Governor Alexander Christie on Dec. 7, 1844, however, throws some light on the above incident.

"The H.B. Co's ships will henceforward not receive at any port goods addressed to any person, whatsoever unless he shall at least a week before the day appointed for the departure of the winter express, lodge at the office of Upper Fort Garry a declaration to the following effect: 'I hereby declare that since the 8th day of Dec. inst. I have neither directly or indirectly trafficked in furs on my own account, nor given goods on credit, or advanced money to such as may be generally suspected of trafficking in furs; moreover if before the middle of August next I shall appear to have acted contrary to any part of this declaration I hereby agree that the H.B. Co. shall be entitled to either detain my imports of next season at York Factory for a whole year, or to purchase them at the original cost of the goods alone.' "

15.

The company, in England, failed to give any notice as to when their ships would sail, thus many importers were continuously disappointed. Such a state of affairs was bound to lead to a change. Sinclair and McDermot, among the private importers, were by this time *the* chief 'freighters', and also the agents of the company. Two trips

14. Report from Select Committee 1857 P.62.

15. Ibid P.272.

with from fifteen to thirty five boats (of which the one in the spring
 was the most important) were made annually.^{16.} The company charged 62
 (or more) to deliver the goods from England to York; from York to
 Fort Garry merchantmen and company alike paid 20¢ per ton.^{17.} Dawson
 put it approximately at \$100.

On Aug. 7, 1846, Col. J. F. Crofton accompanied by 382 persons,
 28 pieces of artillery and a mass of stores started over this route.
 In the distance of 700 miles, as he estimated it, there were 34 por-
 tages over which boats and all had to be carried. In 1857 Captain
 Palliser came over the same route. As one might expect the Hudson's
 Bay Company did more than justice to the comparative advantages of
 the York route, hence the two imperial expeditions followed it.

Eighteen hundred and fifty nine may be set down as the date when
 it became hopelessly antiquated. In that year the Hudson's Bay Com-
 pany entered into a contract with an American gentleman - Mr. J. C.
 Burbank to carry their supplies to Red River via the United States.
 In July next year the Nor'Wester wrote '---it is really something
 new to see 14 Saskatchewan boats at the lower fort awaiting the ar-
 rival of their outfits by a Minnesota steamer'. The route was not
 completely closed for the company's officials found it convenient,
 and when the Sioux War closed the American line it was revived. Yet
 for purposes of general trade its day was over. For a number of years
 it survived as a means of providing the Northern Trappers' Posts and
 carrying the furs, as distinct from the Buffalo skins, to England.

16. These boats carry from 3-5 ton and are manned by 7-9 men.

17. Report of the Select Committee 1857 P.71.

American communication opened before 1859, but the consequences of the wreck of the "Kitty" in the ice jam of the straits in the fall of that year indicate that many who possessed a small amount of capital still imported over this route. The companies practice of keeping a two year supply in their colony stores had been gradually abandoned with the increase in the number of small importers. The loss of this vessel(chartered to carry goods for ordinary settlers) was severly felt in the settlement because it cut off the greater portion of the year's supply.

It remains, in this chapter, to discuss in part, the American phase of transportation which was of great importance up to 1880.

When Selkirk took his final leave from Red River in the fall of 1817 he travelled through the United States. For the next three years the settlement passed through a period of depression. Frost, locusts and their larvae destroyed all vegetation and the people had to resort to primitive means of securing a livelihood. In the spring of 1820 a number of settlers by means of flatboats brought into the colony 250 bushels of wheat from "Prairie du chien", a little town on the Mississippi river. As early as 1822 we get private traders appearing on the American frontier. Next year Americans drove into the settlement about 300 cattle. In 1825 the second large drive of cattle took place and an unsuccessful attempt was made to import sheep from the United States. The Americans were forming the habit

Note: H.B. Co. objected to private importers using the Indians for York tripping, as it was liable to divert attention from the fur trade. Vide appx.3 to Canadian Journals 1858 Sec.282 Simpson to Ed. Mowatt Fort Garry June 5, 1844.

18. Lord Selkirk's Work in Canada - Chester Martin P.140.

19. Ross - 'Red River Settlement' P.50.

20. Chester Martin - Proceedings of the Mississippi Valley Historical Association Vol.7 P.258.

of bringing hardware, tea, tobacco and other articles to the frontier which they exchanged there with the poorer people from the settlement for robes, leather provisions etc. The moneyed man imported English goods through the company's vessels. 'St. Peters to them (the poor) is what London is to the moneyed man'^{21.} In the fall of 1844 the Americans came right through to Fort Garry. It was not until the spring of 1847 that the traders of Pembina and Fort Garry began to take the products of the North West to St. Paul to exchange for the merchandise and liquor brought from 'the home of civilization by the steamboats of the Mississippi.'^{22.} In 1856, however, the 'Company's country' opened 'direct trade'^{23.} with the United States. Five hundred waggons, carrying wheat, tallow, beef, and other produce went through to St. Paul or St. Anthony (now Minneapolis) and sold their burdens.^{24.} We can think of 1856 as the year when the American trade assumed importance. An idea of the growing importance and briskness of the trade can be formed from the fact that next year Prof. Hind passed 5 caravans of 61 carts while on his way to St. Paul via Crow Wing.^{25.} 'Within the last few years' he records 'many hundred head of cattle have been driven across the prairies of Minnesota to St. Paul and sold well there'.²⁶

In the fall of 1858 an inspection was made of Red River by Hon. R. Blakely and Hon. John R. Irvine with a view to ascertain whether it was navigable for steamers. They, believing it navigable for

21. Ross - Red River Settlement. P.340.

22. Weekly Free Press Dec. 22, 1877 - Letter by Hon. R. Blakely to Hon. H. M. Rice Dec. 9, 1877. Vide also Canadian North West Legislative Records P.333.

23. Strictly this term is incorrect - must be taken to mean trade of any consequence.

24. Report of the Select Committee 1857 P.108.

25. Appx.3 Can. Journals 1858 Vol.16, No.2, Secs.309-20 incl. Hind estimated the distance 588 miles. (See for exact route.)

26. Ibid. Sec.295.

four or five months a year advised the St. Paul Chamber of Commerce to open communication with Fort Garry at once. The Chamber of Commerce offered a bonus of \$1,000 to the one who would build a boat for the purpose. To meet the proposal of Capt. Anson Northup, however, the city was canvassed and another \$1,000 raised by individual subscription. Northup owned the 'North-Star' on the Mississippi which was at Gull Lake. He called for the aid of his friends who took the machinery, furniture, and cabin of the North Star and loaded it upon their sleds, and with 17 span of horses, 13 yoke of oxen and 30 men, started for the Red River, across a country without a road or inhabitants, upon a journey of 200 miles in the dead of one of the coldest winters of this latitude'. After they had reached Lafayette, opposite the mouth of the Cheyenne River a hull was built and the machinery put in. The 'Anson Northup' - the first steamer in the waters of the Red River - was launched on May 19, 1859. It ran up to Fort Abercrombie and on June 5th started for Fort Garry. For the first three weeks in June Mr. Blakely threw his efforts into the establishment of a stage service in conjunction with the steamer. After the bridges and stations were constructed as far as Georgetown he returned to St. Paul to learn that his partner J. C. Burbank had bought the "Anson Northup". Thus was consummated under their control a through stage and steamboat route from St. Paul to Fort Garry. That winter J.C. & H.C. Burbank and Co. bought out J.C. Burbank & Co's interest in the steamboat. It was repaired and ran re-

27. Baldwin Olmstead, Lewis Stone, Z.H. Morse, J.B. Young, John R. Irvine.

28. Blakely to Rice, Dec.9, 1877. Weekly Free Press, Dec.22, 1877.

29. 100' long, 24' wide and able to carry 75 tons.

gularly during the season of 1860. The new Burbank Co. ran four "brigades" of 25 freight waggons between St. Paul and Georgetown, where the steamer waited to take the freight on to Fort Garry. The four horse coaches of the Minnesota Stage Company also connected with the boat, which was scheduled to leave every tenth day. The people, however, were still a little distrustful as to the navigability of the Red, hence a huge caravan of 300 carts left for the United States in June 1860. Most of the goods imported by the steamer belonged to the Hudson's Bay Company. Sir Geo. Simpson was associated with Burbank in the ownership of the boat and a contract was entered into by the two companies whereby the Burbank Co. were to deliver at Fort Garry a minimum of 500 tons of H.B. Co's freight for the next four years. The freight charges were \$5 per hundredweight from Fort Garry to St. Paul; \$6 from St. Paul to Fort Garry. The passenger rate was \$35 either way. When the steamer arrived on June 11, 1861 it bore the name "Pioneer".

In the winter of 1860-1 the machinery and tackle of the "Freight-
 30. er" was taken to Georgetown from Big Stone Lake, in Minnesota, and put into the "International",
 31. which made its first appearance at Fort Garry on May 26, 1862, bringing 100 tons of freight and in the neighborhood of 200 gold-seekers; who, after a fortnight's stay in Fort Garry, took the overland route to the Cariboo district of British Columbia. The "Goose Rapids" were a great bane to the steamer & the

30. This boat was bought by Capt. J.B. Davis and E.D. Robinson with the intention of putting it on R.R. to run with the Northup but the shallow waters of the Minnesota river over which it was to be conveyed to Lake Traverse and R.R. injured the boat and it was left at Big Stone Lake.

31. 137'x26' Drive Wheel 15'.

low waters often delayed her for weeks at a time. Her difficulties were described by Hay in verse.

"She hove and set, and hove and set
 And high her rudder flung
 And every time she hove and set
 A wusser leak she sprung".

The outbreak of the Sioux War in the United States in Sept. 1862 rendered the American route dangerous. It had to be abandoned because the American government failed to give the Burbank Co. the necessary military protection. In consequence, two more or less antiquated means of importation were temporarily revived. In this short (since '59) period the number of boats going to York had been reduced to less than one-third the former number. The Hudson's Bay Company was forced to revive this route and so great were their needs that private citizens were refused the service of this means of communication. They were compelled therefore to resort to the ox-cart trips to St. Paul.

After being idle for two years during the Sioux disturbances the "International" appeared again at Fort Garry on May 1, 1864. This year Messrs. Burbank & Co. sold their interest in the steamer to the Hudson's Bay Company (including N.W. Kittson their representative in St. Paul), who ran it as a general traffic boat, although they carried chiefly their own goods. In the spring of 1871 Hill Grigg & Co. entered into competition, placing their steamer, the "Selkirk" at the service of the Red River people. This being the

32. Charges St. Paul to Fort Garry by way of Benson or St. Cloud, 1st \$28.50, 2nd class \$25, freight \$4 per 100 lbs.

only 'bonded' vessel that spring they took advantage of their monopoly by charging extortionate rates. On May 20, 1871 Mr. Kittson gave \$100,000 bonds to the American government to secure the establishment of a bonded waggon and steamboat line from Benson, on the Pacific Railroad, to Pembina. In July Kittson got possession of both steamers - 'the Kittson Red River Transportation Line' was formed. Next season he ran the 'International', 'Selkirk' and a new steamer the 'Dacota', from Moorhead to Fort Garry. They connected with the Northern Pacific, St. Paul and Pacific Railroads and the Minnesota Stage Co. The line was bonded under the U.S. Treasury Regulations for the transportation of freight 'in bond'. They maintained for the next few years a rigid monopoly. Immigrants either had to pay a heavy duty or bond their goods at the Port of Entry. This was a vexatious system involving long detentions.

It may be well at this point to drop the history of the steamboat and trace the growth of land transportation, including the trails as well as the railroad progress towards Western Canada from the South.

In the 40's and the 50's caravans travelled to St. Paul via Crow Wing on what was known as the "wood-road". Crow Wing was also connected with Superior City and Prof. Hind wrote in 1858 "all seem to think that a plank road from Superior City to Crow Wing --- would secure the trade of the valley of Lake Winnipeg." The United States at this time had no railroad further west than La Crosse, a village on the Mississippi in the southeast of Minnesota. Goods which came there from Chicago and the East were taken for 208 miles to St. Paul

33. Rates 1872, Ft. Garry to St. Paul. 1st class \$22, 2nd \$17. Duluth to Ft. Garry \$19, 2nd \$15, freight \$3 per 100 - Weekly Free Press April 1, 1872.

34. Appx. 3 to Journals H. of C. 1858, Sec.312.

? by the steamers of the Mississippi. It was not till 1867 that St. Paul was connected by rail with the East.

The first stage line, as stated above, was established under the direct supervision of Blakely in June 1859. This was known as the "middle road". Although the old Burbank & Co. of which Blakely was a member sold out their interest in the "Anson Northrup" to Messrs. J.C. & H.C. Burbank & Co. still Blakely and A.W. Carpenter were the owners of the Minnesota Stage Co. which continued to operate from St. Paul to Georgetown in conjunction with the boats. The "middle road" ran from St. Paul to St. Cloud via Kandotah, Osakis, Alexandria, Breckenridge, and Graham's Point to Georgetown the halfway house where the 'through carts' crossed the Red River on a scow and continued via Pembina ^{35.} to Fort Garry. The trip took on the average 20 days. 'This route --- (St. Paul to Georgetown) --- was -- constantly travelled by long trains of white-covered waggons --- stages were also constantly passing and repassing; parties of southern gentlemen were returning to their tropical homes from the buffalo and elk hunt ---' All winter long goods were transported by Burbank's "Brigades" ^{36.} to Georgetown, so as to be ready for the steamer in the spring. The Minnesota Stage Co. erected stations for passengers, and stables - on the whole - the system of transportation for a primitive one ^{37.} was efficient.

35. Nor'Wester, Nov. 15, 1860.

36. The North Western Express Co. was another name for Burbank's line.

37. In 1862 their rates for passengers was \$30 and \$50 a return, mdse. 1¢ per 100 lbs.

Note: During the Sioux troubles the line only functioned as far as St. Cloud, and on occasions up to Ft. Abercrombie opposite where McCouleville now is. The R.R. people got their supplies there.

This stage line however was soon to be affected by the development of the American railroad system. We have in this connection to deal with the St. Paul and Pacific, and the Northern Pacific Railroads.
38.

The Minnesota & Pacific Railroad Co. was incorporated by the Minnesota Legislature on May 22, 1857 for the purpose of building 2 lines one from Stillwater to Breckenridge by way of St. Paul, and the other from Minneapolis (St. Anthony) via St. Cloud and Crow Wing direct to St. Vincent. On March 3rd congress had made a landgrant to Minnesota of 6 sections in width on each side of these lines amounting in the aggregate to 2457600 acres. 'The great object proposed by the St. Paul and Pacific Railroad Co. and for which the grant of lands held by them will be a munificent endowment' said President Rice 'is to connect by railroad, the navigation of the Mississippi River and its tributaries at St. Paul --- and Stillwater --- with the Red River of the North and other navigable streams of North West British America.'
39.
(?) By 1867 the north branch was in running order to St. Cloud, where the stage line connected. The private merchants of the British interior who kept up the trips to the States until the fall of 1871 were not compelled to go beyond St. Cloud. The opening of the main line however AS A NEW FREIGHT AND PASSENGER ROUTE TO THE NORTH WEST
40.
is associated with Hill Grigg & Co. On Oct. 3, 1870 that company opened the route from Benson to Fort Abercrombie (110 miles) which was 70 miles shorter than the St. Cloud route. The Minnesota Stage Co. during the summer of 1871 had stages running from Benson and Mor-

38. Changed by Act, March 10, 1862 to St. Paul & Pacific.

39. Statement by Hon. Edmund Rice, Pres. of Co. & State Senator, St. Paul, July 1, 1862 - Rawlings "America from the Atlantic to the Pacific" P.233.

40. The Manitoban, Nov. 5, 1870.

ris to Frog Point (40 miles below Fort Abercrombie) - for that season the head of navigation. Since traffic was heavy the company determined to connect directly with Manitoba. The railroad had reached Morris and it took 5 days to go to Fort Garry. The first trip was made on Sept. 10, 1871.^{41.} As for freight the steamers found it impossible to carry all that was brought to them from the railroad terminus by H.C. Burbank's 450-ox-teams and 50 horse-teams which were constantly at work.

On July 1st, 1870, work was commenced on the Northern Pacific Railroad, by March 4, 1871, it was completed and in operation from Thomson to Brainerd, where it crosses the Mississippi. By that time a third branch of the St. Paul and Pacific running through the Sauk Valley between the two mentioned was pointing towards the Red River Valley.

Having surveyed the rather intricate history of the American phase of Transportation to Western Canada up to 1872, - by cart, steamer and rail we can sum up the situation thus. The old cart trips by private merchants had practically ceased; a stage line connecting the temporary termini of the branches of the St. Paul and Pacific and Northern Pacific Railroads with Fort Garry existed; the steamers operating from the head of navigation on the Red River to Fort Garry were under the Kittson line; the freighting between the railroads and the steamers was done by H.C. Burbank's "bull brigades"; and the railroad progress towards the West was at the rate of a mile per day.

During 1872 the Minnesota Stage Line continued to run three times a week giving a 36 hour service to Moorhead where it connect-

41. Stage left Morris, Tuesdays, Thursdays and Saturdays and arrived on alternate days.

ed with the Northern Pacific Railroad. It connected too with the St. Paul & Pacific at Breckenridge. By August the St. Vincent extension had reached Crookston, the crossing of the Red Lake River 20 miles east of Grand Forks. The land grant of the St. Paul and Pacific would have reverted to the government for the unfinished portions of its lines by March 3, 1873, if legislation had not been secured for the extension of time to Dec. 3. Two hundred and fifty miles of construction were necessary to complete the branch lines from Sauk Rapids to Brainerd and from St. Cloud via Alexandria, Glyn-don (or the crossing of the Northern Pacific, 12 miles east of Moor-head); Crookston, to St. Vincent. The Northern Pacific stretched westward at the rate of almost 2 miles a day. A period of depression was soon at hand.

In the spring of 1869 General Becker, the manager of the main line of the St. Paul and Pacific sold the bonds of the road in Holland at 70¢ on the gold dollar. It will be remembered that the original St. Vincent branch was to run via St. Cloud, Crow Wing and then direct to St. Vincent. A contract was let for the 80 miles from St. Paul to Watab and work had commenced. In 1871 the St. Paul and Pacific Company was authorized by Act of Congress to build its St. Vincent branch in another direction. The Northern Pacific urged this legislation but when part of the new route had been constructed they claimed priority over the land grant for the entire distance dating from 1864, (the year of their incorporation) and insisted that the claims of the St. Paul and Pacific could not date from 1857 as if it were the original branch, but from 1871 when they were given permission to change the direction of the branch. Since the Directors of the two railroad companies were identical and the Northern Pacific Company owned the entire stock of both companies since 1870, the controversy was not between the two companies but between the

Northern Pacific and the Dutch bondholders of the St. Paul and Pacific Railroad.^{42.}

At the crisis, in August 1873, it would have required another million and a half dollars to complete the main line from Stillwater via St. Paul, Minneapolis, Benson to Breckenridge. The branch from Sauk Rapids to Brainerd was graded but not railed. The St. Vincent extension - from St. Cloud via Sauk centre, Alexandria to Glyndon - was only in operation to Melrose (34), graded to Alexandria, and half-graded for the remainder of the distance; from Glyndon to St. Vincent the road was graded but railed only for 92 miles. That is,^{43.} there was a total of 56 miles to grade and 241 $\frac{1}{2}$ miles to rail. To secure the completion of the work within the time limit the court ordered a \$5,000,000 deposit on the part of the bondholders. Although they were not able to raise the money they assured Judge Dillon of the U.S. Circuit court that they expected to be able to proceed with the work.

A greater shock to railroad interests came on Sept. 18th when Jay Cook & Co., the financiers of the Northern Pacific, suspended payments on account of losses in gold and too extensive advances to that railroad. The railway company had received land grants in alternate sections (40 miles on each side) equivalent to 25000 acres per mile. Land grants were very unpopular in the United States, accordingly the company didn't ask for any further subsidy or guarantee of interest on bonds or the introduction of government directors giving it an official endorsement. These land grants and the

42. The New York Handelszeitung, May 17, 1873 quoted in Manitoban June 13, 1873.

43. Manitoban, Aug. 23, 1873.

charter were mortgaged as the basis of the \$100,000,000 bonds which were placed in the hands of Jay Cooke & Co. to sell. The company decided to limit these 7-30 bonds to \$30,000,000 and thus raise the standard of credit, relying on the great trade with Manitoba and Montana plus the land sales at the rate of \$6 per acre to the inflowing immigrants for the remainder of the necessary funds. The 'bubble' burst simply because they couldn't go on.

It is rather suggestive that in the spring of 1874, while the St. Paul and Pacific lie prostrate with \$27,000,000 of bonds outstanding and in danger of losing the land grant for 260 miles of the incompleated portion of their line, a deputation from Manitoba waited on MacKenzie urging a railroad from Winnipeg to Pembina. Having caught the "sea to sea" slogan, they wanted a railroad if not from the east then first ^{from the} south - a railway was imperative.

"The government", replied MacKenzie, "are prepared to go on with the road as soon as the St. Paul and Pacific people are ready to push theirs to the boundary line."

Note: (a) In competition with the steamers we have several companies of flatboaters who 'chinese-like' peddled goods at the levee to the detriment of the merchants. Three companies, being the most important may be mentioned. In the Nor'wester June 25, 1862 we find an add by Harris, Whiteford and Bentley who urge as an advantage over Burbank's steamer that their boats glide along without puffing and snorting and disturbing the game or using up the fuel of the Indians. They charged 19s. per 100. In 1868 J.W. McLane and Smith began business. In an add in the Manitoban Nov. 12, 1870 they stated their charges 12s. It took about twelve days to make the trip from Abercrombie. Richardson and Bradshaw were perhaps the most extensive flatboatsmen. On Oct. 10, 1874 the Manitoban writes that over 100 passed Moorhead and Breckenridge in the last 10 days.

(b) The Moorhead Star computed the trade of Manitoba for the year 1873 as follows:

Freight re-	(per Northern Pacific Rld.	23613036 lbs. (
ceived at	(" Kittson line of steamers	1500000 "	(33613036 lbs.
Moorhead	(" flatboats from points above	8500000 "	(
Freight for-	(Mdse.	12170565 lbs. (By flatboats
warded to Man-	(Lumber, grain, machinery.	2653000 "	10000000 lbs.)
itoba per Kittson	(To points along river.	1750000 "	
line.			

44. Manitoban, Jan. 8, 1872.

45. Weekly Free Press, April 25, 1874.

CHAPTER 2.

The Dawson Route: British Columbia Negotiations and the Progress on the Canadian Side to 1874.

The subject of transportation facilities from the Atlantic to the Pacific was 'in the air' for many years before it took a practical turn in 1857.

The Red River Settlement was then the nucleus of Western Canada. It had a population of about 7,000 people who were housed in little whitewashed shacks, extending along the Red River from Lake Winnipeg to Fort Garry and along the Assiniboine to Portage la Prairie. There were the descendants of the old Scotch settlers that Selkirk brought out,¹ French Canadians, half-breeds and Indians. Near some of the lakes, e.g. Dauphin, Manitoba, Winnipegosis - could be found a few families, sometimes only one in a locality. Between Fort Garry and Portage la Prairie there were about ten or a dozen homes, and at Portage about 120 inhabitants. At Pembina there were a few log houses but between the boundary and Fort Garry none. The country westward and eastward was an 'illimitable wilderness'. In British Columbia and Vancouver Island there were a few thousand whites. The most important Hudson's Bay establishments were located at Fort William, Fort Frances, Rat Portage, Fort Alexander, Lower and Upper Fort Garry, Lane's post - 23 miles from Winnipeg on the road to Portage -, Pembina, Fort Ellice, Fort Pelly, and Swan River House.

Dawson said that the people of the Red River Settlement were "contented and happy". The only Norwegian in Red River in 1857, a

1. Vide Prof. Chester Martin's 'Lord Selkirks Work in Canada' p.38-39 for a description of how they came out.

centenarian, told Prof. Hind that Red River was "a very good country for a poor man". Their desires were few, their country was a "paradise of fertility". There was nothing to whet their ambition. If they produced more than they could consume - and under the circumstances it is not surprising to learn that very few did test the possibilities of the land - their labour was wasted because there was no available market. Numerous herds of cattle roamed the prairies which necessitated extensive haying operations in the fall of the year. The most important and predominant industry of all was the fur-trade, in which most of the old residents (especially the ex-factors) were interested. Ten years prior to this, the Hudson's Bay Company was almost the sole supplier of the Northwest, but by 1856 there were 56 merchantshops of a very *wide* description which gave one the impression that a deliberate attempt was being made to conceal what they contained.^{2.} Although the Hudson's Bay Company were uneasy because of this growing opposition, still they carried goods from England for some of these merchants. Others used the American line. There were no industries, no definite trades or occupations. It did not pay to manufacture since the Hudson's Bay Company supplied both necessities and luxuries cheaply. Whatever ones opinion may be as to the motives of the Company these facts stand - that extensive settlement was to the detriment of the fur trade, and the Company wanted a monopoly of that trade. They would sell the land at a little under two dollars an acre - the title taking the form of a lease for 999 years - but all trade in furs and leather was forbidden. This condition to the tenure of the land was not removed until 1862. It

2. They contained drums of alcohol, kegs of whiskey, machinery, dry goods, hardware, gunpowder, groceries etc.

3. Vide Ch.1.

meant that an ambitious man would not go into the country, theoretically, because the utmost success would guarantee to him nothing more than subsistence - owing to the lack of transportation facilities.[#]

Having outlined the general conditions of the country we will note briefly the existing means of communication in 1857, and finally the views of the Red River Settlers on Transportation.

In 1856 the Red River colony had 2045 carts, 522 canoes and 55 boats. The West had many cart trails long used by the Hudson's Bay Company and the settlers.^{4.} One cart trail started from Fort Garry, ran to Fort Ellice via the White Mud River trail, continued to the Qu'Appelle Mission via the trail south of the Qu'Appelle river and through the Qu'Appelle Valley to the Elbow of the South Branch of the Saskatchewan - a total of 550 miles from Fort Garry. Another trail led from Fort Ellice to Fort Pelly by a trail on the west side of the Assiniboine. A third ran from Fort Garry to the Touchwood Hills via Fort Ellice and the Carlton trail, continuing to the Grand Forks of the Saskatchewan - a total distance of 573 miles. Loaded carts made their way during the summer to Carlton, Fort Pitt and Edmonton on the Upper Saskatchewan and many passed on to the base of the Rocky Mountains. Boats operated on the Red River, on the various lakes of the interior and on the Saskatchewan as far as the Elbow of the South Branch. The canoes were used on the shallow waters and for transshipments. In the winter carts, canoes, and boats gave way to dog carioles. The Hudson's Bay Company especially kept a good supply of dogs at their various posts.

#. In 1859 there were 9 churches, comparatively beautiful and substantial buildings, 18 schools and 2 libraries in the Red River Settlement.

4. Vide appendix 36 to Journals Prov. of Canada 1859 - Map of these trails.

The three modes of access to the interior have been discussed in the introductory chapter. We may add here that the Hudson's Bay Company attempted to overcome the disadvantages of the York route by cutting through a winter road. The enterprise however, was never completed. Over the Kaministiquia route via Dog Lake, Dog river, Savanne river, Thousand lakes, etc. 150 whitemen had reached their destination unguided. It took over 25 days to accomplish this journey.

As early as 1857 appropriations were made in the Provincial Assembly of Canada to provide a postal service to Western Canada. In 1858 "The North-West Transportation Navigation and Railway Co." was incorporated for the purpose of opening up the interior. They were given the right to trade in furs, buffalo meat and other articles of commerce, - to build roads between navigable waters with a view to provide means of transport from Canada to British Columbia. Four or five years had elapsed and nothing was done.

In the East the project of the Intercolonial Railway was under way. The Canadian government sent two delegates (L.V. Sicotte and W.P. Howland) to England in the fall of 1862 to seek imperial aid. The order-in-council that authorized the sending of these delegates reads in part, "in view of the financial burdens already borne by the Province and the willingness of the people to incur additional liabilities, the realization of the hopes entertained in relation to the opening of the North West is essential to render the construction of the Intercolonial railway acceptable to the Province."⁵

Accordingly these delegates also sought aid for the project of open-

5. Canadian Sessional Papers 1863 Feb. Session paper 14 (Report of Committee of Ex. Council Oct. 22, 1862.)

ing up the West. As a result of their interviews with English Capitalists a company was formed for the purpose of constructing a wagon road and telegraph line from the Atlantic to the Pacific. Canada was to guarantee one-half of the interest at 4% upon a capital of not more than £500000.

By 1863, however, the people of Red River had been roused by circumstances to give expression to their views on the opening of a road and telegraph line from Canada to British Columbia through the Red River and Saskatchewan regions. They welcomed the proposal above referred to and believing that the difficulties of the L. Superior Route were overrated, offered to build the road from the Settlement to Lake of the Woods if England and Canada would build the portion from Lake Superior to Lake of the Woods. They pointed out the advantages of the overland carrying trade to Canada; of the enlarged field to Canadian and English exporters; of the fur trade; the gold and minerals; and lastly "Central and British America would rapidly fill up with an industrious loyal people and thus from Vancouver Island to Nova Scotia, Great Britain would have an unbroken series of colonies, a grand confederation of loyal and flourishing provinces, skirting the whole United States frontier and commanding at once the Atlantic and Pacific. In this connection we feel bound to observe the American influence is rapidly gaining ground here and if action is long delayed, very unpleasant complications may arise."^{6.}

The above views were formulated at a public meeting on Jan. 21, 1863 and accompanied by certain resolutions to the same effect, drawn up

6. Canadian Sessional Papers Feb. Session 1863, paper 83. Memorial of the people of Red River to the British and Canadian governments.....

at a similar meeting the following day were forwarded to Sandford Fleming at Toronto whom they asked to represent their interests before the Canadian and Imperial governments.

They saw the wonderful progress made in the States of Wisconsin, Minnesota and Dacotah.^{7.} The 'Canadian' element began to clamor against the Hudson's Bay Company accusing it of being the impediment to their progress. The 'Nor'wester' complains of the lack of transportation facilities through British territory in the following terms 'We have no postal communication with any part of the civilized world except through the United States! For two or three years previous to 1860, the Canadian government maintained a monthly mail to and from this settlement via Fort William... This was a step in the right direction though the arrangement was very unsatisfactorily carried out. But irregular as were the mails, we had a right to expect that they would continue and gradually through experience of route would work better. The Canadian government has however discontinued this small boon and we are at this moment entirely dependent on the favour of the American government for our means of communicating with the outer world. They have at great expense established a fortnightly mail to our frontier, 60 miles from this settlement, although entirely for our own benefit.'

'If we except the round-about, slow and very uncertain route through the arctic straits of Hudson Bay it is only through or from the United States that we export furs, skins, cattle or anything else! Is this favourable to loyalty? An importer from Britain can at present get but one supply of goods in the year, and counts him-

7. In decade 1850-60 Wisconsin increased in pop. from 305391 to 775873; Minnesots from 5330 to 172,022. Vide Rawling's America from Atlantic to Pacific. P.180.

self lucky indeed if, considering the many possible mishaps, he does get it; whereas the dealer in American goods can get twenty supplies during the same time if he chooses. Almost any week from May to October ... a splendid steamboat may be seen at Fort Garry discharging her cargo of goods, and taking off packages of furs, for St. Paul, Boston and New York markets. Whose boat is this? 'American citizens'.

#

'The only decent route into this country for emigrants is the States. The consequence is that the foreigners who are settling amongst us are for the most part American citizens, or persons thoroughly Americanized ...

'By frequent intercourse with the Americans and occasional visits to Chicago, Boston, New York, etc., the impression is fast gaining ground that there is no people like our republican neighbors. We see their fine cities, their railroads and their steamers; we read of their rapid settlement of new territories and of the liberal system of legislation by which the sudden development of the resources of new districts is a matter of everyday experience. Meanwhile we see nothing of England's prosperity and greatness!^{8.} In other words they were bitter because they were 'neglected'.

Memorials and Resolutions of the Legislature of Minnesota 'to foster and strengthen friendship' were not wanting. On Dec. 7, 1859 it passed a memorial to the President of the U.S. asking that the reciprocity treaty concluded on June 5, 1854 be extended to the Hudson Bay Territory. 'Unrestricted commercial facilities' it urged

#. The American route was as follows:- by rail from Toronto to Chicago (514); from Chicago to Portage La Crosse on the Mississippi (296) by rail - this was the end of the American railway system; then to St. Paul (208) by boat; to Georgetown (290) by stage and finally to Fort Garry (480) by boat - making a total distance of 1788 miles.

8. Nor'wester March 28, 1862.

'should be sought for by both parties under sanction of their respective governments'^{9.} A memorial of Feb. 1862 points out that the American facilities in postal service and transport have 'rapidly removed former prejudices to commercial and even political association with the United States. It is not too much to say that if England shall not immediately take measures in behalf of the Red River and Saskatchewan districts, by a political organization and effective means of colonization, that the Americanization of a grain region, as large as 6 States of the size of Ohio, cannot long be postponed.'^{10.} On this the Nor'Wester commented editorially thus; 'The very widespread feeling in favour of annexation to the United States, taken in conjunction with the formal move of the Legislature of Minnesota in response to the annexation sentiment here, will go far to awaken the home government to their duty. The Minnesota memorial to congress is the HIGHEST TRIBUTE YET PAID TO THIS COUNTRY.'^{11.} J.W. Taylor the American consul at Fort Garry in his report of 1862 expresses the same point in different language. 'One thing is very apparent: unless the English government promptly respond to the manifest destiny of the great interior of British America --- the speedy Americanization of that fertile district is inevitable.'^{12.}

We are now in a position to trace the history of the Dawson route commencing with the work of the province of Canada.

In July 1857 instructions were given to George Gladman (chief) to make a thorough examination of the country between Lake Superior

9. Nor'wester Jan. 28, 1860.

10. Ibid Feb. 19, 1862.

11. The Nor'wester, Mar. 5, 1862.

12. Nor'wester, Mar. 30, 1863.

and Red River with a view to determine 'the best route for opening up a facile communication through British territory, from the Lake to the Red River Settlement and ultimately to the great tracts of cultivable land beyond them'^{13.} Simon Dawson and Napier accompanied him, each heading a party. Prof. Hind of Trinity College Toronto acted as Geologist and Naturalist to the expedition. The attitude of the Indian, now somewhat aroused by the Imperial Expedition under Capt. Palliser may be summed up by quoting a chief of the Salteaux^{14.}

13. Appendix 3 to Journals of Prov. of Canada 1858 (Instructions from Sec. July 22, 1857.)

14. Palliser carried on his work in Western Canada between 1857-60 and in 1863 was published his report (or Report July 8, 1860 P.22 Blue Book) to the Imperial Parliament on the North West Territories, where he says "The difficulty of direct communication between Canada and the Saskatchewan country as compared with the comparatively easy route through the U.S. by St. Paul, renders it very unlikely that the great work of constructing a road across the continent can be solely the result of British enterprise."

"As a line of communication with the Red River and the Saskatchewan prairies the Canoe Route from Lake Superior to Lake Winnipeg even if modified and greatly improved by a large outlay of capital would I consider be always too arduous and expensive a route of transport for emigrants and never could be used for the introduction of stock, both from the broken nature of the country passed through, and also from a very small extent of available pasture. I therefore cannot recommend the Imperial Government to countenance or lend support to any scheme for constructing or, it may be said forcing a thoroughfare by this line of route either by land or water as there would be no immediate advantage commensurate with the required sacrifice of capital; nor can I advise such heavy expenditure as would necessarily attend the construction of any exclusively British line of road between Canada and Red River Settlement." Quoted in Canadian Sessional Papers 1873 paper 2, P.50 and Rawling's "America from Atlantic to Pacific" (1865) who used this as an argument for an International Pacific Railway.

Indians near Lake of the Woods who said while in council with Dawson's party 'We have hearts and love our lives and our country --- we do not want the whiteman, when the whiteman comes he brings disease and sickness and our people perish, --- we wish to love and hold the land God has given to us and our fathers won.' It is strange in the light of later data that the Hudson's Bay Company gave the expedition all the assistance possible, helped them get men - in Dawson's words were "most civil and attentive." Dawson alone remained in the settlement by the spring of 1858. The services of Gladman and his party were dispensed with in order to reduce expenses. The Expedition of 1858 consisted of two independent parties under Dawson and Hind. Again the Hudson's Bay Company (Geo. Simpson) promised to 'forward the objects of the exploring expedition.' Natives were enlisted to serve ^{the} parties who for three summers and two winters worked uninterruptedly exploring the country. Finally in 1859 Dawson presented this scheme:- 'In the first instance, before traffic has assumed such dimensions as to render canals and railroads necessary, the cheapest and indeed the only way of opening the communication that can be adapted is to place steam or rowboats on the navigable reaches and make good land roads where the navigation is impracticable'.^{16.} This admitted he outlines the necessary land roads and the water reaches which might be rendered available.^{#.}

Considering the navigation of the Kaministiquia river impracticable except for canoes he advocated a land road (28 miles long) from Thunder Bay to Dog Lake. Then the route should continue (by

15. Appendix 3 Journals 1858.

16. Appendix 36 to Journals of the Province of Canada 1859.

#. Vide map accompanying Hinds Report of work 1857 Appx.3 to Journals.
58.

boat) for 35 miles over Dog Lake and river to the Prairie Portage. A dam would be necessary across the outlet of Dog Lake. On the five miles over Prairie and Savanne portages leading to Savanne River a landroad should be built. By building a dam at Little Falls 65 miles of unbroken navigation for steamers would be secured on the Savanne River, Lac des Mille Lac and the River Seine, terminating at the Little Falls. Next we would have broken navigation on the river Seine where boats and carts would operate (59 miles) and land carriage past the 12 portages on the river - a distance of 7 miles; steamers could operate for 208 miles from the Seine river to the North West Angle of Lake of the Woods with one break at Fort Frances where Dawson proposed to erect wooden locks. From the North West Angle to Fort Garry a land road would be built and the Red River settlers called on to supply the means of communication. This scheme was not adapted until the 18th of June 1867. What caused the delay? In answering this question we have to consider the relation of the Hudson's Bay Company to the topic under discussion.

The 'rights' of the Company were long under dispute. Since, however, they were actually in possession of the country from Canada to British Columbia their cooperation was solicited by the Province. It was pointed out to Mr. Dallas - Simpson's successor, in 1862 that the failure of the attempt in 1858 (above referred to) was due to the want of territorial rights along a great part of the route. In view of the fact that the gold discoveries on the Saskatchewan river and the Rocky Mountains were attracting many Americans thither and

17. G. Forbes MacDonald in his work on B.C. says contagion caught in the spring of 1858. Upwards of 40,000 souls landed on Vancouver Island. 'Everything indicated that the State of California would lose nearly all her male population.'

that the only means of communication being through the United States was Americanizing the Interior 'the Canadian Government (have) decided at once to establish steam and stage communication TO THE EXTREME LIMIT OF THEIR TERRITORY UNDER THEIR GOVERNMENT and are ready to unite with the Hudson's Bay Company in a mail service and post route to British Columbia.'

18.

Berens, the Governor of the Hudson's Bay Company in London expressed himself to the Duke of Newcastle on May 9th., 1862 in these terms: 'Beyond Red River to the base of the Rocky Mountains, the line will pass through a vast dessert in some places without food or water, exposed to the incursions of roving bands of Indians, and entirely destitute of any means of subsistence for emigrants, save herds of buffalo, which roam at large through the plains, and whose presence on any particular portion of these prairies can never be reckoned on. These again are followed up by Indians in pursuit of food, whose hostility will expose travellers to the great danger.

'With regard to the establishment of a telegraphic communication it is scarcely necessary to point out the prairie fires, the depredation of natives, and the general character of accidents, as presenting almost insurmountable obstacles to its success.'

19

The Company therefore refused to spend any money on the project but offered to surrender their chartered rights if they were compensated. While in this year they removed the prohibition of fur and leather trade as a condition to land tenure, yet they were alarmed at the flow of population to the various 'gold districts'.

In the spring of 1863 the "Atlantic and Pacific Transit and Tel-

18. Canadian Sessional Papers Aug. Session 1863, Paper 29.

19. Ibid.

egraph Co." (formed as a result of the efforts of the Intercolonial delegates 1862), offered (in proposals to the Duke of Newcastle) to establish and maintain communication by telegraph and a mail post from Lake Superior to Westminster in British Columbia, provided the Canadian government would establish communications as far as Lake Superior and guarantee one-half interest of the cost of constructing the remainder of the line. The Canadian government refused to accept the proposition unless the lands of the North West were made accessible to Canadian settlers and European emigrants seeking cheap lands under the British Flag. In July the International Financial Association - almost the same personnel as the above named Company became the owners of the Hudson's Bay Company under the leadership of Sir Edmund Head. The new Hudson's Bay Company now applied for the same 'rights and responsibilities' as the Atlantic and Pacific Telegraph and Transit Company, asking to be allowed to open the road in practically the same terms & a 5% guarantee from the government of Canada, British Columbia and Vancouver Island. This was stated in

#. It is interesting to note re the policy of the new Co. that they sent Dr. Rae in the spring of 1864 to select the precise route; that by Sept. 1864, 250 tons of wire ordered by the Co. had arrived at Montreal. They were acting with the confidence that the negotiations would go through. Sir E. Head wrote to Sir F. Rogers (under-secretary of state for the colonies) June 7, 1864 '--- the H.B. Co. are prepared to take steps at once for the erection of the telegraph from Pembina or Rainy Lake (as the case may be) to the Pac. at Westminster. Whether they would connect this link with the Canadian line over Br. territory, would depend upon the readiness of the Can. govt. to complete their own line up to Rainy Lake, and fulfill conditions similar to those which were originally discussed with the Duke of Newcastle --- the H.B. Co. would expect from the govt. of B.C. such support and assistance as would on their part be equivalent to the benefits conferred by a direct communication with the Atlantic ports, whether by way of Canada or U.S.' Vide Nor'wester Sept.1, 1864.

the prospectus to be its first object. ^{20;} An order-in-council Feb. 18, 1864 expressed the Canadian view thus:- 'In view of the recent changes in the constitution and objects of the Hudson's Bay Company it is highly expedient that steps be taken to settle definitely the North Western boundary of Canada --- that the claim of Canada be asserted to all that portion of Central British America which can be shewn to have been in possession of the French at the period of cession of ^{21.} 1763'. Canada had no faith in the motives of the Hudson's Bay Company. Accordingly, when George Brown was in England in 1865 in connection with Confederation he disputed their claims and insisted that the extinction of their rights was the first necessity for the development of the country. Negotiations now began for the transfer of Rupert's Land to Canada. The Company had lost all control of what was termed 'the Americanization' of the Red River Settlement and Canada urged that 'the future interests of Canada and all British North America are therefore, vitally concerned in the immediate establishment of a strong government there and its settlement as part of the ^{22.} British Colonial System'.

We have come to the time of confederation and there still was no Canadian road to the West. Minnesota was making every effort to facilitate communication with the Red River Settlement. By the summer of 1868 they had established a bi-weekly line of stages. Most of the goods were bought at St. Paul and carted over 600 miles to the settlement, (at the rate of about 16s. per 100 lbs.) or during high water shipped on the river. The York route although ineffectual for

20. Nor'Wester Aug. 19, 1863 - The prospectus of the new Company.

21. Canadian Sessional Papers 1864, Paper 62.

22. Canadian Sessional Papers, 1867-8, Paper 19. Extract from O.I.W.C. Jan. 22, 1866.

general trade was still used for bringing supplies to the northern trappers and exporting the company's furs to England.

Goods were cheaper in Canada than in Minnesota by 25%. The freight from St. Paul to Fort Garry was \$90 per ton; from York \$100 per ton. Dawson reckoned that by his plan the freight from Canada would be reduced to \$30 or \$40.^{23.} The opening of this route therefore (he reasoned) would secure for Canada the trade of Red River, the Hudson's Bay Company and even part of Minnesota. This trade and the flow of settlers would keep up the route and contribute to its improvement. Forests and mines, lands suitable for agriculture, lakes and rivers with fish could be found along the Dawson route. It would grow into a railroad, ultimately into an Interoceanic Railroad consolidating British North America and keeping pace with our neighbors to the south. Amongst the immediate advantages, as he perceived them, were - the diversion to the West of emigration which had been going on from Lower Canada to the Western States and secondly the opening of communication with the gold fields of British Columbia. Dawson never intended his route, estimated to cost £50000, to be a permanent competing line with those of the United States. He believed that it was necessary as a means of rendering the country 'accessible' and making possible greater works at some future time when the country was financially stronger and the population of the interior had increased.

In 1867 the government having adapted the scheme sent Dawson to continue his explorations with the object of commencing operations

23. Because it was 500 miles shorter and much of the distance *passable* by water.

at once. By the fall, his assistant, Mr. Snow had completed six miles of the road westward from the 'Depot' (later Prince Arthur's Landing) and extensive operations had been authorized for the year 1868. The locusts destroyed the crops in Red River Settlement and famine was the likely outcome of a long winter. The relief of this situation, by supplying work on the road - paying for the labour with supplies - the Canadian government maintained was sufficient excuse to extend this enterprise in the fall of 1868 into a country to which they had as yet no rights. The Hudson's Bay Company, of course, protested to the Imperial government on Feb. 2, 1869 'that while negotiations are going on for the acquisition of their territory by Canada the Canadian government are endeavouring to exercise rights of ownership over a portion of that territory TO THE EXCLUSION OF THE COMPANY, and to the prejudice of their title. This they do by virtue of an old claim which they have repeatedly advanced, which the Company have invariably disputed, and have declared themselves ready to contest before a court of law and which her Majesty's Government --- have declined to endorse'.^{24.} When McDougall and Cartier (who were in England in Jan. 1869) were called upon to explain the action of the Canadian Government they asserted that according to the Constitutional Act of 1791 the country between Red River and the Lake of the Woods was part of Upper Canada.

The opening of overland transportation would certainly result in a flow of population into the Red River Settlement. Anticipating this William McDougall the Minister of Public Works sent Dennis to

24. Canadian Sessional Papers 1869. Paper 20. P.13. Sir Stafford, H. Northcote to Sir F. Rogers H.B. Co. London Feb. 21, 1869.

survey the most suitable lands. Snow was instructed to cooperate with him when he took the field in [#] the summer of 1869. Thus the two works went on simultaneously. On Oct. 11th Dennis was ordered to leave the country by Riel who held 'that the Canadian Government had no right to make surveys in the territory without the express permission of the Settlement'.^{25.} The French element had no objection to the roadbuilding on the contrary they were anxious for communication. The List of Rights of Dec. 1, 1869 has this resolution. 'That it be guaranteed to connect Winnipeg by rail with the nearest line of railroad within a term of 5 years; the land grant to be subject to the local legislation.'^{26.} Again No.11 of the List of Rights which was put in the hands of D. A. Smith on Feb.7, 1870, reads 'That there shall be guaranteed uninterrupted steam communication to Lake Superior within 5 years and also the establishment by rail of a connection with the American railway as soon as it reaches the international line.'^{27.} McDougall who was now at Pembina instructed Snow to discontinue his work which was done on Dec. 7, 1869. The fact that he was the only Canadian official at liberty in Red River also indicates that the French did not oppose the project under his supervision.

#. Vide Dawsons Report to McDougall May 1, 1869. Canadian Sessional Papers 1869, Paper 43, P.3. Here he recommends that one change be made in the scheme of 1859 on the Eastern Section. i.e. to abandon the Dog Lake road and take the west branch of the Kaministiquia as the basis of a line which should embrace all the navigable water which could be rendered available. This was to pass to Lake Shebandowan. Then the route from a Thousand Lakes follows that taken by the expedition as far as the Lake of the Woods and finally by road to Fort Garry

25. Canadian Sessional Papers. Paper 12. P.39.

26. Ibid P.100.

27. Ibid. Report of D.A. Smith Appendix 11.

A Resolution adapted by the Legislature of Minnesota, March 8; 1868 contains a proposition to McDougall worth recording. After expressing regret that the territories 'between Minnesota and Alaska' should be transferred to the Dominion of Canada 'without a vote of the people of Selkirk --- who largely consist of emigrants from the United States, it entreats the president to explain to Great Britain that such action is an unwarrantable interference with the principle of self-government. Further 'that the Legislature of Minnesota would rejoice to be assured that the cession of North West British America to United States accompanied by the construction of a Northern Pacific Railway, are regarded by Great Britain as satisfactory provisions of a treaty, which shall remove all grounds of controversy between the respective countries'. The American newspapers too were discussing freely the advisability of accepting British Columbia and central British America as consideration for the Alabama claims. The 'humorous' part of the resolution urged that besides the advantage to the Canadian interior of getting better access to the American markets it would be better 'even for the Hon. William McDougall himself, whom we hereby nominate as the first United States Senator from Selkirk'.

By the fall of 1869 a road practicable to waggons was constructed from Thunder Bay to the Mattawin river (25 miles). Over this and

28. The American Road to Red River Settlement was the only one used. It took four days to reach St. Paul from Ottawa and between 4 to 6 more to go to Fort Garry. The provisions sent by the Can. govt. with which Snow was to pay the men were conveyed from Abercrombie and Georgetown by J. Schultz for 5s. per 100 lbs. Generally supplies bought at St. Paul were carted all the way from St. Cloud (500 miles) at the rate of 16s. per 100 lbs. The supply seized by Riel was carted in this way.

29. Canadian Sessional Papers 1870, Paper 12, P.80.

30.

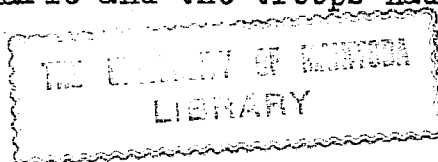
the Kaministiquia river bridges were built. Not much progress had been made on the western end of the road owing to the disturbances. On the opening of navigation in 1870 a military force had to be sent into the Red River Settlement. Accordingly Dawson was instructed early in the winter to provide suitable vessels for the navigable waters between Lake Superior and Red River. This route was hitherto held to be unfit for the conveyance of a military force. The boats were constructed in Quebec and Ontario. All winter long work was carried on on the Thunder Bay road by men who could upon the opening of navigation be employed as voyageurs on the journey. Troops were sent to help complete the work by spring. Colonel Wiley of the militia department provided waggons for the road transport and purchased supplies. The Government chartered two steamers the 'Algoma' and 'Chicora' to run as mail boats between Collingwood and Thunder Bay and thus keep up communication with the expedition. They left Collingwood on May 3rd - by the end of the month, boats, troops, voyageurs, workmen and suppliers were assembled at Thunder Bay. Dawson favoured the idea of hauling the boats over the road that had been constructed as far as the Mattawin bridge and partially constructed to within 3 miles from Lake Shebandowan. Wolseley, the commander of the force insisted on using the shallow waters of the Kaministiquia, where the boats were more or less shattered and had to be repaired at Lake Shebandowan before proceeding. Colonel Fielden led the way into the

30. Canadian Sessional Papers 1871, Paper 4, P.39.

31. Canadian Sessional Papers 1871, Paper 47.

32. In 1846 and again in 1857 the Imperial Govt. sent troops by way of Hudson Bay to Fort HARRY.

#. Note that on the 11th of May the 'Chicora' was stopped by American authorities at Sault Ste. Marie and the troops had to march over the portage



interior. Having crossed the Baril, French, Pine and Deux Rivieres by July 26th he was within 8 days journey of Fort Francis.[#] From this point to Rat Portage the difficulties were not so great, the navigation being less broken. From this portage to Fort Alexander on the Winnipeg no difficulties were experienced. Six Hudson's Bay boats were sent to meet the expedition which journeyed on to Fort Garry. With the exception of the Lake Superior end the journey was accomplished without great hardships. Had Dawson's views prevailed there, much lost time and inconveniences would have been saved. He says, 'As the expeditionary force went on, the soldiers knew that they were taking part in a movement to become historical, and that they were carrying the sceptre of their queen to a land of sunshine and fertility and of proportions so vast that it might hold half of Europe in its lap.'³³ The troops were disappointed to find upon their arrival that Riel had fled. The Expedition returned in the fall making use of the land road between Fort Garry and the North West Angle of the Lake of the Woods which under the supervision of Governor McTavish of the Hudson's Bay Company had since July been sufficiently improved to render it practicable. At the North West Angle they took up the Canoe route as far as Lake Shebandowan where they changed to the Thunder Bay road. Seventy-five of the boats used on the expedition were left at Fort Garry. Previous to the opening of the 'line' for emigrants about 2,000 people - soldiers, workmen and others passed over it to Manitoba of whom about 400 settled in the

[#]. The expedition was divided into 'brigades' of 6 boats each, carrying from 65 to 75 men soldiers and voyageurs. They combined to draw the boats over the various portages.
³³. Canadian Sessional Papers 1871, Paper 47, P.23.

34.

Province.

The Dawson route as it stood in 1871 consisted of a 45 mile road from Fort William to Lake Shebandowan; 311 miles from Lake Shebandowan to the North West Angle on navigable sections, interrupted by portages and a 95 mile road from Lake of the Woods to Fort Garry. After the Military Expedition of 1870 had passed, works of permanent construction were carried on with vigour and the Thunder Bay road was in excellent condition at the close of that season, it being possible to make a round trip with a load of one ton in three and one-half days. By the summer of 1871 the Lake of the Woods road was also completed as a result of steady work through the summer, fall and winter of 1870. The boats used in the military expedition were put on the various lakes and rivers, while contracts were let at Fort Francis for the building of two powerful steamers to ply on Rainy Lake, Rainy River and the Lake of the Woods. In the spring (1871) after organizing an Emigrant Transport Service the government advertised that they would carry emigrants by this route to Fort Garry from the 15th of June at the following rates:- (1) From Toronto to Collingwood by rail, then by steamer to Fort William (532 miles) at \$5. (2) From Fort William to Lake Shebandowan by the road, then by boat to the North West Angle and to Fort Garry by cart or waggon at \$25 (extra baggage at \$1.50 per 100). Passengers were to furnish their own supplies which they could secure at cost from the government depots at Shebandowan, Ft. Francis and the North West Angle.

On both the East and West roads there were shelter-buildings, some of which had been put up during the homeward march of the mil-

34. Canadian Sessional Papers, 1875, Paper 37. cf. The whole number of men embarked at McNeil's Landing, Lake Shebandowan on expedition of 1870 was 1431.

itary expedition. Fifteen to thirty waggons operated on the Thunder Bay road. They were used for carrying supplies to the works in progress, for transporting troops, and conveying passengers. The boats and launches on the lakes and rivers were similarly not used exclusively for emigrants but for the three purposes. When an emigrant appeared he was simply taken forward by the men on the works. On the Fort Garry road oxen were substituted for horses. During 1871 only 136 people passed over the route to Fort Garry, while 244 went the other way - some receiving abatement for the services they rendered on their trip.^{35.} The navigable portions were not in condition to bear heavy traffic such as horses and machinery.

In the fall of 1871 a second military expedition was sent over this route to repel the Fenian raids on the Red River Settlement. The number of horses on the roads having been increased and three additional launches placed on the water course the journey was completed in less than a month. Excepting the inconveniences due to the lateness of the season, including occasional storms, the journey was made without much difficulty.

By 1872 the passage was improved - more dams had been built and excavations made. Instead of letting the settlers of Red River supply the means of communication, 25 horses along with the necessary equipment were placed on the Fort Garry Road. The shelter houses too received attention. What may be considered as a setback, however, is the fact that the North West Telegraph Company connected Fort Garry with its line at Pembina in the United States. It is important to note that primitive as this route was it succeeded in reducing the

35. Canadian Sessional Papers 1872, Paper 64. - 227 were disbanded soldiers from Fort Garry. 4 ordinary passengers. 8 from Fort Francis. 5 from North West Angle.

rates on the American lines to the Settlement from \$60 to \$24.^{36.}

By 1873 it was recognized as the summer road to Manitoba. A wharf was erected at Prince Arthur's Landing. Larger launches about 45' long were added. During this summer the two large steamers contracted for in 1871, and completed by the government through failure of the contractor, were placed on Rainy Lake and river and Lake of the Woods. Thus for the first time it became possible to carry heavy freight on the overland line. The expenses of the road were very heavy while the amount of travel small. In 1872 only 475 persons passed over the route of which ^{where} 100 were immigrants. In Oct. 1873 another obstacle to the Dawson Route was removed. From the beginning the Indians claimed the absolute ownership of the land they roamed and occupied. It was by offering presents to chiefs and 'diplomacy' that the expedition in 1857 and all progress in the surveys afterwards was at all made possible. Dawson for the sake of peace advised against the projection of settlements in those regions where the Indians were numerous. Yet the success of the route necessitated more than a 'colony' at each end of the line. On the above date the Third Indian Treaty was concluded with the Salteaux tribe of the Objibbeway Indians inhabiting the country between Ontario and Manitoba - an area of over 50,000 square miles. The negotiations were

36. Canadian Sessional Papers 1873, Paper 6, P. 128.

#. The fare in 1872 was \$15 and 150 lbs. free \$2 per 100 extra; in 1873 it was \$10 - 200 free, \$250 per 100 extra.

The competing American lines were:

(1) Duluth Route.	(2) Chicago & St. Paul Route.	
Que. to Tor. per Grand Trunk	Que. to St. Paul via	
Tor. to Collingwood by rail	Chicago by rail	\$23.50
Collingwood to Duluth by	St. Paul to Moorhead by	
steamer	rail	15.00
Duluth to Moorhead by rail	Moorhead to Ft. Garry by	
Moorhead to Ft. Garry by	steamer	12.00
steamer		\$50.50
		12.00
		\$31.50

Vide Canadian Sessional Papers 1873, Paper 9, P. 13 & 14.

conducted by Alexander Morris, Lieutenant-Governor of Manitoba and the North-West-Territories, assisted by Messrs. J.A.N. Provencher and S.J. Dawson. The Indians were greatly grieved and demanded an indemnity for the violation of their rights caused by the continuous passage over 'their' land. Their demands were partially granted^{37.} because it was clear that if the treaty was not made at the time expensive military protection of the route would be necessary.

Late in the fall of 1873 the first Mounted Police detachment accompanied by a number of troops made their way to the interior. The crews were frozen in and unable to return except through the American lines. This indicated the impracticability of the route for heavy traffic towards the close of navigation. Between July 1871 (opening) and Oct. 1873, 2739 passengers were conveyed to Manitoba from Lake Superior, 805 of whom settled permanently in that province.^{38.}

On June 1st, 1874 the route was first opened for REGULAR traffic and the first immigrants by the Dawson Route arrived on the 16th of June.^{39.} The sudden demand rendered the transport service inadequate. Before the opening of navigation a contract was awarded to W. H. Carpenter & Co. to work the line. They were given the use of the government buildings and plant. They were to give a tri-weekly service, supplying meals at 30¢. The company was to use covered stages and waggons with blankets. The rates allowed were \$10 per passenger, \$2 per 100 lbs. for ordinary freight, while machinery, cattle, sheep etc. were to have special rates approved by the Department. The Company was to receive an annual bonus of \$75,000 payable in 6 equal

37. Canadian Sessional Papers 1875, Paper 8. P. 3-8 and P.18.

38. Canadian Sessional Papers, 1875, Paper 37.

39. Canadian Sessional Papers 1875, Paper 40, P.XVI.

monthly instalments.

From the beginning Dawson had in view as the ultimate result of his undertaking a railway from Thunder Bay to Lake Shebandowan to connect with improved water-stretches terminating at the North West Angle whence another piece of railroad would lead to Fort Garry. He had no doubt that at a remote time a through railroad would be established. When the work was first undertaken the American railways could scarcely be considered rivals being 600 miles from Fort Garry, while the Red River bore only one or two American boats. But the remarkable railway activity in the United States since, established easy communication both from Duluth and St. Paul to Moorehead at the head of the high water navigation on the Red. Taking these facts into consideration and the possibility of the C.P.R. opening at an early date - Dawson as early as 1874 was undecided as to whether it would pay to spend more money on the route than would keep it in fair repair.

In 1875, 1590 passengers were carried in all of whom ^{40.}38 came through to Manitoba. All other immigrants used the American lines. About 1000 tons of passenger luggage was conveyed, besides a quantity of freight for the surveying parties of the C.P.R. Four oxen, four horses, two calves and nine cows completed the total traffic for the year. ^{41.}The arrangements were again inadequate and led to complaints. The Company requested passengers to provide themselves with blankets and bedding. Dawson the engineer in charge resigned and G. M. Grant was appointed Superintendent in May. The roads and shelter-houses

40. 5000 came to Manitoba that year. Kittson line charged \$15 per ton for govt. contract of 5000 tons of rails - by this route \$40 ton. Vide Hansard 1876, P.457.

41. Canadian Sessional Papers 1876, Paper 62.

were placed in good condition. A dam was erected at Island Portage. Other works were undertaken in an attempt to flood the Maligne rapids. Dawson's conclusion as stated in his last report (July 1875) is as follows, 'I --- suggest that the line of the Red River Route might be more economically managed in connection with the opening of the Pacific Railway. Without considerable additions to the plant on the navigable sections, tramways on the *carrying* places, and a large increase in the number of teams on the Thunder Bay and Fort Garry roads the route cannot command traffic, in view of the increasing facilities for the transportation by way of Duluth and Red River.

'The sections of the Pacific Railroad now under contract and the locks in progress at Fort Francis with the other contemplated works will when completed afford easy and speedy communication between Lake Superior and Manitoba, so that it is now inadvisable to incur any expenditure further than to keep the route in repair. It is however valuable as a line by which men, material and supplies may be conveyed to the Railway works that must supersede it. From the first, the Red River Route was only intended as a preliminary line and it has so far served its purpose.

'As matters now stand with steamers plying almost daily to Duluth and a railway in operation from thence to Moorhead with additional steamers on the Red River, the number of through passengers is likely to be small. The contractors with these facts before them have already reduced their force and their operations for the remainder of the season will be confined chiefly to the conveyance of way-passengers and freight for the works in progress.

'There are experienced engineers and active young men engaged on the staff of the Pacific Railway who could manage the route and

keep it in operation to the limited extent now necessary without seriously increasing their duties.^{42.}

On April 29, 1876 the contract with Carpenter & Co. was cancelled. As one of the members pointed out in the House the arrangement was stupid because when the company received such a large bonus, no incentive was left for them to encourage traffic on this route. Clearly they could not hope to make a profit at \$10 per passenger. During this year too the route was used for conveying way-passengers and freight for the works in progress.^{43.} Next season, MacKenzie stated 'we simply propose to keep it open for the mails and for the purpose of sending conveyances over it two or three times a week in connection with the Pacific survey.'^{#.}

Sir Charles Tupper was perhaps not far wrong when he characterized the route as 'cheap and nasty'. The lack of civility and courtesy on the part of some of the officers and employees of the road, the filthy shelter houses and want of food were all causes of complaint. MacKenzie himself held it 'quite impossible to get the goods of the immigrants transported without getting wet ...'^{44.} On the other hand it must be remembered that the route succeeded in reducing the rates on the American lines. It was an indication to the people of the interior that Canada was not 'neglecting' them and at the critical moment did much to counteract the annexation sentiment. It was a resort to which they could always turn if abused by the American lines. It was a safeguard in case of military needs. To conclude - it would perhaps be difficult

42. Canadian Sessional Papers 1876, Paper 6, P.214.

43. Canadian Sessional Papers 1877, Paper 6, P.60.

#. Hansard 1876, P.453.

44. Hansard 1875, P.449.

to justify the enterprise from the commercial point of view but its place as a national work ought to be apparent from what has been stated above.

Vide 1876, Paper 62.

Appx. - Table of Distances, Rates of Passage and Freight R.R.R.
W. H. Carpenter & Co.

From Thunder Bay :	Distance between Miles :	Distance between Stations :	100 lbs. Rate from Thunder Bay to each Station.	Fare from Thunder Bay to each Station.
Claudeboye	: 16	: 16	: .32	: .80
Matawin	: 24	: 8	: .48	: 1.20
Brown's Lane	: 32	: 8	: .64	: 1.60
SHEBANDOWAN	: 45	: 13	: .90	: 2.25
Kashabowie	: 64	: 19	: 1.00	: 2.75
Height of Land	: 74	: 10	: 1.05	: 3.00
Baril	: 93	: 19	: 1.14	: 3.45
Brule	: 101	: 8	: 1.18	: 3.65
French	: 115	: 14	: 1.25	: 4.00
Pine & Deux Rivers	: 132	: 17	: 1.34	: 4.45
Maligne	: 152	: 20	: 1.44	: 4.95
Island	: 162	: 10	: 1.50	: 5.20
Nequaquon	: 186	: 24	: 1.60	: 5.80
Kettle Falls	: 207	: 21	: 1.72	: 6.30
Fort Francis	: 252	: 45	: 2.00	: 7.00
NORTH WEST ANGLE	: 377	: 125	: 2.62	: 10.00
FORT GARRY	: 477	: 100	: 3.00	: 10.00

This illustrates in detail the "Dawson Route".

Note: Some improvements were made on the route up to 1879. The total cost to June 30, 1882 was \$209195.58.

Vide Canadian Sessional Papers 1883, Paper 10(a) Appendix 19.

British Columbia was the driving force in the project of establishing TRANSCONTINENTAL TRANSPORTATION.

During the colonial period British Columbia constructed 'a good system of roads which' Langevin reported 'excite the astonishment of every stranger when the scanty population of the Province is considered'.⁴⁵ Governor Douglas took a keen interest in opening up the

45. Canadian Sessional Papers 1872, Paper 10, P.3-11 and 22-46. The population in 1871 was 10586 (8576 whites). The road 15'-25' wide.

roads from the seacoast to the interior, - from New Westminster to Burnard's Inlet and Pitt River. A packroad leading from Derby (ft. Langely) to Lytton (on the Thames) was to be completed during the winter of 1862. A natural road existed from Lytton to the Red River Settlement by the Continais Pass, from thence following the Valley of the Saskatchewan to Red River on which carts had operated. Over this road the Red River settlers often had driven their stock to British Columbia.^{#.} The Hudson's Bay Company had done a little work in opening trails through the Leather and Athabasca passes to facilitate the passage of their brigades which at that time carried supplies from the depots east of the Rocky Mountains to Jasper House, and thence westward by the Tete Jaune Cache, down the Fraser River to the various posts in the region of the country now part of British Columbia, or southwards by the Athabasca pass to the Boat Encampment or down the Columbia to the posts in Washington and Oregon. As soon as posts were established at Fort Vancouver and Victoria, supplies were shipped in directly from England and the passes fell into disuse except for the Indians. It is interesting to note that as early as 1872 according to H.C. Langevin's report British Columbia was served by a little fleet connecting it with England, Australia, China, South America and a number of the American ports.^{46.} To return to the roads, the Trunk Waggon Road lead from Yale the head of steamboat navigation on the Fraser River, through the Cascade

^{#.} H.C. Langevin's Report on B.C. 1872. 'It is no rare thing to find farmers owning from 200 to 1000 head of cattle.'

46. Steamers: 8 coasting Br; 3 Br. on Fraser R; 1 Br. to San Francisco; 2 Br. to Portland; 1 Amer. to Puget Sound.

Ships & barges : 21 to Australia, China, S. Amer; 14 to England, 3 of which belonged to H.B.Co.; 6 to San Francisco; 3 between Honolulu & Victoria.

Schooners: 28 coasting Br.

Mountains to Clinton 136 miles from Yale. At this point it was joined by a second coach road commencing at Douglas. Then it continued north for a distance of 242 miles terminating at Cameronton⁴⁷ in the heart of the Cariboo gold district. A small branch extended from Yale to Lake Kamloops. These roads were completed by 1864. Two or three miles a day was considered good progress over these excellent yet naturally difficult roads. The consequent heavy freight charges plus the additional duties imposed with a view to secure funds for the roads were a drag on the gold mine development. Passengers were conveyed by four or six horse stages; merchandise by packed trains of two to four waggons drawn by ten or a dozen mules or by sixteen to eighteen oxen. This primitive highway cost over a million dollars but it succeeded in reducing the prices of food for the miners by 50%.

When the Red River Settlers in 1863 appointed Fleming to represent them before the Imperial and Canadian parliaments it was to act in cooperation with Hon. Malcolm Cameron whom British Columbia had previously appointed for a similar purpose. 'In British Columbia' he stated 'they are putting forth every effort and have this year spent \$400,000 on a road which will yet be a part of the highway and they are resolved to meet the efforts of Canada.'⁴⁸

Sandford Fleming favoured a railroad because it would be comparatively short; have no transshipments and would be accompanied by the advantages of a telegraph. On the other hand the 'amphibious route' being closed all winter would be slow and tedious for through traffic, and of limited value for purposes of defence. 'It is true'

47. Canadian Sessional Papers 1872, Paper 10, P.46 and 209.

48. The Nor'wester, Feb. 24, 1863.

he writes 'that in preparing the country for railway service the natural water channels as far as they go may be advantageously employed but it would evidently be unwise to incur much expenditure on any route other than that best calculated to accommodate the permanent wants of the country and highest interests of the Colonial Empire.'

'Until the gross earnings of the railway in each year come up to the enormous sum of \$14,000,000 it could not pay interest on the capital invested.'^{49.} Fleming estimated the importance of the line, - nationally as a connecting chain between the British Columbia gold fields, the Red River Settlement, and the Atlantic Provinces; imper-
ially, as a link between all the Dependencies on the Pacific (also China) and the Parent Land; as a boundless field for British capital and enterprise; from the cosmopolitan point of view as serving the interests of civilization by affording an outlet for the superabundant and rapidly increasing population of the European States. In 1863 he formulated a general scheme of construction. Beginning with Territorial Roads which might take the form of a bridle path or an Indian trail he would end with a perfect line of railway when the interests of the nation required steam communication. It would be a work of time where no expenditure 'beyond the limits of the great thoroughfare ultimately in view' should be incurred.

The idea of an 'unbroken chain' from the Atlantic to the Pacific was as old as the first settlement in Canada. One of the Resolutions adopted at the Quebec Conference of Oct. 10, 1864 projected

49. Canadian Sessional Papers 1865, Feb. session, Paper 83.

communication with British Columbia and the North West Territory.^{#.}
 In 1866 it was feared that the inflow of Americans 'would sever the British North American possessions in twain, and be the means of retarding if not altogether preventing the formation of a Railway connecting the Atlantic and Pacific oceans.^{50.} 'Canada' urged the Imperial government to discourage the sale of lands by the Hudson's Bay Company to American capitalists.

On Jan. 29, 1868 a meeting was held by the citizens of Victoria in the theatre, 'for the purposes of enquiring of His Excellency the Governor, what progress has been made in the negotiations respecting the admission of this colony into the Dominion of Canada and to consider the advisability of taking further steps to accomplish that object'.^{51.} Mayor James Trimble had called the meeting in answer to a petition from the most prominent citizens of that political centre. A. Decosmos, a member of the legislative council, and later during the negotiations a very active member in the Federal House, moved a resolution favouring the entrance of Confédération adding, 'that an essential condition to such admission should be the construction by the Dominion government within two years of a transcontinental WAGGON ROAD connecting Lake Superior and the head of navigation on the Lower Fraser'.^{51.} A committee of six was appointed to further the cause of Confederation. They outlined the conditions acceptable to British Columbia in a memorial to the Governor General and the Privy

#. 'The communications with the Northwestern Territory and the improvements required for the development of the trade of the great west with the seaboard are regarded by this confenence as subjects of the highest importance to the confederation and should be prosecuted at the earliest possible period ...'

50. Canadian Sessional Papers 1867-8, Paper 19.

51. Canadian Sessional Papers 1867-8, Paper 59. p.3 ff.

Council of Canada. Their fifth condition contained the essence of the above quoted resolution.

By 1870 definite negotiations for the admission of British Columbia began. In formulating the terms the government of British Columbia realized that the railway clause was going to be the obstacle in coming to an agreement. On Feb. 20, Governor Musgrove submitted the proposed terms to Governor General John Young. The eighth article as drawn up by the Governor in council of British Columbia reads: 'Inasmuch as no real union can subsist between this colony and Canada without the speedy establishment of communication across the Rocky Mountains by Coach Road and Railway, the Dominion shall within three years from the date of Union, construct and open for traffic such Coach Road from some point on the line of the Main Trunk Road of this colony to Fort Garry, of similar character to the said Main Trunk Road; and shall further engage to use all means in her power to complete such railway communication at the earliest practical date, and that surveys to determine the proper line for such railway be at once commenced; and that a sum of not less than \$1,000,000 shall be expended in every year from and after three years from the date of union, in actually constructing the initial sections of such railway from the Seaboard of British Columbia to connect with the railway system of Canada.' Their expectations were more than realized. On July 1, 1870 the committee of the Privy Council having considered the resolutions, submitted for approval amongst other conditions number eleven which reads as follows: 'The

government of the Dominion undertake to secure the commencement simultaneously within two years from the date of Union of the construction of a railway from the Pacific towards the Rocky Mountains and from such point as may be selected East of the Rocky Mountains towards the Pacific, to connect the seaboard of British Columbia with the railway system of Canada, and further to secure the completion of such railway WITHIN TEN YEARS from the date of the Union.

'And the Government of British Columbia agree to convey to the Dominion Government in trust ... in furtherance of the construction of the said railway a similar extent of lands along the line of railway throughout its entire length in British Columbia not to exceed, however, twenty miles on each side of the said line as may be appropriated for the same purpose by the Dominion Government from the public lands in the North West Territories and the Province of Manitoba ... provided that until the commencement, within two years ... from the date of Union of the construction of the said railway, the Government of British Columbia shall not sell or alienate any further portion of the public lands of British Columbia in any way other than under right of preemption requiring actual residence ... In consideration of the land so to be conveyed in aid of the construction of the said railway, the Dominion Government agree to pay to British Columbia from the date of Union the sum of \$100,000 per annum in half yearly payments in advance.^{53.} Governor Musgrove admitted that these terms were 'liberal'. At the same time the Victoria residents in a petition asked, as an addition to the terms of confederation', for an Island Railroad from Victoria to Esquim-

alt. Sectionalism in British Columbia was strong. Musgrove, with the case of Newfoundland before him, was afraid that by asking too much the whole scheme might be jeopardized.

The petition to the Queen for admission was passed on Jan. 24, 1871. On March 28 the resolutions were under discussion in the House of Commons.^{54.} Cartier announced the Government's Policy. The railroad would be constructed by companies assisted by land grants amounting to 50,360,000 acres (ie. a 40 mile strip). It is interesting to note that he expected Ontario to contribute 9,000,000 acres, the share for 200 out of the 700 miles of railway that would pass through that province. He argued that the railway was necessary for the completion of confederation; to save British Columbia from the American Union, and that a coach road would only be a waste in the face of a rapidly progressing American Pacific Railway.

Mackenzie objected to the time limit of ten years which the government imposed on itself. Why, he asked, should not British Columbia give her strip of land without compensation as other parts of Canada did? In his opinion the Canadian line would cost six or seven times as much as the American whereas she had only 4,000,000 people, one fifth of the population that the Americas had when they began their transcontinental line. The terms therefore ought to be adjusted to the state of the finances. He would recommend a cheap narrow gauge railway with steamers for the small lakes as the proper means of communication with the open prairie extending west of Fort Garry and through which it would be unnecessary to construct a road for years to come.^{55.} Thus he came to be called the 'watch

54. Hansard 1871, p. 660-777.

55. Hansard 1871, p. 732.

dog' of the treasury. Although the government realized the advantage of putting through the road at the earliest possible date, it is safe to assume that it would not have injured the resources of the country. Both parties knew that too heavy taxation was not politically expedient. G.E. Cartier said that Mackenzie's objection^{56.} 'could only come from an economical Scotchman'. Yet the true government policy one is inclined to believe was expressed by Senator Campbell: 'We mentioned the time of ten years as a guarantee that we were in earnest.'^{57.} The address to H.M. concerning the union of British Columbia and Canada was adapted on April 1, 1871.

On April 11th Cartier's resolution 'That the railway referred to in the address to H.M. concerning the Union of British Columbia and Canada ... should be constructed and worked by private enterprise and not by the Dominion Government, and that the public aid to be given to secure that undertaking should consist of such liberal grants of land and such subsidy in money, and other aid,^{58.} not increasing the present rate of taxation', was carried.

British Columbia entered confederation on July 20, 1871. On April 26, 1872 Cartier introduced "An Act respecting the C.P.R."^{59.} which was assented to June 14th. According to this act a railroad from some point on the south shore of Lake Nipissing to the Pacific coast was to be built, in accordance with the policy outlined in the above resolutions. The land grant was not to exceed 50,000,000 acres - 'In the provinces of Manitoba, British Columbia and the

56. Hansard 1871 P.747.

57. Hansard 1871, P.777.

58. Hansard 1871, P.881 and Hansard 1880, P.1413. N.B. When introduced April 4, it read 'not unduly pressing on the industry & resources, etc...'

59. Statutes of Canada, 35 Vic.1872 Ch.71, P.261.

North West Territories ... in blocks not exceeding twenty miles in depth on each side of the said railway', alternating with similar blocks reserved for the Dominion government to be sold by it and the proceeds applied towards reimbursing the sums expended by the Dominion under this act. In Ontario the grants of land were to be as extensive as the Dominion could arrange for with that province. In addition a cash subsidy of \$30,000,000 was to be given as construction progressed, to the company chartered for the purpose. In consideration of a land grant to be agreed upon, the company was also to construct the Superior branch, and the Manitoba-United States branch. The government policy both as to the manner of building the road and the means of assistance to be given was made clear. #.#.

When the Bill was debated in the House Mackenzie^{60.} rightly maintained that the Dominion had no control over the Ontario lands which would necessitate the appropriation of a larger area in the west, consequently locking up the interior and checking the inflow of population. #. He advocated a greater money subsidy and a smaller land subsidy. On the other hand he held that the whole project was in advance of the present wants, that construction should commence at the American frontier so as to afford a winter line into the Red River District - during the summer the Dawson Road could

#.#. Canadian Sessional Papers 1871, Paper 20, P.4-5. In March 1871 the unappropriated public lands were opened for sale at \$1 an acre. The Homestead system was initiated in the West. The entrance fee was \$10 and a patent was granted after five years for a quarter section. A Reservation, 3 townships wide was made for the interoceanic railway after May 1, 1874 on which date the homestead system was also to terminate if deemed advisable.

60. Hansard 1872, P.171-178 and 403-416; 734-891;922-938. #. He moved an amendment to the bill which was lost. Hansard 1872, P.992 'that actual settlers may enter upon any unsold or unoccupied lands, either in possession of the company or the government on terms... to be arranged by Parliament.'

be used. The vacillating policy, or lack of policy, of the Liberal party on this question is illustrated by Mackenzie's suggestion (May 21, 1872) to construct 'the easier portion of the work first that between Fort Garry and the Rocky Mountains ... between Fort Garry and Lake Nippising ... there was no necessity for immediate and hasty action'.^{61.}

To obtain a Company that the Government could safely charter was the first difficulty that arose. It proved insurmountable for the then existing government. Two companies were incorporated in the spring of 1872. On June 19, Sir Hugh Allan was appointed President of the Canada Pacific, which had its stronghold in Quebec. Two days later they gave notice of being 'desirous of entering into an agreement with the government under the statute ... recently passed'.^{62.} The second one, the Inter-Oceanic Railway Company under the leadership of Senator McPherson was chiefly represented in Ontario. The government for obvious reasons desired an amalgamation of the two companies. The Canada Pacific agreed but the Inter-oceanic declined on the ground that Allan had negotiated with the American Northern Pacific Railroad with a view of organizing a company to construct the Canadian line and that he intended to subordinate this line by cooperating with them. Their prediction was that Allan would connect the C.P.R. with the Northern Pacific Railroad at Sault Ste. Marie and at Pembina. The government defended him in an Order-in-Council of April 16, 1872, which reviews the American negotiations. In 1871 Alfred Waddington who had made

61. Hansard 1872, p.736 cf. in exact contrast later Blake's² motion.
62. Canadian Sessional Papers 1873, Paper 13, p.1.

surveys at his own expense chiefly in British Columbia introduced a bill providing for the construction of the line, but he did not proceed with it. He visited the south and succeeded in interesting capitalists some of whom were connected with the Northern Pacific. They argued, that when the news of this 'American proposition' was conveyed to Allan by Francis Hincks during a visit to Montreal - he, as a Canadian capitalist made an offer to save the alarming situation. The Interoceanic Railway Company also claimed that they made the offer to save the alarming situation which would have arisen had Allan succeeded. Another obstacle was the question of presidentship. Allan made this a prerequisite in his proposals for amalgamation whereas McPherson refused to play second fiddle.

Cartier's visit to England immediately after his act was sanctioned bore fruit on Nov. 29, 1872 when Kersteman representing a company of English peers and commoners - ministers of State, bankers, contractors etc. - a provisional combination, offered to fulfil the requirements of the Act. TWO MONTHS later MacDonald wrote to Kersteman, who was by that time in Toronto, that arrangements had gone too far in chartering a company, to enter into negotiations with a new body of capitalists.

To break the deadlock the government resorted to Section 15 of the Statute which empowered them to charter a new company for the purposes of the Act if the existing companies refused to amalgamate. Sir H. Allan (Montreal), A.G. Archibald (Halifax), J.O. Beaubien (Montgomery), E.R. Burpee (St. John), F.W. Cumberland (Toronto), Sanford Fleming (Ottawa), R.N. Hall (Sherbrooke) Hon. J.S. Helmcken (Victoria), Andrew McDermot (Winnipeg), D. McInnes (Hamilton), Walter Shanley (North Adams U.S.) and John Walker (London, Ont.) hav-

ing made the offer were recommended by an Order-in-Council Jan.31, 1873 for the charter. By the charter (Feb.5, 1873)^{63.} they were incorporated into the Canadian Pacific Railway Company with a capital stock of \$10,000,000. The line was divided into three major sections, viz: The Eastern Section from the Terminus to Red River, the Central Section from Red River to a point in the longitude of Fort Edmonton; the Western Section from that point to the Pacific - and two minor ones, viz: the Manitoba Section from Fort Garry to the American boundary, and the Lake Superior Section from some point in the Eastern Section to Lake Superior. The Union Pacific Railway of the United States was fixed as the general standard. In connection with the land grant which the company was 'entitled to demand and receive in the Provinces of Manitoba and British Columbia and the North West Territories' it is noteworthy that Cartier's original hope of coming to some arrangement with Ontario had vanished. In fact the lands even for the Lake Superior branch 25,000 acres per mile were to be 'received ... in the North West Territories.' Further 'the lands to be granted in aid of the main line which shall not be comprised within the alternate blocks hereinbefore mentioned or be within the Province of Ontario shall be allotted to the Company...On each side of a common front line or lines'^{64.} in the same manner as those reserved along the line of railway. All these lands were to be east of the Rockies between 49th and 57th north latitude. The other details of the charter conform to the Act.

63. Canadian Sessional Papers, 1873, Paper 13, P.15-26.

64. Canadian Sessional Papers, 1873, Paper 13, P.19.

On April 2, 1873 Hon. Lucius S. Huntington made his startling motion in the House which ultimately unfolded the "Pacific Scandal". It reads:- 'that in anticipation of the Legislation of last Session as to the Pacific Railway, an agreement was made between Sir. H. Allan, acting for himself and certain other Canadian promoters and G. W. McMillan acting for certain United States capitalists, whereby the latter agreed to furnish all the funds necessary for the construction of the contemplated railway and to give the former a certain percentage of interest, in consideration of their interest and position, the scheme agreed in being ostensibly, that a Canadian Company with Sir H. Allan at its head, that the government were aware that negotiations were pending between these parties; that subsequently an understanding was come to between the GOVERNMENT and Sir H. Allan and Mr. Abbott, M.P., - that Sir H. Allan and his friends should advance a large sum of money for the purpose of aiding the elections of ministers and their supporters at the ensuing general election, - and that he and his friends should receive the contract for the construction of the railway; that accordingly Sir H. Allan did advance a large sum of money ... at the SOLICITATION AND UNDER THE PRESSING INSTANCES OF MINISTERS; that part of the monies expended by Sir H. Allan in connection with the obtaining of the act of incorporation and charter were paid to him by the said United States capitalists under the agreement with him.' His motion requesting that the affair should be investigated by a committee of seven was defeated. (The details must be omitted here.) Next day, how-

65. Journals 1873, Vol.6, P.115-116. N.B. the elections were held between July 15 and Oct. 12, 1872.

66. Vide Journals 1873, Vol.6, P.12-109-----

67.

ever Macdonald felt obliged to move for a committee of five which became 'active' on the 8th of April, and ceased to exist on August 13 when parliament was prorogued. It accomplished nothing. J.J.C. Abbot and G.E. Cartier were in England so the committee adjourned till July 2 to give them an opportunity to bear testimony. Really the committee never sat. The disallowance of the Oaths Act by the Imperial Government made it impossible to examine witnesses under oath except by a commission. On the 14th of August the Governor General signed a commission to Hon. Judge Day, Judge Polette and Judge Gowan authorizing them to investigate matters regarding the railway charter. That day the Montreal Herald published the "McMullen Correspondence" and a series of letters, telegrams etc. written by Allan to McMullen, and to Smith of Chicago, and others in the United States regarding the C.P.R. Some of this correspondence first appeared in the press as early as July 4th. The government found itself in an unenviable position. Popular excitement all over the Dominion was intense. When the House met in Oct. 1873 Mackenzie moved a vote of censure. The debate in the reply to the Speech from the Throne made it clear to Sir. John A. Macdonald that he was losing ground. Without allowing the question to be put to a vote his Ministry resigned on the 5th of Nov. 1873.

According to the terms the work in British Columbia was to be commenced by July 20, 1873. Six days later the Dominion Government received a protest demanding in reply an outline of the

67. Personnel of committee - from Government: Hon. M. Blanchet, MacDonald (Picton), Cameron; from opposition: Dorion and Blake.

course the Dominion proposed to take. Allan's mission to England for the purpose of making financial arrangements proved a total failure. Upon their return they relinquished the charter and the government refunded the million dollars deposited with the Receiver General under the terms of the agreement. English capitalists fought shy of the Pacific Railroad because they had already spent a large amount of money on the Grand Trunk and Great Western Railway without any returns and also because many of them were involved in railway activities in India. Railway conditions on the American continent in general were not promising. Besides the Opposition both in Parliament and through their press depicted the situation in none too optimistic words.

The new government found the Columbians anxious. They demanded two things, - a start by the spring of 1874, and secondly, a definite statement of policy. Mackenzie announced (in the House) that no construction would be undertaken until the location was completed. This could not be accomplished before the end of the year. Something had to be done to allay the serious situation.

It is true that on April 16, 1871 shortly after the terms had passed, Lieutenant Governor J.W. Trutch said "We from British Columbia were pressed to accept the amendment of the scheme and we accordingly proceeded to calculate the time it would probably take to build the railroad and we agreed upon an estimated period of ten years. If it had been put at twelve or fifteen years, British Columbia would have been just as well satisfied ... to argue that she expects it to be carried out in the exact interpretation of the words themselves, regardless of all consequences is a fallacy which cannot bear the test of common sense ... even Shylock himself would

not exact his pound of flesh if a portion of it had to be cut from his own body ... you may rest assured that she will not regard this railway engagement as a 'cast-iron contract' ..."^{68.} But it was said to a government that had 'forced' advantageous terms. Much energy was spent in discussing this time limit clause by both parties. It was not MacKenzie's objection to the 'physical impossibility' of fulfilling this clause but his inclination projects 'preliminary to and in advance of a complete line of railway' that raised the storm and led to the formation of Terms of Union Leagues in British Columbia. His manifesto of Jan. 1874 reads in part, '... it will be our policy to utilize the enormous stretches of magnificent water communication which lie between a point not far from the Rocky Mountains and Fort Garry, and between Lake Superior and French River on the Georgian Bay, thus AVOIDING, for the present, the construction of about 1300 miles of railway, estimated to cost from sixty to eighty millions of dollars and rendering the resources of the country available for the prosecution of those links'^{69.} The same idea is contained in his famous Sarnia and Hamilton Speeches made during the elections.

On Feb. 19, 1874 J.D. Edgar, a Toronto barrister, chosen as the Government Agent to proceed to British Columbia and discuss matters with a view of obtaining some modification of the original terms, received his instructions for MacKenzie. The Columbians were clamouring for an Island Railway from Victoria to Esquimalt in addition to the mainland portion. 'You will take special care'

68. Hansard 1876, P;1055.

69. Hansard 1877, P.1678.

he was warned to let them understand that this (building of the Island Railway) is wholly or purely a concession ... contingent on a reasonable course being pursued regarding other parts of the scheme'.
70.

He submitted the Dominion's proposals to Walkem the Attorney General of British Columbia on the 8th of May. They were, first, that it was anxious to enter into 'additional obligations' for the benefit of the Province by building a railroad from Esquimault to Nanaimo in the shortest practicable time; secondly, as compensation for the delay necessitated by the difficult surveys, it proposed to open up a road and build a telegraph line along the whole length of the railway in the Province and carry the wire across the continent; lastly, once the line on the mainland was located it agreed to expend a minimum of \$1,500,000 annually in actual construction within the province. Walkem refused to recognize Edgar as an official agent and the Dominion Government withdrew their proposals. In his report of June 17 Edgar comments on the remarkable interest manifested in the railway, but the time for negotiating was inopportune because at the session of the British Columbia legislature which closed on March 2nd just previous to his arrival a resolution was passed prohibiting the government from accepting any alternative to the railway clause 'until the same has been submitted to the people for endorsement'.
71. Local political complications were an important factor in preventing an arrangement.

British Columbia decided to appeal to the Colonial Secretary in protest to the Federal policy. Premier Walkem went to England.

70. Canadian Sessional Papers, 1875, Paper 19, P.9-11.

71. Canadian Sessional Papers, 1875, Paper 19, P.17.

On the 18th of June Lord Carnarvon wrote to Governor General Dufferin saying, 'if both governments should unite in desiring to refer to my arbitration all matters in controversy ... I would not decline to undertake this service on condition that his decision would be accepted without protest. Both governments consented. Premier Walkem, now in England urged that the Dominion was doing nothing in connection with the Island Railroad; that the survey parties were too small; that British Columbia didn't want the waggon road as proposed by Edgar, and that \$1,500,000 was an insufficient annual expenditure. He objected to Section Eleven of the C.P.R. Act 1874 whereby the Dominion Government could reject a contract for any section of the railway and thus prevent the continuous construction of the work. Lord Carnarvon submitted his final conclusions on Nov.17, 1874. By the "Carnarvon Settlement" the railroad from Esquimault to Nanaimo was to be constructed as soon as possible; the surveys on the mainland pushed on with the utmost vigour; the waggon road and telegraph line constructed immediately; \$2,000,000 a year expended in construction upon the completion of the surveys; and lastly, the railroad shall be completed and open for traffic on or before Dec.31, 1890 from the Pacific to Lake Superior where it will connect with the Canadian waters and American railways. The section North of Lake Superior was to be constructed as soon as actual settlement demanded it. 'With very considerable reluctance' MacKenzie and his colleagues acquiesced, believing that

72. Canadian Sessional Papers 1875, Paper 19, P.12.

73. Walkem claimed that by O in C June 1873 the Western Terminus was to be on the Island. Vide. Canadian Sessional Papers, 1875, Paper 19, P.45.

74. Canadian Sessional Papers 1875, Paper 19, P.41.

75.

this arrangement was the only means of terminating the controversy, although on Dec. 18, 1874, when assent was given, they stated: 'the conclusion at which his lordship has arrived upholds ... the policy adapted by this government on this most EMBARRASSING QUESTION ... every effort will be made to secure the realization of what is expected'

76.

Something must be added (to what has already been noted) regarding the general policy of the new government. While negotiations with British Columbia were going on the Government formulated its policy in certain resolutions which became law on May 26th when the C.P.R. Act of 1874 received its assent. The 'ineffectual' act of the fallen Ministry was repealed. In the preamble the general policy - 'no increase in taxation' - is again asserted. In the previous session, however, taxes had been raised to the extent of \$3,000,000 by means of increased customs duties. The line was divided into four sections, - from the southern shore of Lake Nipissing to the upper west end of Lake Superior; from that point to Red River; from Red River to a point between Fort Edmonton and the foot of the Rockies, and finally to the Pacific coast. A branch from the Eastern Terminus to Georgian Bay and one from near Fort Garry to Pembina was provided for. All this was to be constructed as a Government work by letting contracts to the cheapest tenders who would assume the ownership of their section upon its completion. The government retained powers of supervision and the right to par-

75. As the settlement was first submitted it was much more favourable to the Government and this was accepted as stated. Vide Dufferin to Carnarvon, Sept. 18, 1874. Canadian Sessional Papers 1875, Paper 19, P. 35.

76. Canadian Sessional Papers 1876, Paper 41, P. 8.

chase any portion of the completed line at 10% above the cost of construction. Mackenzie believed that by this policy the profits would flow into the public treasury. The Bill provided for a subsidy of 20,000 acres per mile-, one third of this to be conveyed directly to the contractors the remainder to be sold by the government free of charge, and \$10,000 per mile to be paid for 25 years after the completion of the work as 4 % interest on a sum to be stated in the contract.^{77.}

Before concluding this chapter some comment on the progress made in the surveys and preliminary work may not be out of place.

The surveys commenced in June 1871 near the Mattawa. The day British Columbia entered Confederation parties began to work in that province. A third division operated between Fort Garry and the Rockies. About 800 men were engaged. By the following spring the general direction of the line had been ascertained and Fleming indicated the comparative advantages possessed by Canada over the American lines.^{78.} This was in marked contrast to Palliser's verdict, at the close of four years labour in the field, as stated in his report to the Imperial Government. 'T he knowledge of the country ...' he said 'would never lead me to advocate a line of communication from Canada across the continent to the Pacific exclusively through British Territory ... the unfortunate choice of an astronomical boundary line has completely isolated the central American possessions of Great Britain from Canada in the east and also almost debarred them from any eligible access from the Pacific coast

77. Statutes of Canada 37 Vic.Ch.14, 1874.

78. Canadian Sessional Papers 1872, Paper 33. Fleming's Progress Report, April 10, 1872.

79.
in the West'. This serves to illustrate the formidable difficulties which had to be overcome by unremitting labour and thought.

When the surveys began Fleming laid down four leading principles to guide the early work: namely, that the efforts in the Woodland Region should be directed to the discovery of the best possible line between the railway system of the two elder provinces and Manitoba; that this line should touch Lake Superior and be a good outlet for transport of the natural resources from the Prairies to the St. Lawrence; that no time should be lost in finding a short inexpensive line through the Rocky Mountain Zone leading to a good harbour on the Pacific coast; finally, that the line in the Prairie Region should avoid the numerous rivers, and approach the agricultural and mining districts without increasing the length of the line between the two oceans.^{80.} In the spring of 1872 Marcus Smith took charge of the work in British Columbia and over a million dollars had been spent there before the close of 1873. J.H. Rowan was in charge of the Woodland Region. By 1874 seven distinct routes had been surveyed or projected between the longitude of Edmonton and the Pacific coast.^{81.} The Yellow Head Pass was considered the most favourable outlet through the Rockies. The Prairie region was ascertained to be comparatively easy. Fleming advised that this region should be settled as soon as possible. Settlers could be brought in over the water stretches. With the exception of a short section approaching the Pacific Coast 'the

79. Canadian Sessional Papers 1873, Paper 2, P.53.

80. Fleming's Report Jan. 26, 1874. (Private Collection - not printed in Canadian Sessional Papers).

81. They are described in Fleming's Report Jan. 1874.

practicability of establishing railway communication across the
 82.
 continent wholly within the limits of the Dominion' was no longer
 doubtful.

82. Flemings Report Jan. 26, 1874 or Canadian Sessional Papers 1875
 Paper 7; P. 193 - his minor report June 30, 1874 (quotes report Jan. 26.)
 #. Up to the close of 1874 twenty one surveyors had lost their lives
 through frost, fire or drowning.

The following is a C.P.R. song by "Division M" of the C.P.R. survey
 party composed and sung in camp, on New Year's day 1875, in commem-
 oration of the Lakes passed on the line.

We've left our fair Canadian homes
 To traverse lands afar;
 Our party is "Division M"
 Of the Grand "C.P.R."
 We crossed the great "Superior"
 We crossed the "Lac du bois"
 And Ruperts Land we're passing through
 Our guide the Northern Star.

Chorus. Pushing on the survey over rocks and snow,
 To find the best route for the Line to go;
 Through a broken country, all too high or low,
 Pushing on the survey over rocks and snow.

Rat Portage was our starting point,
 To Garry we are bound;
 The roaring Winnipeg we passed,
 And Eagle Rock we found,
 Near "Middle Lake" our trail is seen,
 Our camp on fair "Lulu"
 By "Hawk Lake", too, our steps are traced,
 And followed round, "Sudu"

The bosom of "Deception Lake"
 Has borne our frail canoes,
 "Bear", "Clearwater" and "Monument",
 Have heard our loud hallos.
 "Red pine" and "Fellows" in the rear,
 With "Spruce" behind us lie;
 On summits shore our rifles flashed
 And "forward-oh" we cry.

On "Kennedy" and "Whitefish" Lakes
 Our shadows have been thrown;
 The wild fowl spied us on "Harvey",
 And fled to parts unknown.
 On "Long Pine Lake" the noble pines
 waved over its waters blue,
 As onward on its bosom sped
 Our stout and sturdy crew.

On "Lake Macara" when we camped
 Each weary heart beat high,
 As Snedakkasce, our Indian guide,
 Reported "Long Lake" nigh;
 For the summer sun is seen no more,
 And winter storms have come;
 But "Long Lake's" waters 'fore us gleam;
 We cross - our goal is won!

Our weary limbs fresh vigour gain,
 While we in fancy view
 Bright forms of loving ones at home,
 So gentle good and true.
 Loved ones are seen with outstretched arms;
 To welcome us once more;
 In dreams we meet each fond embrace,
 Hurrah! the Survey's o'er.

Chorus We've pushed etc.

#. From Weekly Manitoba Free Press, April 24, 1875.

CHAPTER 3.

The American Phase (continued) and the Pembina Branch.

We reached the point in the narrative where three of the Red River Transportation Company's steamers operated on the Red River of the north. Flat boats, their only competitors, were arriving daily with lumber and other provisions which were peddled at the levee. Railroad progress had collapsed. Here we shall relate the development in inland navigation, the renewal of railroad activities in the United States, and the history of the Pembina branch which afforded the first rail connection between the interior and the East.

The inconveniences resulting from the transportation monopoly on the Red River, were associated in many minds with the Hudson's Bay Company. J. H. McTavish wrote to the editors of the Manitoban explaining that 'the boats on this line do not belong to the Hudson's Bay Company nor has that corporation any interest in them directly or indirectly'^{1.} At the end of June McArthur launched his private little steamer "Prince Rupert" to run between Winnipeg and the Stone Fort in connection with his lumber mills. Another small steamer "Maggie" made its appearance. On July 4, Captain W. McLane launched the "Alpha" at Breckenridge. He was compelled to sell it to Kitson in Feb. 1874 because the United States law prohibited its operation south of Pembina.^{#.}

The dissatisfaction which arose on account of the unreasonable rates and inadequate service, revealed itself in two fruitless at-

1. Manitoban, May 16, 1873.

#. Steamer sold for \$13,000.

tempts that year to break the monopoly by organizing opposition. The 'Totogan Steamboat Co.' taking its name from a little village two miles from Lake Manitoba on the White Mud River, gave notice in March that it would seek a charter at the next sitting of the Manitoba Legislature. They were not heard from again. In October 'a Steamboat meeting' was held at Moorhead to organize 'The Merchants International Transportation Company' which should build two steamers and several barges to operate between Moorhead and Fort Garry. A similar meeting was held by the Winnipeg merchants later. Both failed on account of a lack of cooperation.

On Feb. 8, 1875 'the opposition steamboat line' was incorporated^{2.} as 'The Merchants International Steamboat Line' with a capital stock of \$50,000 to exist for thirty years with headquarters at Moorhead. It hoped to have the same facilities as the Kittson line for the transportation of foreign goods. They launched their first steamer 'Manitoba', on April 18th, 'amid the firing of canons and the huzzas of about 1,000 people'.^{3.} The people rejoiced upon its first arrival at Fort Garry on May 22. J. H. Ashdown addressed the gathering. Colours were presented, hoisted, and saluted by several rounds of a piece of artillery which was on board the steamer.^{4.} When the 'International' collided with the 'Manitoba' on June the 12th many pre-claimed that the incident was proof of an attempt on the part of the

2. Weekly Free Press, Feb. 13, 1875.

President - Judge Abner Lewis - Winona.

Secretary - Hon. John Douglas - Winona.

Treasurer & General Manager. - James Douglas - Moorhead.

Directors. (R. J. Baldwin - Pres. of State National Bank - Minneapolis.
 (Hon. Thos. Simpson, Pres. of Second National Bank - Winona.
 (H. E. Curtis, Cashier First National Bank - Winona.
 (Arthur Thornton - Franconia.

3. Weekly Free Press, April 3, 1875.

4. Supplement to Free Press, May 1, 1875.

Kittson's line to destroy competition. The 'Minnesota' was also built by the new Company. Every westbound American freight train brought from six to ten cars of iron for the C.P.R. which was loaded into the steamers as fast as it arrived. The Red River Transportation Company completed arrangements on May 22, 1875 for the transport of this railroad iron from Duluth to Winnipeg for \$15 per ton. Passenger travel declined. 'You can go to Garry now by boat without sleeping more than four deep in the cabin'^{5.} The new Company fell into debt to the extent of \$34,000, consequently, it sold out to the Kittson Line. The final proceedings took place at Moorhead on the 14th of October.^{6.} The steamers were scattered at the close of navigation. The Dakota was frozen in at Scratching river, the Cheyenne at Emerson, the Alpha near Grand Forks, the Minnesota south of Pembina; the International was the only boat hauled out at Grand Forks. Each bore a more or less heavy cargo, some carried perishable goods like potatoes or apples. There was not sufficient tonnage to carry all the freight this season. At Crookston twenty-five tons of ordinary merchandise and 375 tons of grain and flour was left behind. The traffic on the Red River had grown to more than that of the two previous seasons combined.^{7.} The arrangements this season according to the 13th article of the Treaty of Washington permitted dutiable goods to be transported in Canadian or American vessels to any port. For 1876 the Red River Transportation Company had the same seven

5. Weekly Free Press, July 10, 1875.

6. Oct. 16, 1875 Weekly Free Press cites Fargo Times. N.B. At high water the N.P.R. transhipped at Moorhead. At low water it transhipped at Crookston.

7. 1873 - 23613036 lbs.

1874 - 27626200 "

1875 - 76078680 "

10,000 passengers were carried.

steamers: namely, the International, Minnesota, Dakota and Manitoba as passenger boats - the Selkirk, Alpha, and Cheyenne as freighters. Now that they had absorbed the competing 'Merchants Line' the rates were raised.^{8.} In October Messrs. Higgins and Young of Winnipeg bought up 857 bushels of wheat at 80¢ and shipped it to Steele Bros. of Toronto. The freight and charges on this first shipment of grain from Manitoba were 35¢ a bushel.^{9.} The rates remained almost unaltered next season. Two small steamers, the Swallow and the Keewatin, ran between Selkirk and Winnipeg while the Prince Rupert carried a considerable quantity of grain out of Portage la Prairie. In Oct. 1877, 1700 bushels of wheat, the first grain exported from Manitoba to Europe, was taken out by the International. By the time the wheat reached New York the freight amounted to 76 ¢. The energy of the Red River Transportation Company was this year diverted into another channel. Further, in November the U.S. Treasury Department announced new customs regulations which were "stiff" on flatboating. In truth, the regulations were old but had hitherto been in abeyance because the collectors believed that the flatboaters were freighting their own goods. The enormous volume of trade, however, soon disclosed that they were operating for Winnipeg Merchants under cover of invoices made to them

8. Weekly Free Press, April 3, 1875; Vide also Hansard 1878 p.1683-84. Weekly Free Press, April 29, 1876 and April 28, 1877. D.A. Smith...

'the N.P.C. obtained the lions share of the freight charge ...'

Freight rates by Kittson's line 1875 : 1876 : 1877

St. Paul to Garry (1st Class)	\$2.00:	\$2.25:	\$2.25	Passengers	\$25 &	\$15
Duluth to Garry	1.80:	2.00:	2.00	"	\$20 &	\$12

9. Weekly Free Press, Oct. 28, 1876.

corresponding to the marks on the goods. When the Kittson Line, that paid the dues as stipulated in the Revised Statutes of the U.S. Sections three, 4371 and 4219 found the competition becoming keen it complained to the Treasury Department. It is obvious that the enforcement of the Statute led to the destruction of flatboating, because these 'floating stores' made only one trip a season bringing in a cargo of from five to fifteen tons on which according to the 'new' regulations an additional \$13 of dues would have to be paid.^{10.}

By the close of 1876 the Kittson line had conveyed 6147 Mennonites to the Province of Manitoba. In the fall of 1873 four delegates from the German Mennonite Province of Berdiansk in South Russia visited Manitoba and sought favourable terms from the Dominion. An order-in-council March 3, 1873 set apart eight townships in the south-east part of Manitoba for their occupation free of charge. Among the obligations contracted July 26, 1873^{#.} was that they be taken from Hamburg to Fort Garry for \$50 per adult during the years 1874, 1875 and 1876 and if changed then the cost was not to exceed \$40 up to 1882. This meant a direct loss of \$20 on every Mennonite that came to Canada. They established 'dorfs' at the junction of the Red and Scratching rivers, at the Rat River Settlement, at Dufferin and the 'remarkable feature', as stated in a special report Aug.2, 1876, was that these people settled 'in the open prairie' as much as twenty miles from timber. 'This is a guarantee that the other settlers have nothing to fear in this respect.' The special report continues: 'I have seen the Mennonites actually shipped from Fisher's Landing on a barge al-

10. Weekly Free Press, Nov.24, 1877.

#. Canadian Sessional Papers 1874, Paper 9, P.13.

ready laden with railroad iron and towed the whole way to Dufferin in this manner without any shelter whatever^{#1.}, and the minimum time of the run would be fifty hours. In connection with immigration in general Canada had to face keen competition. Australia and New Zealand were offering free passages in endeavouring to secure a high type of emigrant. The United States drew off enormous numbers that landed on the Atlantic coast. The West suffered also (so was the current opinion) because a 20 mile strip on each side of the line surveyed for the C.P.R. was closed to all settlement by an order-in-council Dec. 26, 1874 and was only reopened in Manitoba to actual settlement but not for homestead or preemption entry or for entry by military bounty or police warrant or for ordinary sale^{#2.} on Nov. 9, 1877. The terms demanded a cash payment of \$1 on no more than 320 acres, cultivation within a year from the date of entry and actual residence as the essential feature of the scheme. The final price was to be fixed by the government when the remainder of this class of lands ~~was~~ disposed of. 'The problem which presents itself' said Fleming before the Royal Colonial Institute London on April 16, 1878, 'is the development of a country which has been provided with natural resources so lavishly. The question is how to colonize the northern half of North America and render it the home of a happy and vigorous people ... the interior has space for many times the present population ... there exists the elements of support of a greater population than that of the mother country'^{#3.}

The transference of the Kittson line to a Canadian Company, 'The

^{#1.} Canadian Sessional Papers 1877, Paper 6, Appx. 19, P. 67-68.

^{#2.} Canadian Sessional Papers 1878, Paper 56.

^{#3.} Canadian Sessional Papers 1878, Paper 20, P. 93.

Winnipeg and Western Transportation Co. Ltd.,' incorporated on June 6th., 1878 with headquarters at Winnipeg was an outstanding feature in the history of this phase of transportation now slowly declining in importance. Their purpose was not merely to connect with the South but to carry on a business on the Assiniboine and Saskatchewan, upon lakes Winnipeg, Manitoba, Winnipegosis and the tributaries of the said rivers and lakes. ^{11.} By July 1878 two steamers were under their control. The Cheyenne made tri-weekly trips to Emerson and the Alpha ran daily to Selkirk. In the spring of 1879 there was not the usual enthusiasm about the opening of navigation and the arrival of the first boat. The American boats lost the privilege of operating on Canadian waters. Canadian steamers however were allowed to tow U.S. barges. Since the St. Paul and Pacific were closely related to the Kittson line the prohibitive regulations were interpreted as a blow against the Northern Pacific that had contemplated placing its 'Grandin' steamers in competition with their rivals. ^{#1.} The new company purchased the Manitoba and Minnesota and were planning to connect daily with the St. Paul and Pacific at St. Vincent. ^{#.} During the season of 1880 trade on the Assiniboine increased. The North-Western Navigation Line placed the "Marquette there. ^{12.} The Winnipeg and Western Transportation

11. Canada Gazette 1877-8 P11014. The personnel of this Co. included many familiar names. Viz:-John Turnbull (Montreal merchant); Chas.W. Black (Montreal Accountant) H.G.B. Bannatyne (Winnipeg merchant) Hon. Jas. McKay (St. James, Man. contractor) J.E. Ashdown; W.H. Ryan (Winnipeg Merchant) E.V.B. Holcombe (St. Paul steamboatsman) Sedley Blanchard (Winnipeg Lawyer.)

^{#1.}Vide Weekly Free Press, April 19, 1879.

^{#.} Other steamers on the river this spring were, Victoria, Lady, Ellen Prince Rupert, Marquette (ran to Portage). The Alpha continued to work on the Assiniboine.

12.It carried 2150 tons up and brought back 1620 tons - in 20 trips. This steamer made a trip to Ft. Ellice in Aug.1880 and returned May 1881 Cf. Weekly Free Press, Nov.6, 1880.

Company's fleet (Minnesota, Manitoba, Alpha, and Cheyenne) carried on an extensive trade (12,000 tons) on the Red and Assiniboine rivers. The Hudson's Bay Company's steamers, the Colville, Victoria, and William Robinson did a large tonnage to Lake Winnipeg. The 'river racket' for 1881 indicated that steamboat activities were transferred from the Red to the Assiniboine and Saskatchewan rivers because they were superseded by the railroad from the south and saw better opportunities for business if they followed the western settlements in advance of the C.P.R. Two new steamers - the 'City of Winnipeg' and the 'North West' - appear. At least four new warehouses were built. The three Hudson's Bay steamers operated to the Grand Falls where a sandbar shut them out from the Saskatchewan river. The Company built a four mile tramway to get around these falls. Goods and passengers were transhipped from the 'Colville' to the 'Northcote' which ran as far as Carlton House; a third steamer continued the trip to Edmonton. This navigation was valuable since the C.P.R. passed so far to the south. The two latter steamers made from eight to ten trips a year doing public work as well as the company's. On Aug. 15, 1882 C. J. Bryges wrote to the Department of Pub-

#1. Compare footnotes No. 8 and 31 and vide Revised Statutes of U.S. Sections 3, 4371 and 4219.

#4. As early as 1875 the Minister of Interior foresaw the development of the steamboat trade on these waters and he recommended the extinguishment of the Indian title which led to Treaty No. 5, Vide Canadian Sessional Papers 1876, Paper 9.

13. These were erected at places then known as Doyles, Mayer's Landing, Grand Valley, and Rapid City.

#2. Cf. Canadian Sessional Papers 1878, Paper 10, Vide accompanying map showing the division of West according to seven Indian treaties. The cost of feeding the Indians was enormous. A large part of the cargo carried by the H.B. Co's steamers on the Saskatchewan consisted of supplies conveyed for the Indian Department. 'The Manitoba Superintendency' and the 'North West Superintendency' each had a purveyor resident in Winnipeg.

lic Works: 'The steamboat company in which the Hudson's Bay Company holds a controlling interest has placed this year three additional steamers on the Saskatchewan river and has now five steamers working on that river.'

Let us turn to the railways. The Northern Pacific was 'on its feet' again by the fall of 1875. U.S. Railroad activity which had reached its zenith in 1871 and fallen off between 1871 and 1874 began to increase again. Both Minnesota and Manitoba regarded a connection as 'the need of the hour'. MacKenzie and the American government had for a short period adapted 'fencing' tactics. The Americans refused to join Glyndon with Pembina until the Pembina branch was at least ready for railing. MacKenzie refused to act until the American portion was completed. Save the expenditure of a few thousand dollars in a vain attempt to preserve that portion of the work already completed nothing was undertaken on the American side until the fall of 1877 when the St. Paul and Pacific was purchased by a combination of Canadian and Minnesota capitalists, namely, J.J. Hill, N.W. Kittson, George Stephen, and Donald A. Smith whose name was for a brief period withheld.

On the Canadian side a branch from Fort Garry to Pembina formed part of The Project from the beginning. It was included in the Acts

#. Ibid. The steamers were stern wheelers owned by the Winnipeg & Western Transportation Co. Viz: Northwest' 200'x33', 'Northcote' 154'x 28', 'Manitoba' 160'x 30', 'Marquis' 200'x 31', 'Lily' 100'x24'.

14. Canadian Sessional Papers 1865, Paper 138, P.16.

15. Details - Winnipeg Free Press, Oct. 16, 1875.

16. 1864 (738 miles) - 1871 (7670 miles); 1874 (1940 miles) - 1875 (2035 miles.)

17. St. Paul Pioneer Press of Oct. 23, 1877 in referring to the Canadian capitalists says 'We are not now at liberty to mention the names of these gentlemen ... there can be no impropriety in our stating that Mr. Stephen, the President of the Bank of Montreal, himself went to Amsterdam for the purpose of effecting the purchase.'

of 1872, 1874 and the Allan charter. Mackenzie realized that the branch would be invaluable for conveying to the interior the rails, rolling stock and other material necessary in the construction of the main line. By April, 1874 he decided to 'stimulate' the Americans to proceed with the work by awarding to Joseph Whitehead a contract for grading and making a roadbed between Emerson and St. Boniface. There was no traffic north of Glyndon although the road was ironed to within 63 miles of the boundary. By the end of 1875 when the work was discontinued the line was graded for fifty-four miles north of Emerson. ^{18.} An order-in-council, May 11, 1877 extended this branch to Selkirk. The same contractor undertook to grade the additional twenty-two miles, the whole branch ^{was} not to exceed in cost \$60,000. After this extension had been graded and ironed, on Dec. 19, a party of 26 men and women assembled at St. Boniface station to participate in the first railway excursion in Manitoba. The spectacle consisted of an engine, ^{20.} twelve flatcars, and a caboose. Rowan the district engineer acted as conductor and entertainer. Toasts and speeches were made as the train moved slowly over an unballasted track. ^{21.} In order to complete the whole branch there still remained

18. Canadian Sessional Papers 1877, Paper 6, P.189 and Canadian Sessional Papers 1878, Paper 7, P.188.

19. Canadian Sessional Papers 1878, Paper 64 (O in C says 20 miles).

20. The first locomotive was brought into Manitoba by the steamer Selkirk on Oct. 9, 1877. As the steamer moved up the river it was greeted by crowds of people who collected on the banks to witness this 'historic event'. The flotilla, consisting of 3 barges in which the locomotive, tender, caboose and 6 flatcars, and ties were conveyed, was handsomely decorated. Joseph Whitehead was in charge, and had steam up on the engine. The whistles of the engine, boat and various mills together with the clanging bells proclaimed the arrival of the iron horse - Vide Weekly Free Press, Oct. 13, 1877. Today this locomotive known as the Countess of Dufferin, or No.151 is to be seen in front of the C.P.R. station, Winnipeg.

21. Weekly Free Press, Dec. 22, 1877.

three miles to be graded (between 22-29 miles) and the section from St.²² Boniface to Emerson to be ironed.

On March 18, 1878 MacKenzie introduced the 'C.P.R. Amendment Bill'²² to empower the government to lease the Pembina branch and to make running arrangements with the St. Paul and Pacific. It is noteworthy that at least eleven days previous to this the St. Paul pioneer press announced that the St. Paul and Pacific 'have in fact effected a lease on favourable terms of the Pembina branch of the C.P.R. ... It is deemed proper to make public these facts to disabuse antagonistic parties of misapprehensions which may lead to a useless waste of valuable time.'²³ The antagonistic parties referred to were the Northern Pacific who offered to make the connection. MacDonald had not forgotten the part that Smith played in his downfall (1873) and spoke of the 'indecent spectacle of an honorable gentleman coming to the House as an advocate and pressing this lease in his own interest'^{24 #}. Schultz, Ryan and Senator Guard also extended their power to defeat the measure. They associated the abuse of the Red River Transportation Company where 'Ontario emigrants' ... were 'huddled like sheep and treated like hogs on the lower decks' with the future service of the St. Paul and Pacific Railroad. These attacks persuaded the Senate to amend the measure in such a way that MacKenzie found it unacceptable.

In June 1878 a contract was awarded to Kavanagh, Murphy and

22. Hansard 1878, Pp. 1205, 1678, 1680-1697, 1207.

23. Weekly Free Press, 1878, Mar.16, or Hansard 1878, P.1680.

24. Hansard 1878, P.1684.

#. Vide famous quarrel McDonald vs. Smith et al Hansard 1878, P.2561 Cf. 'that fellow Smith is the greatest liar I ever listened to'.

Upper to complete the Pembina Branch (ie bridging and track laying). J. J. Hill obtained permission from the U.S. circuit court to proceed with the St. Paul and Pacific branches. Work progressed steadily during the summer. On Nov. 11th an American construction train entered Emerson to be welcomed by a crowded and decorated village in the spirit of "Here she is!" The iron horse at last.' On Tuesday Dec. 3, railroad connection was established with the outer world by the 'Bulls' eye' of the Dominion. ^{25.} In response to invitations issued by Messrs. Upper and Willis the contractors of the Pembina branch a party assembled at St. Boniface. A special train composed of three flatcars, and a caboose equipped for the ladies, was to convey the first passengers ^{26.} by an all rail route to St. Paul. The 'deck-passengers', that is, those who used ties arranged on the flatcars as seats had a chilly journey. Upon reaching Panza, a small station on the line, two rival groups of workers gave an exhibition of track-laying. (125 yards). The usual addresses and toasting was a feature of this journey. The ladies were called upon to drive the last spike. It was a suitable finish since the Countess of Dufferin had driven the first one. Before Mackenzie left office he made an arrangement with Messrs. Upper and Company to carry freight and passengers as far as Winnipeg: the Extension was in more perfect condition but it remained unused.

Mackdonald whose success was in no small measure due to his cure-all National Policy formed his new Ministry in Oct. 1878. On March

25. Weekly Free Press, Dec. 7, 1878.

26. Note - Only F.W. Alloway went on to St. Paul, the others returned by another train.

27.

21st., 1879 Tupper introduced a bill to amend the C.P.R. Act of 1874. It was similar to that introduced by Mackenzie last year and ratified the agreement made with George Stephen and the other bondholders of the St. Paul and Pacific Railway Company on August 3, 1878. The service given by the contractors of the Pembina branch, Messrs. Upper & Co., was in every way²⁸ satisfactory but they insisted on operating the line until their time limit expired in December 1879. Importers were greatly disappointed because their freights regularly failed to arrive chiefly because there were no watertanks on the line. The Free Press described it as 'the worst piece of railroad in America', 'a stain', 'expensive', 'a disgustingly slow, uncomfortable, and possibly perilous passage over sixty five miles of miserable track' which was unballasted. Owing to this dissatisfaction the agreement under which the contractors operated the line was by order-in-council Jan. 26, 1880 terminated and the government undertook to run the road.²⁹ The government proceeded to reduce wages to the starvation point which led to a series of strikes. The service was still bad; trains were always late and some of the passengers were crowded in with the baggage. The cars were filthy ('smelt') so that some preferred to perch on the flatcars. 'The dirty, squalid, poverty stricken coaches, which look about as cheerful as a string of second hand ~~soffins~~ wrote the Free Press 'are in marked contrast to the well kept rolling stock of the St. Paul and Manitoba road'. 'This seedy array of rol-³⁰

27. 42 Vict. Ch.13 - Vide Hansard 1879, P.611 and Statutes 1879, P.110.

(a). Time 10 years from Jan.1, 1879.

(b). To complete connection in 12 months.

(c). American Company to have right to run as far as Selkirk until government equips the line.

28. Weekly Free Press, Aug.14, 1880.

29. Canadian Sessional Papers 1881, Paper 5, P.5.

30. Weekly Free Press, Nov.20, 1880.

ling stock' did not create a very favourable impression in the minds of those entering British territory. The line was in full operation by the close of 1880. At Selkirk a spur track was laid down to the navigable water on the Red River to accommodate the business arising from the arrival and departure of steamers and other vessels plying on that river and Lake Winnipeg. After the contract with the C.P.R. Co. was ratified by Act of Parliament the Pembina Branch was transferred to the Company under an Order-in-Council, April 9, 1881. On the 29th their first schedule was approved for one year.

George Stephen, D.A. Smith, J.J. Hill and N.W. Kittson had struck a hard bargain. The purchase consisted of \$20,000,000 bonds owned by Messrs. Chenet and Weetjen, Kirkhoven and other capitalists of Amsterdam bought at from 11 to 75¢ on the dollar. They got control of all the mortgaged property including the land grant of 3,848,000 acres. These four gentlemen it appears were first definitely associated for the enterprise on Aug. 13, 1877 when the Red River and Manitoba R.R. Co. was incorporated. On the 23rd of May 1879 they organized as the St. Paul, Minneapolis and Manitoba R.W. Co. and proceed-

31. The stations on the Pembina branch were; Emerson, Arnaud, Dufort, Otterburn, Niverville, St. Norbert, St. Boniface, Birds Hill, Gonor, and Selkirk. The rates for 1st, 2nd, 3rd and 4th class merchandise were 25¢, 22¢, 21¢, and 14¢ respectively. The passenger tariff was 3¢ per mile. Emigrants going into the country 1 1/4¢.

Note: The daily stage coaches to Winnipeg continued until the railroad was completed. On Jan. 8, 1879 Pembina branch carried the first mail by rail to Winnipeg.

#. Weekly Free Press, Sept. 27, 1879. Cf. Free Press, Oct. 23, 1877. An Amsterdam correspondent of the Railroad Gazette says that the offer ranged from 70 to 13 1/2¢.

#1. The number of acres is estimated in the Report of the Commissioner of Railroads 1881 (to the Secretary of the Interior) as 4723638.95. The figure above quoted is from Poor's Railroad Manual 1888, p. 874.

ed to make fabulous profits. For the year ending June 30, 1881 the revenue was \$3,977,284.01.^{#2.} It was the wealth derived from this railroad that was enlisted for the construction of the C.P.R.

#2. Report of the Commissioner of Railroads 1881, p.265. P.266, Expenditure - \$1,300,512.82. The officers of the company, June.30, 1880 (p.250-1.) : President, Geo. Stephen, Secretary-Treasurer, Edward Sawyer; General Manager, J.J. Hill.

CHAPTER 4. (1874 - 1881)

FROM THE CARNARVON AWARD TO THE CONTRACT.

Negotiations with British Columbia did not cease in 1874. In 1883 we got what was considered a 'settlement' but recently Hon. John Oliver, premier of that province said, 'the present freight rate structure is being used against her in the same way as an adverse tariff. We contend that this is an absolute violation of the terms of Union.^{1.}' The object of the railway agreement was to secure 'a real union and consolidation of the British possessions on the continent of North America'. Mr. Oliver further points out that their anticipation, when the British Government in 1869 urged British Columbia to join the Confederation on the ground that 'the interests of every province of British North America will be more advanced by enabling the wealth, credit and intelligence of the whole to be brought to bear on every part than by encouraging each in the contracted policy of taking care of itself, possibly at the expense of its neighbours'^{1.} ('most especially is this true in the case of internal transit'^{#.}), have met disappointment. What the general dissatisfaction on the part of Western Canada, will evolve as a solution for the freight rates problem remains to be seen.

Following up the Carnarvon Award, MacKenzie regarding it as a 'local work' and not as part of the C.P.R., introduced a bill on March 19, 1875 'to provide for the construction of a line of railway from

1. Daily Morning Free Press, Feb. 15, 1922.

#. Despatch Grenville to Governor Musgrove of British Columbia quoted by Walkem to Carnarvon, Oct. 31, 1874, in Canadian Sessional Papers Paper 19, P. 43.

Esquimault to Nanaimo in British Columbia'. Edward Blake said he was willing to pay a reasonable price to obtain relief from the terms of the first bargain. The measure was defeated in the Senate by twenty-three to twenty-one. McMaster and Penny two friends of the government voted against the bill. Suspicion arose in British Columbia where MacKenzie was charged with duplicity. Speaking at Victoria in 1876 Lord Dufferin in an attempt to mitigate the attitude of the Columbians said '... MacKenzie was not guilty of any such base and deceitful conduct; had I thought him guilty of it, either he would have ceased to be Prime Minister, or I should have left the country'^{2.}

The Island Railway bill having failed the government offered, 'as compensation for the delays which may take place in the construction of the Pacific Railway' a cash bonus of \$750,000 to be used in building the local railway. British Columbia maintained that it should form a part of the C.P.R., and demanded the fulfillment of the terms. Nothing was done concerning the waggon road or telegraph line; no annual expenditure seemed probable. The government pleaded that their hands were tied because of the determination sustained by public opinion everywhere against an increase in taxation.^{#.} The order-in-council, Sept. 20, 1875, which practically announced the breaking of the new arrangements was delayed to Nov. 10; during the interval the government negotiated a heavy loan in England chiefly for railway purposes. The Minister of Finance, in his Budget Speech, Feb. 16, 1875 said, 'I think it would have placed us at a certain disadvantage with the Imperial Government and British Columbia if we asked for the Im-

2. Hansard 1880, P.1591-

#. The O-in-C, Sept. 20, 1875 stated that the whole settlement was subject to the taxation resolution passed 1871.

perial guarantee while there was any dispute between ourselves and that Province as to the construction of the Pacific Railway^{3.} Many Columbians suffered direct pecuniary losses as a result of these broken promises. A feeling of depression replaced the confident anticipations of commercial and political advantages. They asked the Imperial Government on Feb. 1876 to bring its influence to bear on the Federal government. The Dominion insisted that it was doing the utmost to carry out the agreement - 'the government is not even yet in a position to determine the location and this must of course precede the commencement of construction'^{4.} For the same reason, how could the telegraph and waggon road be commenced? Again, it is true that an order-in-council June 7, 1873 declared Esquimault the terminus of the railway, but the Liberals from the beginning declined to admit that they were under any obligation to build the Island railway and refused to follow their predecessors.^{5.} Ross's resolution passed on April 7, 1876 expressed an old idea, viz:- that the arrangements for the construction of the C.P.R. shall be such as the resources of the country will permit without increasing the existing rate of taxation'.^{6.} Mr. Pymal pictured the situation vividly in the following words: 'To move our entire debt would require 9,600 teams, forming a string of sixty miles. Fancy what a caravan it would be extending from this city beyond Prescott drawing the public debt of

3. Hansard 1875, P.163.

4. Canadian Sessional Papers 1876, Paper 4, P.17. Copy of Report of C. of P.C., March 13, 1876.

5. Canadian Sessional Papers 1876, Paper 41, P.18.

6. Hansard 1876, P.1126.

7. four millions of people'. In spite of the fact that the Imperial government advised British Columbia against pressing for a final decision on the Railway Question, she began to threaten separation. In fairness to Mackenzie it must be borne in mind that the country was passing through a period of depression, and taking existing circumstances only into consideration, there was something behind his fear of finding the country 'standing prostrate'. Mackenzie became aware of his own weakness and complained of the tactics of the 'political twins opposite' in their attempt to return to office. His failure to carry out the Carnarvon Award gave Tupper, the war-horse of Cumberland (as he was called) an opportunity to strike. The British Columbia members had lost all faith in the Liberal party and submitted it to a continual verbal bombardment. The speech from the Throne 1877 asserts:- 'it has not been found possible as yet, to complete the location of the line and I have consequently been obliged to postpone the inviting of tenders for its construction..'.^{8.} The government was doubtless pessimistic. The Quebec liberals feared that the 'purposeless' railroad policy would result in 'disastrous financial embarrassment of the Province'. One side spoke of an unprotected country much of which is a desert; of a project involving \$150,000,000 and throwing the country into a debt one-third greater than that of the United States or England which the future Canadian will have to pay: the other (Tupper) boasted '50,000,000 acres^{9.} of the finest land on which the sun shines on in any part of the world'.

7. Ibid. p.884 (debt - \$140,000,000) Note: The views of the imperial government are set forth in detail in despatch No.362, Dec.18, 1876 Carnarvon to Governor General (I have not seen this.)

8. Hansard, 1877, P.2.

9. Hansard 1877, P.1683 -

In 1878 Article twelve of the Terms of Union, which provided for the construction of a first class Graving Dock at Esquimaux, was dragged into the battlefield because private enterprise could not be induced to enter upon the work for the small Dominion guarantee. Mr. Bunster bewailed the disregard on the part of the Dominion. By treaties with the United States they could have arranged years ago to have their railroads brought to British Columbia 'which had been fully their intention'.^{10.} Mackenzie was turning the corner under the stimulus of an approaching election. When he submitted his annual statement on the C.P.R., May 4, 1878, realizing that the surveys were nearly all completed he said, 'It becomes necessary to take some definite and decided steps towards making an attempt at the construction of that road ... The entire country from Lake Nipissing to Rat Portage or almost to Red River was without a single inhabitant or only temporarily occupied by trappers.' West of Red River he said nothing was known beyond what was obtained from Palliser and the missionaries,^{11.} in spite of the fact that 47,000 miles were travelled and 12,000 laboriously measured yard by yard at an expense of \$3,411,895 up to June 30, 1877. When it was too late he began to speak about filling up the North-West with 'a very large population' and of a road 'superior to any ... in Minnesota at the present time.' The House dissolved on August 17, 1878 and MacDonald formed his new Ministry in October.

Let us now outline the condition of the railroad to the close of Mackenzie's administration.

Mackenzie took steps to secure the early construction of the

10. Hansard 1878, P.412.

11. Hansard 1878, P.2413.

Georgian Bay Branch and to provide a connection with the Eastern Railway System. In 1875 he promised that 'every possible effort would be made to push forward the line from Lake Superior westward and from Georgian Bay eastward',^{12.} so as to enable Canada to compete effectively with the United States in transportation. A contract for the Georgian Bay Branch was let to a Boston contractor, N.C. Munson, who assigned it to Asa Belknap Foster of Quebec with whom an agreement was entered into on Feb.27, 1875.^{13.} Tupper raised the 'American cry'. He expressed a fear lest Canadian interests should be subordinated because Foster was connected with Allan and the Northern Pacific Railroad. This eighty-five mile line which ran from the mouth of the French River to the southeast side of Lake Nipissing was to be completed by Jan.1, 1877. The same contractor agreed with the Canada Central Railway Company to connect Renfrew with the Eastern Terminus of the Georgian Bay Branch. These proposed lines were very heavy; in addition, his financial arrangements were rendered very difficult on account of the discredit thrown on Canadian Railways in England. Consequently on Dec.20th., 1875 Foster applied for concessions. On the other side the government began to complain of his lack of exertion. An application was made to Ontario for lands to subsidize this branch. The request was regarded as 'exceptional in its nature'. True enough it would open 200 miles of territory in that Province; yet they contended it was too remote from the other railroads to make it worth considering. MacKenzie lost faith in the contractor. It

12. Hansard 1875, P.450.

13. Canadian Sessional Papers 1875, Paper 44.

14. Canadian Sessional Papers 1876, Paper 71, P.2.

was clear that the natural difficulties necessitated either a change in the gradients and alignment as provided in the contract or the shifting of the whole line further north. In addition to the Georgian Bay Branch agreements were made with Sifton and Ward on April 5, 1875 for the construction of a forty-five mile section from Lake Superior to Lake Shebandowan, and a seventy-seven mile line from Cross Lake to Selkirk. On Jan. 19, 1876 the government changed the first agreement, whereby the original location was departed from about fifteen and one-half miles east of Lake Shebandowan and ran northwesterly to Lac des Mille Lacs. On Jan. 1877 another contract was let to Stutton, Thompson and Whitehead to grade the distance from Cross Lake to Keewatin and complete the railway from that point to Selkirk. After a considerable amount of work had been done Joseph Whitehead became the sole contractor. On June 7, 1876 Patrick Purcell and Hugh Ryan undertook to iron and ballast the section from Fort William to Sunshine Creek, on which Sifton and Ward had done the preliminary work, and also to grade and bridge eighty miles from Sunshine Creek to English River. Before the close of 1876 the C.P.R. was opened. On August 24th, a locomotive and three flats were put on the track at the government wharf situated on the Kaministiquia river three miles above Fort William. Next day the steamer Sovereign arrived with a load of railroad iron and a number of excursionists. The passengers were invited by Mr. Ryan to accompany them on a four mile trip which terminated on the Ryan bridge (over a large ravine) which they named on that occasion. Fleming's Report of June 30, 1875

#. Sifton and Ward's contracts (13 & 14) were only for grading, culverts and bridging.

15. Weekly Free Press, Sept. 9, 1876.

announced that an eligible point for crossing the Red River had been selected. It possessed the advantages of being in a direct course between the Lake of the Woods and the Narrows of Lake Manitoba; of connecting conveniently with the navigation of Lake Winnipeg and, of being contiguous to a considerable tract of land still under the control of the government, suited for a town plot and for general railway purposes. Another undertaking was to construct two cheap wooden locks at Fort Francis to obtain uninterrupted steam navigation from Rat Portage to Sturgeon Falls at the east end of Rainy Lake. [#]/_{ii}. The government action was therefore in accord with its policy of proceeding with 'such intermediate stretches as would enable us to make land and water communication across the continent within the shortest possible time.' Perhaps in this synopsis mention ought to be made of MacKenzie's 'famous rails' (as they were sarcastically referred to by the Opposition) which he purchased in England in Nov. 1874. The market had fallen and MacKenzie seized the opportunity of purchasing \$2,665,500 worth of steel rails without authority from Parliament. It turned out that prices continued to drop and the affair was successfully used against the government and later against Fleming.

MacKenzie was justly criticized for spending what little he did, largely, in the wrong place, - in Tupper's words 'the whole of these undertakings ... ended in nothing.' The Georgian Bay contract was cancelled by an order-in-council, Feb. 25, 1876. The other works progressed at a turtle's pace. 'After undertaking the work as a government work and spending large amounts of money upon it as such, in [#]/_{ii}. They were not completed.

constructing some of the least productive portions of the work, after having exhausted all the power the government possessed in pointing out the utter impossibility of any person touching this matter without being involved in the most utter financial ruin. Tupper goes on to say 'he caps the climax by adapting the policy of the late government, publishing notices for tenders to contractors upon the basis of \$10,000 and \$20,000 acres of land per mile, or at the rate of \$27,000,000 and 50,000,000 acres of land, and asks the amount they will take, in addition to that, to build and own and operate the road.'^{16.} The proposals referred to, issued May 29, 1876 stated that the government expected to invite tenders for the whole line before Jan. 18, 1877. In the Speech from the Throne (1877) it says that this had to be postponed because it was found impossible to complete the location of the line.^{17.}

18.

The C.P.R. as it was located in 1876 commenced at Fort William on the Kaministiquia river, followed a northwesterly direction to the north of Lac des Mille Lacs and crossed the Winnipeg river at Kewatin; thence to Selkirk and the Narrows of Lake Manitoba; thence in a direct line to a point near Swan river called Northcote, then southwesterly to Livingstone; thence in a nearly due west direction through Battleford and the crossing of the south branch of the Saskatchewan; thence in a northwesterly direction through Edmonton; thence by the MacLeod and Athabasca rivers to Jasper House and Henry House and finally to Tete Jaune Cache. The distance from Fort William to the Yellow Head Pass was 1456 miles. Engineering houses were erected at

16. Hansard 1877, P.1687, Vide Canadian Sessional Papers 1877, Paper 57, or Weekly Free Press, Jan.24, 1876 for proposal.

17. Ibid. P.2.

18. Vide Map accompanying Canadian Sessional Papers 1877, Paper 6, and Canadian Sessional Papers 1880, Paper 43.

places selected for stations and used by the engineers during construction. Afterwards they were transformed into station buildings.

Great dissatisfaction arose in Manitoba when it was ascertained that the government proposed to run the C.P.R. via the Narrows of Lake Manitoba. All settlement in the province they urged was made with the understanding that the Southern Route would be followed. The south was a paradise of fertility, they pressed, in comparison with the barren north. Marcus Smith (acting Engineer-in-chief during Fleming's absence in England) favoured the Northern Route. It became known later with the Opposition as the MacKenzie-Fleming line. MacKenzie boasted that, 'The policy of the government and the technical knowledge of the Engineer have so far chimed together so well that there has been no jarring';^{19.} again, 'every step almost that we have taken in this gigantic enterprise has been taken with the concurrence of the Chief Engineer. We have so seldom differed in our opinions even upon matters of policy ... that I may fairly claim^{20.} to have acted in harmony with his office throughout'. Crossing rivers was the chief difficulty in the Prairie Region and since the Narrows were only 2650 feet wide and ten feet deep Fleming argued^{21.} it was policy to save thirty miles by adapting that route. In the spring of 1875 a Manitoba railway delegation requested that the Main line should run through Winnipeg, but MacKenzie refused the request on national grounds. Mass meetings were held in Winnipeg and throughout Manitoba in Feb. 1877 endorsing the idea of securing com-

19. Hansard 1878, P.243.

20. Hansard 1880, P.382 - quoted by McLennan.

21. S. Fleming's Report, Jan. 1877, P.58. (Short Library U-of Sask.)

munication with the West by means of a Manitoba and Western Railway.

J.H. Ashdown moved a resolution: 'that we, the inhabitants of the city of Winnipeg to assist in the construction of the said railway hereby pledge ourselves to pass a by-law for raising the sum of \$200,000

to subsidize a responsible company that will construct^{22.} a railroad to the Western limits of the Province.' On Nov.6, 1878 he moved at a similar meeting that a by-law be immediately prepared 'for the purpose of aiding in the construction of the bridge across the Red River and^{23.} of the Western Railway by a bonus of \$300,000.' The complaint was laid before the new ministry. R.D. Bathgate moved a resolution at the same meeting declaring that many were induced to invest their capital in Winnipeg believing, from the various Dominion Acts and maps, that the railroad would cross near Fort Garry. These people were greatly disappointed by the change that the Liberals adapted.

By way of location the 'major problem' lay in British Columbia. The Yellow Head Pass was found to be the best of the six that were examined. No way of piercing the Cariboo Mountains had been found, so from Tete Jaune Cache two courses were open for the railway - one in a northwesterly direction by the Fraser and the other due south by the Albreda and the Thompson river so flanking the Cariboo Mountains. The Cascade Mountains presented formidable difficulties everywhere. In his report of Jan.1877, Fleming enumerated eleven different lines, eight practical ones, for piercing these mountains. The Admiralty was asked, through the Colonial Office, for advice on the British Columbia harbours with a view to fix the seaport terminus

22. Weekly Free Press, Feb.10, 1877.

23. Weekly Free Press, Nov.16, 1878.

of the C.P.R. On April 17, 1877 they were requested to make nautic-^{24.}
 al surveys adjacent to the River Skeena. Admiral de Horsey, basing
 his opinion on the engineering features, the suitability for the in-
 terests and traffic of the populated parts of British Columbia, the
 convenience for ocean steamers to take up the through traffic for
 Australia, China, Japan, and other places across the Pacific at all
 seasons of the year, recommended that the terminus should be on Van-
 couver Island which could be reached by a steam ferry carrying a
 train from Frederic~~Arm~~ to Otter Cove. The line should continue past
 Boynes sound and Nanaimo to Esquimalt. This terminus was at a dis-
 advantage from the commercial standpoint. The government was not
 anxious to settle the question.^{25.} Fleming's position was that for 'or-
 dinary purposes' there was no pressing necessity for the railway be-
 cause there were no more than 12,000 civilized inhabitants between
 Manitoba and British Columbia and in the absence of traffic it be-
 came important to adapt the route which would least involve the sink-
 ing of unproductive capital and by which the loss to be borne in
 working and maintenance would be least heavy. He said 'If the con-
 struction of the railway must be at once proceeded with ... the gov-
 ernment should select the route by the rivers Thompson and Fraser
 to Bunard Inlet ... cheapness of transportation will be assured.'^{26.}
 Finally on July 13, 1878 the route towards Bunard Inlet was adapted
 by an Order-in-council which describes it as 'passing from the neigh-
 berhood of Tete Jaune Cache by the ^lAbreda river to the North Thomp-

24. Canadian Sessional Papers 1878, Paper 20.

25. Hansard 1877, P.1635. 'It is not intended that the Government shall definitely fix upon a point where the Pacific Ocean shall be reached'. April 20, 1877.

26. Canadian Sessional Papers 1878, Paper 20 C - P.15.

son river towards Kamloops Lake to the Fraser Valley at Lytton and thence descending the valley of the Fraser by Yale and New Westminster to Port Moody, or such other point on or near Bunard Inlet as may be found convenient for the purpose of harbour accommodation.^{27.}

To sum up; when the Administration closed no construction was commenced beyond Selkirk. The eastern terminus was a point at or near the southeast angle of Lake Nipissing. Work commenced three miles from the mouth of the Kaministiquia river and was in varied stages of construction along the route which passed north of Lac des Mille Lacs, lakes Wabigoon and Vermillion, to Keewatin and Selkirk. A reservation of land for railway purposes and town plots one mile in width on each side of the railway throughout the entire length had been made in 1876, and sites for stations had been selected and named throughout the whole extent of the Prairie Region. The section from Fort William to English river was almost completed; from that point to Keewatin changes were made in the location; very little was done on the Georgian Bay branch between South river, Lake Nipissing and Catin's Bay, French river although a new contract was signed in 1878. The telegraph line^{#.} was constructed from Fort William to the

27. Canadian Sessional Papers 1879, Paper 43 K, P.5.

#. A bad feeling arose amongst the Indians between the Saskatchewan and the Rocky Mountains owing to the presence in their territory of parties engaged in the construction of the telegraph line and in the survey of the C.P.R. On Sept. 9, 1876 the Sixth Indian Treaty was concluded at Carlton whereby 120,000 square miles were surrendered, reaching as far north as Cumberland Lake, Beaver River, Red Deer Lake, and the Athabaska river above the Red Deer Lake. Thus all the land east of the Rockies except a small area occupied by the Blackfeet Indians was obtained. (Cf. Canadian Sessional Papers 1877, Paper 11, P.10) On Sept. 22, 1877, the final Indian Treaty was signed at Battleford so all the Indians between Ontario and the Rockies were provided for.

longitude of Edmonton and in operation as far as Battleford. In British Columbia the telegraph line was completed between Cache creek and Kamloops.^{28.} The largest portion of the prosaic work was done. MacKenzie made the way easy for Macdonald.

We are now in a position to examine the achievements of the Macdonald Administration.

On May 10, 1879 Tupper placed before the house his famous resolutions concerning the C.P.R. Both political parties admitted the ultimate importance of the undertaking; for the fallen Ministry the dilemma was how to carry this out without at the same time financially ruining the country. The problem proved especially difficult because foreign capital could not be drawn into Canada for railway enterprises. Tupper said, 'we must ... combine to a greater extent than originally intended, our progress across the great prairie country of the northwest with a system of colonization as the only means by which successfully ... one may be able to achieve the construction of this railroad.'^{29.} To the great satisfaction of Manitoba he declared himself in favour of the Southern Route.^{30.} To the British Columbians he promised action.^{31.} He declared that this was a great 'imperial highway' affording a new route from England to Australia, India and all the dependencies of Great Britain in the Pac-

28. Canadian Sessional Papers 1879, Paper 8, P.13. Cf. Weekly Free Press, Sept.7, 1878. Telegraphic communication with Thunder Bay was established Sept.4. The first despatch "Winnipeg, Aug.28, 1878, to the Rieve of Shuviah, Thunder Bay 'I congratulate you on having connection by telegraph with the outside world, and especially with the prairie provinces and the wonderful North West. Wishing you success, I am, Yours truly, D.W. Sifton.' ". First telegram over C.P.R. telegraph line from Winnipeg.

29. Hansard 1879, P.1888.

30. Hansard 1879, P.1895. Resolution 10 'authorized the location of the Southern route and branch to Winnipeg.

31. Ibid. Resolution 14 asked permission to contract 125 miles in B.C.

ific, as well as to China and Japan. The mother country was in an 'unprecedented state of enforced idleness.' The C.P.R. would afford employment for her subjects, who were at the same time a very desirable class for the interior. In return for these homes the Imperial government would be approached for further aid. The resolution dealing lands was 'that 100,000,000 acres of land and all the minerals they contain be appropriated for the purpose of constructing the C.P.R. That the land be vested in commissioners to be specially appointed and that the Imperial government be represented on the commission. That all the ungranted land within twenty miles of the line of the C.P.R. belonging to the Dominion be vested in such commission ... that said commission be authorized to sell from time to time, any portions of such land at a price to be fixed by the Governor in council on their recommendation, at the rate of not less than \$2 per acre; and that they may be required to invest the proceeds of such sales in Canadian Government Securities, to be held exclusively for the purpose of defraying the cost of the construction of the C.P.R.'^{32.}

Mackenzie took exception to this clause chiefly because he believed it ineffectual.^{33.} He again submitted his now famous taxation resolution. Macdonald characterized the Liberal policy as one of 'protean colour' and 'chameleon *hice*'. 'We believe' he affirmed 'the C.P.R. can be built from the head of Lake Superior to the Pacific without the cost of a farthing to Canada.'^{34.} The resolutions were passed on the 12th and 13th of May.

32. Hansard 1879, 1879, P.1895, Resolution 7.

33. In 1877 when Macdonald attacked him for offering 50,000,000 of land he replied 'Yes; only I don't place their worth at \$5 per acre. I wish I could say they were worth \$1 an acre'. Vide Hansard 1877, P.1720.

34. Hansard 1879, P.1907.

The Public Lands of Canada formed a topic for much discussion next session. Under the authority of an order-in-council, June 27,^{35.} 1879, regulations of July 9th were framed and promulgated reserving the lands for 110 miles on each side of the Pacific Railway from the operation of the Dominion Lands Act. The commission referred to in Tupper's resolutions never came into being. This reservation (pending the final adoption of a route) was along an assumed line passing south of Lake Manitoba and projected as far west as the confluence of the Shell and Assiniboine rivers. It was subdivided into five belts upon each side of the assumed line. Belt 'A' was five miles wide on each side, Belt 'B' fifteen, Belt 'C' twenty, Belt 'D' twenty and Belt 'E' fifty miles wide on each side. Belt 'A' was for sale only at \$6 an acre, - sections eleven and twenty-nine were reserved for school purposes and sections eight and twenty-six for the Hudson's Bay Company. In Belt 'B' sixteen of the even numbered sections were reserved for homestead settlement and preemption, eighty acres being allowed for each claim - the sixteen odd numbered sections were reserved for railway purposes. The price of homestead and preemption lands was fixed at \$2.50, that of railway lands at \$5.00 per acre. In Belt 'C' the homesteads were free after three year's occupation, the preemptions were \$2.50, the railway lands sold for \$3.50. In Belt 'D' the price was \$2 throughout. In Belt 'E' the price was \$1. The terms of sale for railway lands were:- one-tenth down and the balance in nine equal annual instalments with interest

35. Hansard 1880, P.1040-1093 and 1999.

36. Canadian Sessional Papers 1881, Paper 21.

annually at six per cent; for homestead and preemption lands - four tenths at the expiration of three years and the balance in six equal annual instalments at six per cent interest. These regulations resulted in diverting intending settlers to Dakota and other American territories. Accordingly they were modified on Oct. 14.^{37.} The new regulations reduced the prices and opened Belt 'A' for homestead and preemption under the same conditions as the other belts. A uniform price of \$2.50 was fixed for the first three belts, in 'D' - \$2 and in 'E' - \$1. The railway lands, that is the odd sections, were slightly higher ranging from \$5 in Belt 'A' to \$1 in Belt 'E'. The homesteads and preemptions were increased from eighty to one hundred and sixty acres. Mr. Charlton (North York Liberal) pointed out that by paying down 10¢, 20¢, 30¢, 40¢, or 50¢ per acre the speculator could get control of huge blocks of land while the settler would suffer isolation since there were only thirty two homestead grants to the township. In the last fifty years Ohio, Michigan, Indiana, Illinois, Wisconsin, Iowa, and Minnesota, 'now teeming with life' had acquired a population of 14,000,000 and produced more than sufficient for the whole country. 'It is a sad thing' he continued 'to see this country falling, year by year, more, and still further behind the United States';^{38.} 'occupancy should be the unvarying condition of sale' in connection with public lands. At any rate the least that could be demanded from the speculator was cash payment in place of 10¢ down. Sir John A. Macdonald in the debate said, 'We know the count-

37. Canadian Sessional Papers 1881, Paper 21, P.4.

38. Hansard 1880, P.1043 -

ry has cost a great sum of money in the original purchase. It has cost us a large sum of money in preparing it for settlement. It has cost us a large sum of money in the construction of the Pacific Railway, as far as it has gone; and we have to take into consideration, not merely the settlement of the country, but the mode of carrying out the engagements of the Government and of opening up and developing that country by railway, in such a manner, as not to oppress the inhabitants of the whole Dominion.^{39.} The land policy in his own words became 'a humble imitation of that pursued by the American government'.^{40.} The American settler was allowed, by an act 1879, 160 acres for homestead and 160 preemption in place of eighty as before at a minimum price of \$1.25 or \$2.50 per acre according to location. The non-resident landowners had a detrimental effect on Manitoba. The 1,400,000 acres granted to the halfbreeds by the Dominion, (Cf. Manitoba Act.) a stretch of forty miles west of Winnipeg was uninhabited and uncultivated because four-fifths of it had fallen into the hands of speculators. From Poplar Point to Portage thousands of bushels of grain were produced in excess of the local demand but the grain could not be taken to Winnipeg immediately on account of the bad condition of the roads on the unoccupied lands. The poor settlers had to borrow money to tide them over the winter while their wheat lay in the barns or under the strawstacks until summer. 'The trails are strewn' said Trow 'with broken vehicles, dead horses, etc, the traveller being reminded of the battle of Waterloo'.^{41.} On May 5, 1880

39. Hansard 1880, P.1050.

40. Ibid.

41. Hansard 1880, P.1081.

Sir John A. Macdonald modified Tupper's land resolution passed the previous year. One hundred millions of acres of land of 'fair average quality for settlement' were to be appropriated in Manitoba and the North West Territories and sold at a minimum of \$1 per acre, the proceeds after deducting the cost of survey and management would be devoted exclusively for the purpose of defraying the cost of constructing the C.P.R.^{42.} The amount of land set apart for the C.P.R. was entirely out of proportion to the grant by the United States to any of their railroads. Forty-three (including the most important) railroad companies up to June 30, 1881 received about 179,922,528.54^{43.} acres covering a mileage of 14,351.12. But they had a greater population. 'On the Northern Pacific and the St. Paul and Pacific railways' wrote W.C.B. Grahame, Dominion emigrant agent at Duluth 'agents are employed either by the railway companies or by land speculators who give emigrants a glowing description of lands for sale in Minnesota and Dakota and who paint their superiority to the Dominion of Canada in strong colours.' To counteract this the Liverpool agent advised emigrants for Manitoba to obtain drafts on Winnipeg, thus making it necessary for them to visit the city at least, but in many cases they were followed and taken out of the Province. This is typical of the remarkable energy displayed by the United States in acquiring immigrants.

During the summer of 1878-9 advertisements were widely published in England and Canada inviting capitalists and contractors to un-

42. Ibid. P.1999.

43. Report of the Commissioner of Railroads 1881, P.268.

undertake the construction and operation of the whole line.[#] Tenders were to be sent in by Jan. 1, 1879 - on the 30th a single proposal was received. The government therefore proceeded to let out sections of the road as the Liberals had done. On March 7, 1879 Purcell and Company⁴⁴ agreed to complete Section 'A', that is, from English River to Eagle River (118 miles) by July 1, 1883; the work was to be under the direct supervision of the Engineer. On March 20, Fraser Manning and Company agreed to complete Section 'B', that is, from Eagle River to Keewatin (67 miles) by the same date. Numerous applications, for private bills giving authority to companies to construct railways in various directions in Manitoba and the North West Territories, were made to parliament, but were refused on the advice of Sandford Fleming who maintained that the government should control the location not only of the trunk line but also of the minor lines so as to form a comprehensive scheme and prevent the encroaching by the line on another's territory. 'The opportunity now presents itself' he said 'of establishing the traffic communications of a vast and naturally rich country, on a sound, economic basis. If the opportunity be neglected or evaded it will never again recur.'⁴⁵ An order-in-council of Oct. 4, 1879 adapted the Yellow Head Pass - Fraser River - Bunard Inlet route and a contract was entered into for the construction of 127 miles of road from Yale to Sowona's Ferry. Andrew Onderdonk was one of the contractors of a syndicate headed by D.O. Mills

[#]. Weekly Free Press, Sept. 28, 1878.

44. Thos. Marks (Prince Arthur's Landing); John Ginty (Toronto) Patrick Purcell (Williamstown) Hugh Ryan (Perth, Ont.)

45. Canadian Sessional Papers 1880, Paper 43, M. P. 12.

which undertook this work. For six years unsuccessful attempts had been made to find a better route. The approved one was nevertheless comparatively satisfactory because, 'of the four lines (Texas Pacific, Northern Pacific, Atlantic and Pacific, Union Pacific) stretching across the continent, within the limits of the United States no one is marked by general summits so low or gradients so moderate as the line to Bunard Inlet.^{46.} In Manitoba the route was changed to follow the settlements south and west of the Riding Mountains, by an order-in-council Jan. 22, 1880. Fleming had made a personal inspection of Red River in 1878 and recommended Selkirk as a suitable crossing place because the vicinity of Winnipeg was subject to floods which had occurred in 1776, 1790, 1809, 1825, 1860, 1861 and 1852. Winnipeg was determined to become a great railway centre on the main line, and passed a bridge by-law on July 14, 1879^{48.} authorizing the issue of \$200,000, \$20 debentures for the purpose of cooperating with the recently chartered Manitoba South-Western Colonization Co.,^{#.} to construct a bridge across the Red River. As a result of persistent deputations the Winnipeg branch^{49.} was built as a concession. It ran northwesterly from Winnipeg to Victoria Junction on the main line (18 miles), connecting with the Pembina branch at St. Boniface (in 1880). The Red river was crossed by a temporary bridge, the permanent one, undertaken by the Municipality, was under construction. On August 22, 1879 John Ryan was awarded the contract for the first 100 miles west of

46. Canadian Sessional Papers 1880, Paper 123, P.4. - Fleming.

47. Weekly Free Press, Dec. (?) 1879.

48. Weekly Free Press, July 5, 1879 - financial arrangements.

#. The contract for the construction of this railroad was made in Nov. 1880 (119 miles - Winnipeg to Rock Lake) Canadian Sessional Papers 1881, Paper 20 C. P.5.

49. Canadian Sessional Papers 1881, Paper 5, P.2.

Winnipeg on the new location. By 1880 trains were running regularly between Emerson and Cross Lake a distance of 161 miles.^{50.}

In May 1880 Sandford Fleming ceased to be Engineer of the C.P.R. and threw his energy into a new project, viz:- to extend the Pacific Railway Telegraph to Asia by submarine cable and to connect telegraphically all the great colonial possessions of Great Britain. 'It will bring' he wrote 'Great Britain, Canada, India, Australia, New Zealand, South Africa indeed all the outer provinces and the colonial possessions of Great Britain in unbroken telegraphic communication with each other in entire independence of the lines which pass through foreign European countries'.^{51.} A further commercial and political advantage would be gained through direct connection with China and Japan. Fleming went to Japan to arrange for a suitable landing point. In the House he was charged with an attempt to feather his own nest. Complaining of the treatment he wrote to Macdonald on Feb.15, 1882, 'You will remember that as Chief Engineer I had borne the burden and heat of the day in connection with the Pacific Railway when a political exigency arose to exact a change of some sort in respect to that undertaking. However painful it was to me I was called upon to sever my connections with that work and in doing so I was led to understand that I was serving the government.'^{52.}

50. Note: (1) The contractors except on section 'A', worked from the west, ie. their material and supplies were brought in via the States to Winnipeg. e.g. Joseph Whitehead (contract 15), on June 14, 1878 brought in a locomotive and 25 flats on the steamer Cheyenne. Vide Free Press, Dec.21, 1878 for an interesting description of the work on Contract 15 and Vide May 10, 1879 for strikes that arose over back-pay.

(2) The John J. Haggart was the first locomotive that ever crossed the Red river. on Dec.29, 1879, belonged to John Ryan the contractor for first 100 miles west. It was brought across on the ice. Vide Weekly Free Press Jan.3, 1880, p.5, Col.2, under heading 'Local and Personal'.

51. Canadian Sessional Papers 1880, Paper 123 p.30d and Canadian Sessional Papers 1882, Paper 41.

52. Canadian Sessional Papers 1882. paper 41 (a) p.9.

In 1876 Fleming, on account of his ill-health, visited England for a whole year and again in 1878 for a period of five months, during which Marcus Smith acted as Chief Engineer. Dissatisfaction arose on account of this and suspicion was cast on the method of awarding contracts. In the House he was condemned for the increased expenditure of \$930,915 on contracts let which 'resulted from a change in the character of the work for which he had no authority from the Department, nor from his chief ... and that (he).. was absent for a great part of the time without giving instructions to the Engineer in charge under him'. ^{53.} A Royal Commission ^{#.} was issued to Messrs. Clark Keefer and Miall to investigate matters relating to the C.P.R. - over a hundred pages of their report were an indictment against Fleming. The Conservatives pointed out in criticism that he was with Mackenzie the 'power behind the throne' instead of a 'useful servant'. His views on the route through Manitoba were also attacked. In May 1880 he was succeeded by Collingwood Schreiber.

It will be remembered that Mackenzie's design was to build a piece of railroad from Fort William to Shebandowan and another from the Lake of the Woods to Winnipeg, making use of the water stretches over the gap. But just before he left office he advertised for contractors to fill the 185 mile gap. After defeat he continued to fear an 'unbearable accumulation of the public debt'. He bluntly stated, 'In regard to the Pacific Railway what hampered the late administration was not to expend the money of the great mass of the people in

53. Hansard 1880, P.382.

#. This commission calculated the cost of the C.P.R. to Dec. 1879 as \$14,287,824. Vide Canadian Sessional Papers 1881, Paper 23 (c).

the east simply to secure a compliance with a foolish engagement with a few people in the west.^{54.} Again, Tupper's energy would 'end in disaster', 'At this moment the only thing I blame myself or the late government for was our proceeding far too rapidly with those surveys.'^{55.} Blake, now the Leader of the Opposition, also held that 'the fatal burden is still in the west' and moved for the postponement of the section from Edmonton to the Pacific. He predicted that immigration would move very slowly into Canada. The United States was receiving thousands of Germans and Irishmen but as for us he said, 'The sins of the fathers have been visited on the children', 'I maintain that the whole thing is visionary.'^{56 (1).} 'Do you suppose' he asked 'that most intelligent persons who are about to emigrate to this country will be attracted or repelled by the proposal to expend \$30,000,000 in the gorges of British Columbia?' By this 'ruinous and reckless course' he said 'you are making our load heavier than that of the United States ... you are paving the way to that very annexation which you profess to dread'.^{56 (2).}

We come now to the final topic to be considered in this thesis - the Contract.

Macdonald and Tupper visited England after parliament was prorogued in 1879. Although they were unsuccessful in their first attempt to interest English capitalists in the C.P.R. yet the West was brought before the English public. 'The whole sentiment of Great

54. Hansard 1880, P.394.

55. Ibid P.1522.

56 (1 & 2). Ibid. P.1456. elsewhere he refers to British Columbia as 'a sea of mountains.'

Note: re 56 (2). Vide Hansard 1880, P.1522, - Charltons Speech; Net Canadian debt 1880 - \$147,481,000. U.S. \$1,996,000,000
or \$36.64 per capita. or \$38.34 per capita.

Britain in relation to this country' said Tupper 'has undergone a complete change ... one of the causes which led to the great change in the public sentiment in relation to the value of land in the North West and of the railway enterprise ... was the marked and wonderful success that was published to the world as having resulted from the syndicate who had purchased the St. Paul, Minneapolis and Manitoba Railway ...^{57.} Circumstances had compelled the Conservatives to continue the project as a government work although they preferred to construct and operate it by means of an incorporated company aided by grants of money and lands. The harvest in 1880 was excellent, commercial prosperity increased, so Macdonald, Tupper, Pope and Dennis took advantage of the favourable times and proceeded to England in July on a second mission. 'We sat de die on diem as a little committee meeting different gentlemen again and again ... money being plenty and enterprise ripe on the continent of Europe especially in France and England.'^{58.} A temporary contract was arranged there and finally signed on Oct. 21, 1880. with men of high financial standing in Europe, the United States and Canada for the speedy construction and permanent working of the C.P.R.^{59.} Parliament was summoned early to declare its policy. Two new sections one from Winnipeg to Portage and the other from Cross Lake to Keewatin had been recently opened for traffic, making the total mileage in operation 264. The government was anxious to lose no time.^{60.}

57. Hansard 1881, P.57.

58. Ibid. P.39.

59. Canadian Statutes 44 Vic 1, P.5 (Contract accompany's the Act.)

60. Those who signed the contract: Charles Tupper (Minister of Railways and canals); George Stephen and Duncan McIntyre (Montreal); J.S. Kennedy (New York); R.B. Angus and J.J. Hill per Geo. Stephen (St. Paul), Morton Rose and Co. (London, England); Kohn Reinach and Co. (Paris).

According to the Contract the Eastern Section, from Cadlander Station (the Eastern Terminus of the C.P.R. at the eastern end of Lake Nipissing) to a point of junction with the Lake Superior section (650 miles); and the Central Section, from Selkirk to Kamloops (1350 miles) were to be completed by the Company. The Lake Superior Section or that portion in the course of construction between Prince Arthur's Landing and Selkirk (412 miles); and the Western Section from Kamloops to Port Moody (217 miles) were to be completed by the government. The government portion of the work including the Pembina Branch (712 miles) on which the government expenditure was to total \$28,000,000 was to be handed over to the Company upon completion. The Company for its work (2,000 miles) was to receive from the government \$25,000,000 and 25,000,000 acres of land. 'The grant of land shall be ... in alternate sections 640 acres each extending back twenty-four miles deep ... from Winnipeg to Jasper House'. The Contract further provided for the replacement of deficient lands by tracts located elsewhere and which were not taken up for any other purpose. The company with the approval of the governor-in-council, was allowed to change the location of the line provided they retained the terminal points. The whole line was to be completed by May 1, 1891. Section 15 of the contract reads: 'For twenty years from the date hereof no line of railway shall be authorized by the Dominion parliament to be constructed south of the C.P.R., from any point at or near the C.P. except such lines as shall run southeast or to be westward of southwest; 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.'

And Section 16: 'The C.P.R. and all stations and station grounds ... rollingstock and appurtenances required and used for the construction and working thereof and the capital stock of the Company shall be forever free from taxation of the Dominion or by any Province hereafter to be established or by any municipal corporation therein and the lands of the Company in the North West Territories until they are either sold or occupied shall also be free from such taxation for twenty years after the grant thereof from the crown.' These two sections came in for the most vigorous criticism.

According to subsection ten of section 92 of the B.N.A. Act, 1867, all local works including railways other than those connecting one province with another or extending beyond the limits of the Province fell under the supervision of the Legislatures. Manitoba wanted to build railways (some towards the United States) within her own boundaries. Even before the Contract it will be remembered that Fleming suggested rigid Federal Supervision of all branch lines and on April 18, 1879 the Government at Ottawa thought 'it very desirable that all railway legislation shall originate here and that no charter for a line exclusively within the Province of Manitoba shall be granted by its legislature without the Dominion Government first assenting thereto' for as A. Campbell the minister of justice said, 'The manifest intention ... is to connect the Province with the United States and practically to extend beyond the limits of the Province.'[#] The Legislature of Manitoba proceeded to disregard the Contract (section fifteen)^{#1.} and incorporated the Winnipeg South Eastern Railway Company,

[#]. Canadian Sessional Papers 1882, Paper 48 L, P.41-5.

^{#1.} Vide Statutes of Manitoba 1881, Chapters 37, 38 and 39 respectively and Cf. Canadian Sessional Papers 1882, Paper 48 h.

the Manitoba Tramway Company and the Emerson and Northwestern Railway Company. These charters were disallowed but Manitoba was persistent. Premier Norquay in 1887 took the matter up rather sharply with President Stephen of the C.P.R. as well as the Dominion. In 1888, Winnipeg was very close to witnessing a 'fight' over this Disallowance clause which was abrogated that year.

On Dec. 13, 1880 Tupper introduced two resolutions dealing with the subsidy to the Company. There were still 75,000,000 acres left of the 100,000,000 granted last year, 'under the conviction' as he said '... to apply those lands in such a way as would ultimately secure the people of the older provinces against taxation for the purpose of constructing this railway.'^{61.} It was maintained that all the privileges asked in the charter were necessary to make the line a success and render the railway independent of partisan politics. 'We should be traitors to ourselves and to our children if we should hesitate to secure on terms such as we have the pleasure of submitting to parliament the construction of this work, which' Tupper said, 'is going to develop all the enormous resources of the Northwest, and to pour into that country a tide of population which will be a better tower of strength to every part of Canada, a tide of industrious and intelligent men who will not only produce national as well as individual wealth in that section of the Dominion, but will create such a demand for the supplies which must come from the old provinces, as will give new life and vitality to every industry in which those provinces are engaged.'^{62.}

61. Hansard 1881, P.66.

62. Hansard 1881, P.69.

In contrast to this statement Blake declared that the enterprise 'hung over us as a black cloud, and our future was darkened by the idea of the bond to which the honorable gentlemen had persuaded a moribund parliament to sign.^{63.} The Opposition regarded the Contract with alarm. Almost every feature was criticised.^{#.} Strange enough one of the objections was that Macdonald was going to build a 'cheap road'. The standard mentioned in the contract was the Union Pacific Railroad of the United States - this was held to be too low. The policy of handing over the railroad to the company and of guaranteeing ten per cent to them was objected to on the ground that the farmers would be 'squeezed' out of existence in the same manner as the American railroads effected this. It was proclaimed an American scheme whereby the St. Paul and Manitoba Railway Company was being presented with the C.P.R. The government hoped to build the road 'without costing 1¢ to the people of Canada' because the sale of the lands in the west together with a systematic emigration would solve the financial problem. To the Liberals this was 'simply a monument of folly'. Laurier held that to sanction this 'monstrous monopoly' would be 'a great calamity to the Dominion at large'.^{64.} For the time being he advised the postponement of the North Shore line and the construction of the Eastern section as far as Sault Ste. Marie so as to tap the American system of railways and secure a large part of the traffic from those states as well as the trade of our own North West. The Liberals held a series of meetings in Ontario during the

63. Ibid. P.76.

#. Note the Ottawa Citizen and Toronto Globe opposed the contract. The Free Press criticized some of the details only.

64. Hansard 1881, P.194 and P.723. Laurier's Amendment.

Xmas holidays to stir up feeling against the Contract. When they returned to parliament they asked for delay to consider a proposal by a second Syndicate which had been made to the government in the meantime, Jan. 14, 1881.⁶⁵ The New Syndicate offered to do the same work without exemption from duty, without the enforcement of the monopoly or immunity from taxation or guarantee of profit for the smaller subsidy of \$22,000,000 and 22,000,000 acres of land and besides they were all Canadians. The government however regarded it as a fictitious offer for Opposition purposes.

In Manitoba the principle of the Contract received the most unequivocal assent of all parties in the Legislature and at mass meetings of the electors of Winnipeg. Some of its features were nevertheless declared extremely objectionable. A Resolution of the House of Assembly, Dec. 22, 1880 favoured the idea that parliament should preserve its right of authorizing the construction of railways in any other direction by other companies, also that the syndicate should only have the power to build the main line, - any branches should be authorized by parliament. Further, 'that the Syndicate should not have the option of selecting and choosing their own land, but shall be compelled to take alternate sections ... irrespective of the quality of the same.'⁶⁶ The attitude of the Free Press was that 'a few

65. Canadian Sessional Papers 1881, Paper 23 m and Hansard 1881, P. 512. Blake 'whether you regard the money, the lands, the allocation of the subsidies, the monopoly, the exemption from taxation of the property, the exemption from taxation of the lands, the exemption from duties, the provisions as to the regulations of rates and fares, or the provisions as to the Canadian holding, you find most important improvements over the Contract.' Those who signed the offer were:- W.P. Halland (Toronto) H.H. Cook, (Toronto) J.M. McLaren (Ottawa) Wm. Hendrie, (Hamilton), J. Stewart (Hamilton), John Walker (London), D. McFie, (London), K. Chisholm (Brampton), John Proctor (Hamilton), P.S. Stenenson (Montreal), A.T. Wood, (Hamilton), A.W. Ross (Winnipeg), G.A. Cox, (Peterboro), P. Howland (Toronto), P. Larkin (St. Catharines), Allan Gilmour (Ottawa), J. Carruthers (Kingston), W.D. Lovitt, (Yarmouth), Alex Gibson (Fredericton), Barnet & McKay (Renfrew) Witness J. Leys (Solicitor)

66. Hansard 1881, P. 371.

thousand settlers more or less each year will have a greater effect upon the future of the Northwest than the granting of a few million dollars or acres more or less to a syndicate!! A deputation went from Winnipeg to Mr. Angus and J.J. Hill in St. Paul to offer them freedom from taxation forever and a free site of thirty acres if they would build their workshops in Winnipeg.

British Columbia thought that the scheme did not go far enough. At the instance of the Dominion government a strip of valuable land along the east coast of Vancouver Island (180x20 miles) was withdrawn from sale or settlement since 1873. 'They have kept back that Province' Mr. Bunster said 'when Manitoba has been going ahead ... It was because the lands in our province had been reserved by the government'.⁶⁷ He therefore moved for the consideration of the Island Railroad. The motion was lost in spite of the plea that his province had been seriously injured.

After many of the members of the Opposition had moved an amendment to one phase or another of the Contract, the resolutions introduced by Tupper were concurred in on Jan. 27, 1881 and Macdonald introduced a bill based on them,⁶⁸ which approved the Charter. On Feb. 16, 1881 an order-in-council was passed authorizing the issue of letters patent granting a charter to the Company. The C.P.R. Co. was incorporated with a capital stock of \$25,000,000 and its head office at Montreal.⁶⁹ The first directors of the Company were George Stephen, D. McIntyre, J.S. Kennedy, R. B. Angus, J.J. Hill, Henry Strafford, Northcote, Pascoe du P. Grenfell of London, C.D. Rose of London, and Baron J. de Reinach of Paris.

67. Hansard 1881, P.615.

68. Statutes of Canada 44 Victoria, Chapter 1.

69. Accompanys 44 Victoria, Chapter 1.

The interesting story of the C.P.R. Co. must remain to be told but a few general remarks may be added by way of conclusion. Work progressed rapidly. John Ryan the contractor for the first 100 miles west of Winnipeg lost money and failed to complete his work by August 19, 1880. His difficulties were extreme. 'I tell you', he wrote, 'that my men were working thigh deep in water to raise the track over ... submerged portions of the line'. As the result of a wet season^{70.} the locality about Stonewall was one vast swamp overlaid with two to three feet of water. The government took up the work and by the close of 1880 had a connection with Portage la Prairie, via Stonewall. The C.P.R. Co. however secured permission to abandon the old location and construct a direct line - retaining the section from Winnipeg to Stonewall (20 miles) as a branch. Before the close of 1881 the company opened for traffic the 161 miles from Winnipeg to Brandon. Work commenced on the present Brandon-Estevan or Souris line; another branch ran from Winnipeg to Turtle Mountain. On July 9, 1881 the Canada Central Railroad from Ottawa to Callander Station via Carlton Place and Pembroke (including a branch from Carlton Place to Pembroke) became part of the C.P.R. system, reaching from Ottawa to Port Moody. Next year the Company purchased and operated as part of the main line the portion of the Quebec, Montreal, Ottawa and Occidental Railway between Ottawa and Montreal. They changed the location of the line to a more southerly direction passing through Winnipeg and pointing to Calgary instead of Edmonton and the Kicking Horse pass was adapted instead of the Yellow Head Pass, thus making the total distance between the terminal points 2,500 miles. The

Eastern Expansion of the C.P.R. brought it into conflict with the Grand Trunk which assumed an aggressive policy of consolidation and proceeded to decry its Western rival. In 1883 the Company assumed control of the link between Fort William and Winnipeg. The Government did not complete the Kamloops-Port Moody section until 1885 and on Nov. 7, 1885 Donald A. Smith drove the last spike at Craigellachie, and 'on the 28th of June 1886 a through train left Montreal for Port Moody reaching the Pacific terminus on schedule time'.[#]

This may truly be regarded as one of the important events in Canadian history. It more than bound the West to the East. For the C.P.R. was forced to apply frequently to the Government for aid and Canadians began to feel in a very real way that they were engaged in a great national work. In May and July 1886 the Company paid \$19,150,70 and surrendered its right to 6,793,014 acres of land valued at \$1.50 per acre. Finally on the 16th and 20th of November 1886 all matters outstanding between the Government and the Company were closed up. The company by sale of its stock, by issuing land grant bonds and first mortgage bonds, by receiving \$35,000,000 and \$35,000,000 worth of road from the government, by selling 3,500,000 acres of land, by encouraging emigration and also profiting from the 'free lands' policy of the government, by receiving enormous contributions from members of the original Syndicate was enabled to accomplish its task

[#]. Canadian Sessional Papers 1887, Paper 13, P.10.

Note: (1). The Red River was finally spanned by a permanent iron bridge Sept. 1881.

(2). Langévin reported that the C.P.R. cost \$18,600,000 up to Dec. 16, 1880.

(3). By 1880, 3,749,175.21 acres were sold and occupied almost 3000000 of which was obtained by homestead and preemption. By end 1881, homesteads in Manitoba, Keewatin and North West Territories equalled 2,518,163.7. Preemptions equalled 1,270,751. (For lands Vide Canadian Sessional Papers 1882, Papers 11 and 30.)

[#]1. The financial arrangements are summarized in Canadian Sessional Papers 1887, Paper 13, P.10.

in half the allotted time, in the face of hostile opposition from the Grand Trunk because the Government realized that its very life depended on the success of the undertaking. During the lean years that followed its completion, although the stock of the C.P.R. was quoted very low and the West was sparsely settled, it proceeded to make moderate profits by carrying buffalo bones to the eastern factories and encouraging tourists by a widespread advertising campaign.

Between 1890 and 1897, the beginning of a new era in the railway history of Canada, the C.P.R. adapted a policy of 'consolidation'. In 1897 we get a great flow of immigration westward on account of new gold discoveries in the Klondike. Prices rose and many of the minor eastern railways had visions of a transcontinental railway competing with the thriving C.P.R. The enthusiasm, national sentiment, and faith of the people was enlisted and in a measure abused, partly for patriotic and worthy ends and partly for 'political' expediency in the following two decades in projecting rival lines - perhaps from a belief in a false economy that in railways as in other commercial fields the more competition the better and that a more than adequate transportation system would result in dense settlement. In 1895 the Lake Manitoba Railroad and Canal Co. was chartered in Manitoba. This was the origin of the Canadian Northern which originated in an amalgamation of several short branches. William MacKenzie and Donald Mann undertook its construction without investing a penny. The original little branches had secured some 4,000,000 acres from the Dominion. In 1894 the Government discontinued its policy of granting lands to railways so MacKenzie and Mann extorted as much aid as they could both from the Dominion and the various (Eastern and Western) provinces - this took the form largely of guaranteeing bonds.

The remarkable feature of this undertaking was that Messrs. MacKenzie and Mann issued all the common stock of the C.N.R. to themselves for their services. The line, which in British Columbia followed, approximately, Fleming's old route was completed during the Great War.

In 1902 the Grand Trunk decided to fling a line across the Dominion and in 1905 the first contracts were let on the Grand Trunk Pacific. It is very apparent that it was a most imprudent undertaking. The country has now to pay for the unfortunate 'sporting' of former politicians. Surely two transcontinental lines could reasonably be expected to meet emergencies in case of abnormal developments. It is difficult to excuse this shortsightedness of risking millions upon millions in adding a parallel line over hundreds of miles when the real needs demanded a branch here and there to develop local regions. The result has been that local needs will in every case have to take into consideration the existence of, and probable effect on our three transcontinental lines.

While the policy of expansion undertaken largely after Thomas G. Shaughnessy became President (in 1899) of the C.P.R. has brought that company enormous wealth the two rival lines were unable to stand on their own feet and have passed under Government control.

Perhaps it is not an undivided evil. We are pledged by Laurier's Railway Policy as they were (under different circumstances of course) under Macdonald's to make this country the Canada for which our highway system was designed.