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THE NATIONAL POLICY AND MANITOBA RAILWAY
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The National Policy and Manitoba Railway Legislation

1879 - 1888.

by

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The National Railway Policy and Manitoba Railway Legislation.

1879 - 1888.

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The National Railway Policy and Manitoba Railway Legislation:

1879 - 1888.

Introduction

The anti-disallowance, anti-Canadian Pacific Railway monopoly agitation of the 1880's in Manitoba was one of the first really serious conflicts between federal and provincial policies where secession was not the immediate or ultimate objective of the agitators. This agitation and its outcome is usually considered one of the early victories for the provinces in the constitutional development of "Provincial Rights" within the Canadian confederation. Sir John A. Macdonald's letter of March 30, 1888, to Premier Greenway promising, "The administration will not advise the disallowance of a bill similar in nature to the Act for the construction of the Red River Valley Railway,"¹ was certainly evidence of a significant victory for the province of Manitoba. In the words of W. L. Morton, "The rights of Manitoba had been vindicated."²

There are several salient and easily identifiable aspects of the monopoly and disallowance problem which, taken together, made it a very volatile but also very complex problem. The first and most obvious aspect of the agitation was the economic one. Manitobans were, in the first place, protesting against the economic hardships caused by high freight rates and inadequate rail facilities. Other grievances against the federal government, such as the high import tariffs, the federal lands policy, and generally the parsimony of the federal government when

1. Macdonald to Greenway, March 30, 1888; Macdonald Papers, Vol. 527, p. 458.

2. W. L. Morton, Manitoba; A History, Toronto, 1957, p. 231.

"Better Terms" for Manitoba were under consideration, easily added fuel to the fires of provincial discontent, but basically it was railway competition that Manitobans came to feel would provide the panacea for the economic difficulties which geography, history, and Canadian national policies³ had created for their young province. Due, however, to the long stretches of rugged and barren country north of Lake Superior there was, in the 1880's, virtually no prospect of a second transcontinental line north of Lake Superior to offer competition to the C. P. R. It seemed obvious that rail competition in Manitoba could only be attained by connections with American railways to the south, and provincial railway policies came to centre almost entirely around proposals whereby American railways might be brought into Manitoba. The American lines would, it was hoped, bring railway competition in the form of lower freight rates and increased branch line construction.

Federal railway policies on the other hand, reflecting a growing Canadian economic and political nationalism, were designed to make Canada an independent economic unit on the North American continent. The infiltration of western Canada by American railway systems would largely negate such Canadian nationalistic aspirations by making the West economically tributary to American rather than Canadian commercial centres. Instead of allowing this to happen the federal government decided to negate, by the power of disallowance, provincial railway policies and legislation.

The economic aspects of the problem led directly to constitutional ones when the Province of Manitoba decided single-handedly to remove some

3. The term "national policy", in its ordinary sense, is used in this thesis simply as a reference to the policy of the national government. The more specific "National Policy" as enunciated by Sir John A. Macdonald and his Conservative government in 1878 will be capitalized.

of the alleged economic inequities imposed upon them by national policies, only to be met by federal disallowance. A constitutional battle over the legislative competence of the province and the proper or improper exercise of disallowance quickly developed as a result of the clash in railway policies.

A third aspect of the dispute, apparent from the beginning, centered around the whole problem of Canadian-American relations. Although the Americans were never directly involved in the agitation it was obvious that threats of American economic infiltration of Manitoba on the one hand, and prospects of lower freight rates via American carriers on the other, were basic to the whole federal-provincial quarrel. Canadian-American relations, perhaps the economic existence of Canada as a separate nation, were bound to be seriously affected by the success or failure of the proposed American rail connections in Manitoba.

A fourth, and perhaps the most decisive factor in the railway agitation must center around the political and personal relations between the several antagonists. The increasing personal enmity between Premier Norquay and Prime Minister Macdonald, the sometimes rash and arrogant acts, letters and telegrams of C. P. R. officials, Sir George Stephen's later determination to get rid of the monopoly clause, the alleged weakness of Lieutenant Governor Aikins and the contrasting strength of Lieutenant Governor Schultz, and Governor General Lansdowne's adherence to free trade principles all helped to shape and determine the course of the agitation and to eventually bring it to a rather inconclusive and, on the whole, harmless end.

It will be the purpose of this thesis to discuss all the above mentioned aspects of the Manitoba railway problem in the 1880's.

Particular emphasis will be given to the personal and political relations between the several antagonists insofar as they relate to the clash between the national railway policy and Manitoba railway legislation in the 1880's and are revealed in the private papers and other primary sources available.

The disallowance of Manitoba railway legislation in the 1880's has already been the subject of one Master of Arts thesis. Mr. James A. Jackson of the University of Manitoba has given a good chronological account of the dispute, basing his study mainly on newspaper accounts, secondary sources, and a few Manitoba primary sources.⁴ It is not intended that this thesis shall duplicate the work already done by Mr. Jackson. The justification for a second thesis on this subject must lie in the fact that the rich documentary source materials available at the Public Archives of Canada, particularly the papers of Sir John A. Macdonald, but also the papers of C. P. R. president George Stephen, the papers of Conservative party organizer in Manitoba, H. H. Smith, the records of the Governor General's office and of the Privy Council Office, as well as other primary sources relating to the subject, were not accessible to Mr. Jackson. These documentary source materials provide a great deal of interesting and valuable information on the subject, particularly as it relates to the personal relations, tensions and disagreements between the main political figures in the dispute. It is hoped that, on the basis of the primary source materials available at the Public Archives of Canada as well as elsewhere, this thesis may provide new information and shed new light on the leading figures and issues in the dispute, and that thereby a better understanding of the basic problems involved in the clash between national and provincial railway policies in the 1880's may be achieved.

4. James A. Jackson, The Disallowance of Manitoba Railway Legislation in the 1880's, M. A. Thesis, University of Manitoba, 1945.

Chapter I.

The Development of a National Policy prior to 1881.

The developments in Manitoba in the 1880's were naturally very closely associated and connected with events and developments preceding that decade which set the stage for the ensuing railway difficulties. Thus it seems essential that at least some attention be given to national policies and Manitoba's position in the Canadian Confederation before 1881 and the coming of the Canadian Pacific Railway.

Although the Province of Manitoba did not come into existence as a part of the Canadian federation until 1871 the problems and potentialities of the "Great West" within the projected larger Canadian union had long been discussed and contemplated in the Canadas. The great aims of the Canadian Confederation itself can perhaps most succinctly be summed up in the statement of the Royal Commission on Dominion Provincial Relations.

"Confederation was conceived as the solution of a number of political and economic difficulties and, therefore, had both practical and economic aims. Politically it was designed to establish a new nation to meet the changed conditions of British policy and to brace the scattered provinces against possible American aggression. Economically it was intended to foster a national economy which would relieve dependence upon a few industries and lessen exposure to the effects of the economic policies pursued by the United States and Great Britain."¹

There seems little room for doubt that economic, military and political consolidation of British North America, in the face of a threatening "Manifest Destiny", was both the immediate and long range objective of Canadian Confederation. In this consolidation the West was to play a very significant part. In fact the future of the West

1. Report of the Royal Commission on Dominion-Provincial Relations, Book I, Ottawa, 1954, p. 29.

became one of the dominant themes of the Confederation Debates. This high priority accorded the largely undeveloped and unpopulated West by the Fathers of Confederation was largely based on two factors; one defensive, and the other offensive. First, defensively, there was an obvious threat that unless something was done quickly the entire domain of the Hudson's Bay Company stood in grave jeopardy of being annexed to the United States. Thus Alexander Morris, later Lieutenant Governor of Manitoba, stated very plainly:

"If Canadians are to stand still and allow American energy and enterprise to press on as it is doing towards that country the inevitable result must be that that great section of territory will be taken possession of by the citizens of the neighbouring states."².

The authority of the long established governing Hudson's Bay Company was obviously on the wane in the West. That Company, primarily interested in the fur trade, proved generally antagonistic towards the agricultural development and settlement of the West, although unable to prevent it. This antagonism, coupled with the natural trade routes of the new settlers, tended to promote a commercial alignment of the settlers at Red River and the western plains with the nearby American traders at St. Paul and Chicago. It was becoming increasingly apparent in the 1860's that the Company would be unable to hold the West for the British flag much longer. Thus, unless something was done quickly, there was an imminent threat that the entire area west of Lake Superior would be lost, by default, to the United States. Thus, defensively, Confederation was

2. Parliamentary Debates on Confederation of British North American Provinces, Third Session, Provincial Parliament of Canada, Quebec 1865, (hereinafter referred to as the Confederation Debates), Ottawa, photographic reproduction, 1951, p. 443; Alexander Morris on February 23, 1865.

to prevent the loss of the huge domain of the Hudson's Bay Company by a closer political and economic alliance of the West with the other British North American provinces.

There were, however, also more positive reasons why Canadian politicians and business men should concern themselves with the fate of the West. That great area offered great potentialities and new hopes of greatness to the frustrated Montreal and St. Lawrence River merchants who had twice already made largely unsuccessful attempts to become the center and commercial entrepot of a great commercial empire. Their attempts to funnel the traffic of the interior into the great St. Lawrence River route in the days of the fur trade had suffered serious reverses as a result of the British conquest of Canada and the successful American War of Independence which left the strategic "western posts" in American hands. Both these events had materially assisted the New England states in their competition with Montreal and the St. Lawrence River route.

Montreal's grand design had been that the St. Lawrence should channel and control the flow of traffic between Europe and the interior of the continent, thus ensuring commercial pre-eminence for that city. But in the two decades preceding Confederation these designs were again largely scuttled, mainly by three developments. First, the repeal of the British Navigation Laws in 1847 and Britain's declaration for Free Trade had destroyed Montreal's favoured commercial position in British markets. Second, the impending abrogation of the 1854 Reciprocity Treaty with United States, which had brought the Canadas and Montreal a brief period of prosperity, threatened to cut Montreal off from the American interior. Third, the imperfections of the St. Lawrence as a commercial highway were becoming more obvious as American competitors improved their avenues

of commerce by extensive canal and railway projects.

To overcome this last factor the St. Lawrence merchants had gone heavily into debt to build first an extensive canal system and then extensive railway systems, the most notable of which was the Grand Trunk Railway which sought to gain American traffic by building as far west as Chicago. But, despite these efforts, it was becoming obvious to many in the 1860's that the building of expensive canal and railway works could not offset the lack of British trade protection and the rising, virulent American nationalism of the post Civil War era, already devising tariff changes which would prevent many American products from going through British North America on their way to European markets. Both these factors threatened to reduce Montreal to the status of an insignificant provincial capital, and to make the Canadas an economic hinterland of American commercial centers.

Thus, in 1865, with a crushing debt and a frustrated dream, the St. Lawrence merchants began to cast a more interested eye at the commercial opportunities of the Canadian, the "Last Best West." It was a poor substitute for the trade of the entire western portion of the continent, but it was all that the merchants on the St. Lawrence could safely count on in what would doubtlessly be their last bid for commercial empire.

W. McGivern outlined the arguments as to the desirability and potentialities of the West very plainly in the Confederation Debates when he said,

"What then may we not expect our great North West to become? If we had it opened up, Canada would be the carrier of its products, as the Middle States are the carriers of the Western States, and the manufacturers of the goods consumed by the West. We would then occupy towards it precisely the same position as the Eastern States occupy toward the Western; the produce of the North West would find a profitable market among us, while our manufactories would increase and prosper, and we would be placed entirely independent of

the United States in our commercial relations. If we can open up the North-west; if we enlarge and improve our inland water communication - if we can build up a fleet of vessels to ply on our inland waters and owned by this great empire of province, then, instead of being dependent upon the United States we would be in a position of entire independence."³.

Alexander Morris became so engrossed with the vision of a new commercial empire that he proclaimed,

"With two powerful colonies on the Pacific, with another or more in the region between Canada and the Rocky Mountains, with a railway and a telegraph linking the Atlantic with the Pacific, and our inland and ocean channels becoming a great thoroughfare of travel and of commerce, who can doubt of the reality and the accuracy of the vision which rises distinctly and clearly defined before us, as the great Britannic Empire of the North stands out in all its grandeur, and in all the brilliance of the future."⁴.

Needless to say other ~~spokesmen~~, particularly those from the Maritimes were not, in the words of one member, willing to "risk losing all by grasping too much," and who doubtlessly agreed with Mr. Shanly when he stated flatly, "We cannot jump all at once from the position of colonists to that of colonizers."⁵. The Maritimers were, however, considerably mollified by a definite promise that the long hoped for Intercolonial Railway was to be built.⁶. The Maritimes, if Confederation

3. Confederation Debates, pp. 469-470; W. McGivern on February 24, 1865

4. Ibid., p. 445; Alexander Morris on February 23, 1865

5. Ibid., p. 905; W. Shanly on March 10, 1865

6. According to resolutions 68 and 69 the building of the Intercolonial was to be begun at once, while the opening up of the West was to be carried forward only when the state of the finances would permit. This, on the face of it, implied that the one was to take precedence over the other. But a number of speakers made it quite plain that the opening up of the West was definitely one of the conditions of Confederation, and not something to be decided at a later date.

was carried, were to have their railway while the St. Lawrence commercial community was to have a last chance to realize its dreams of commercial empire, based on the commerce of the Canadian West. In the words of George Brown, the great publicist and enthusiast of the West, "The Confederation is therefore clearly committed to the carrying out of both these enterprises."⁷ These two enterprises could well be defined as integral parts of the first truly Canadian national policy.

In order to enable the new national Government of the federated provinces to implement and enforce the national policies agreed upon at Charlottetown and Quebec the federal government was granted fairly extensive legislative powers. Confederation had largely been accomplished to enable the provinces to do collectively what they could not accomplish individually, and this at least partially accounted for the extensive legislative powers given the federal government. During the Confederation Debates Sir John A. Macdonald was able to state,

"We have strengthened the **General** Government. We have given the General Legislature all the great subjects of legislation. We have conferred on them, not only specifically and in detail, all the powers which are incident to sovereignty, but we have expressly declared that all subjects of general interest not distinctly and exclusively conferred ^{upon} the local legislatures, shall be conferred upon the General Government and Legislature."⁸

It was, of course, not at all inconceivable that individual provinces and sections of the country might feel that the national policy did not always serve particular local interests to the best advantage. Yet the federal government, which was first given jurisdiction over all the great subjects of legislation, received, in addition, two formidable

7. Confederation Debates, p. 103; George Brown on February 8, 1865.

8. Confederation Debates, p. 33; John A. Macdonald on February 6, 1865.

instruments of control over the provincial legislatures, lest some provinces attempt, on their own authority, to thwart some aspect of the national policy. The first of these two instruments of control was the federal power to appoint the Lieutenant Governors of the Provinces who, in the name of the Governor General, could assent to or reserve for the signification of the pleasure of the Governor General in Council, all bills passed by the provincial legislatures.⁹ The Lieutenant Governor was also, at all times, to represent, as far as was consistent with the right of self-government, the interests of the Dominion. Macdonald, in admonishing Lieutenant Governor Aikins at a later date, stated very specifically,

"Remember you hold the same position as a Dominion Officer as the G. G. does under the Imperial Gov't. The G. G. for the time being always does what he can without infringing on the principle of self-government to urge the carrying out of Imperial Policy. Go then and do thou likewise."¹⁰

Certainly, as viewed by Macdonald, the office of the Lieutenant Governor was a powerful instrument wherewith to bring an erring province into line with national policy. The successful use and application of this instrument of control was perhaps best demonstrated, as will be pointed out later, when John C. Schultz became Lieutenant Governor of Manitoba.

The other, and more direct control that the federal government had over provincial legislation was the power to disallow and thus invalidate objectionable provincial legislation. The disallowance provision was frequently mentioned and discussed in the Confederation Debates. Sir

9. Memorandum on the Office of Lieutenant Governor of a Province: Its Constitutional Character and Functions, Department of Justice, Ottawa, March, 1955, p. 42.

10. Macdonald to Aikins, July 28, 1884; Macdonald Papers, Vol. 526, p. 42.

John Rose very succinctly voiced the arguments in favour of disallowance when he said,

"Now Sir, I believe this power of negative, this power of veto, this controlling power on the part of the Central Government is the best protection and safeguard of the system; and if it had not been provided, I would have felt it very difficult to reconcile it to my sense of duty to vote for the resolutions. But this power having been given to the Central Government it is to my mind, in conjunction with the power of naming the local governors, the appointment and payment of the judiciary, one of the best features of the scheme, without which it would certainly have been open to serious objections."¹¹.

Although the power of disallowance has been subject to a variety of interpretations it received, in 1868, a most cogent and still generally recognized, if not always followed, interpretation by Canada's first Minister of Justice and one of the chief architects of Canadian Confederation, Sir John A. Macdonald. In a report to the Privy Council, dated June 8, 1868, Sir John outlined what he considered the proper grounds for disallowance,

"In deciding whether any Act of a Provincial Legislature should be disallowed or sanctioned, the Government must not only consider whether it affects the interests of the whole Dominion or not, but also whether it be unconstitutional; whether it exceeds the jurisdiction conferred on Local Legislatures, and in cases where the jurisdiction is concurrent whether it clashes with the legislation of the General Parliament."¹².

Macdonald, clearly foreseeing that federal disallowance might well be exercised with much greater frequency than its direct predecessor, Imperial disallowance of colonial legislation, went on to list four specific conditions under which he felt provincial legislation might

11. Confederation Debates, pp. 404-405; Sir John Rose on February 22, 1865.

12. Canada. Order in Council No. 611 (a), Approved June 9, 1868; Report of the Minister of Justice, June 8, 1868. (Orders in Council of the Canadian government will hereafter be referred to simply by the letters OC and the relevant number.)

properly be disallowed. These were,

- "1. As being altogether illegal or unconstitutional.
2. As being illegal or unconstitutional in part.
3. In cases of concurrent jurisdiction as clashing with the legislation of the General Parliament.
4. As affecting the interests of the Dominion generally."¹³.

Since it was Macdonald's government which was responsible for all the disallowances that are the particular subject of this study it is reasonable to assert that above quoted Order in Council accurately reflects the opinions of the federal government on disallowance in the 1880's.

Thus provided with broad and comprehensive legislative powers, and two sturdy executive instruments wherewith to rectify or nullify undesirable and sectional provincial legislative propensities the federal government was well equipped to initiate and enforce a strong national policy. The provinces on the other hand were left with a "property and civil rights"¹⁴ clause and the possibility of liberal interpretations of other clauses of section 92 of the British North America Act of 1867 in any attempts they might wish to make in fending off federal incursions into provincial affairs.

The early Canadian national policy, particularly with regard to the West, has already been mentioned. As outlined in the Confederation Debates Canada was to first acquire, then open up and develop the western plains. It is certain that many Canadians from Ontario and Quebec did not directly think of the acquisition and development of the West in terms

13. Loc. cit.

14. British North America Act, 1867; 30 Vict., chap. 3, sec. 92, clause 13. (This Act will be referred to hereafter simply as the B. N. A. Act, 1867).

of imperialistic exploitation. Rather, the advantages the West might derive from such development were stressed. Nevertheless, and despite all the advantages Canada proposed to extend to the West, the hope of commercial profits and commercial ambitions were the basis of many of Canada's early westward expansionist policies.

The acquisition of the West, involving a transfer of ownership from the Hudson's Bay Company to the Canadian government was, of course, the first step in the implementation of Canadian national policies in the West. To accomplish this negotiations were entered into with the Hudson's Bay Company for the sale and transfer of that vast territory, even while the Fathers of Confederation were debating the seventy-two resolutions at Quebec. These negotiations were at length concluded in 1869, and the Dominion of Canada was ready to take possession of the North-west Territories when, to the astonishment of the federal government, the inhabitants of those territories decided they were not satisfied with the proposed arrangements. Instead they set up their own provisional government under the leadership of Louis Riel. The metis and the Red River settlers resented the fact that they had not been consulted about the proposed transfer and feared their traditions and interests would not be well defended if some of the members of the outspoken "Canadian" party should become too powerful. After some negotiations and promises and concessions on the part of the Federal Government, including the promise of provincial status for Manitoba, the federal government was allowed to complete the transfer and the North West Territories became a part of Canada...

Two aspects of the so-called Red River Rebellion of 1870-1871 are of particular relevance to this study. First, it demonstrated that even the small Red River settlement, if united in its opposition to federal

policies, could make itself heard and gain considerable concessions. Secondly, the Red River settlement was granted provincial status, doubtlessly much earlier than the federal government had anticipated granting it. Thus, by the Manitoba Act, the new province was to enjoy, in constitutional theory at least, the same rights, privileges and responsibilities as the older provinces. But the province of Manitoba was still not sufficiently developed to assume all the responsibilities that provincial status might entail. Neither was the federal government prepared to give this small and inexperienced province all the functions and powers, particularly in financial and land matters, that had been given to the older provinces. Thus the Manitoba Act was, in many respects, somewhat of an abortion directly brought on by the Red River troubles. As a result, Manitobans for the next two decades were constantly seeking to obtain those "Provincial Rights" which they believed were being denied them by the Manitoba Act and by ensuing federal policies and practices. For the conditions of 1871 the Manitoba Act was probably quite adequate, but the province soon outgrew its first constitutional suit of clothes.

Once the West had been safely acquired by the Canadian government federal politicians could turn to the next major aspect of their national policy, the opening up of that territory. Improved communications were the first pre-requisite if Canada was to gain commercial advantages from the West, and if the West was to be released from its commercial dependence on St. Paul and Chicago. Improved canal facilities to open up the West were frequently mentioned in the Confederation Debates, although rail facilities were ultimately envisioned. Rail connections with the West, however, became the established policy of the federal government

when a transcontinental railway was made a definite condition of British Columbia's entry into Confederation.

Extended and complex negotiations were soon entered into with financiers high in Canadian, British and American financial circles. The difficulties and vexations of these early negotiations and the eventual defeat of the first Canada Pacific Railway Company are not directly a part of this study. One aspect of this Company, however, is worth noting. It quickly attracted the attention of high ranking officials of the Northern Pacific Railway Company, who had ambitions of gaining control of not only the American but also the Canadian West. It soon became evident to the Northern Pacific that they would not be able to defeat the new, government backed Canadian company in an outright fight. Instead they devised another plan to gain control over the Canadian traffic,

"This was to combine railway interests in Canada, to extend the Northern Pacific eastward from Duluth across the northern peninsula of Michigan to Sault Ste. Marie; thence by bridge to Canadian soil and by rail directly to Montreal. Such a route would give a continuous rail line from the St. Lawrence to the Pacific, through populous and valuable territory, and would connect with other transportation lines, both rail and water at strategic points. Furthermore this route would, by combining the best parts of both countries in its coverage, effectively eliminate future competition."¹⁵.

The N. P. proposal was simply that the Canadian road should cooperate with them in building an international railway running from Montreal to Sault Ste Marie, south of Lake Superior to Duluth and then westward in Canadian territory but close to the International boundary to British Columbia. Such a line would save the Canadian company the expense of building a costly and unprofitable line north of Lake Superior,

15. L. B. Irwin, Pacific Railways and Nationalism in the Canadian-American Northwest, 1845-1873, Philadelphia, 1939, p. 142.

and the Allen syndicate was for a time inclined to view the proposal with favour. Macdonald too was at first not openly hostile to the proposal although political considerations eventually defeated the proposal. L. B. Irwin described the defeat of the Northern Pacific proposal as follows,

"That the international railway did not materialize was due to the national policy of the Canadian government which felt that its political security required an all Canadian road. Nevertheless, the plan met with considerable enthusiasm, particularly in Manitoba."¹⁶.

The most significant aspect of these early negotiations, for the purpose of this study, lies in the fact that they clearly revealed some of the difficulties that might be encountered if an all-Canadian line north of Lake Superior were insisted upon. Macdonald for a time seemed somewhat inclined to at least consider the American proposal since he wrote to Allan on February 3, 1871,

"The whole (railway) matter will be brought before Parliament next session; meanwhile I see not objection to the capitalists of Canada or of England, or of the United States for that matter, joining together and making proposals for the construction of the road. It will be for Parliament, at the proper time, to decide as to the mode in which the railway can best be built with a view to public interests."¹⁷.

A little later on in the negotiations, however, probably in response to particular segments of public opinion, Macdonald decided against American participation in the Canadian railway scheme. Nevertheless, it is significant to note that the Pacific Scandal which broke over the heads of Sir John A. Macdonald and of his colleagues in 1873 was considered iniquitous by the people of Canada not only because the Canada

16. L. B. Irwin, Pacific Railways and Nationalism in the Canadian-American Northwest, 1845-1873, Philadelphia, 1939, p.144.

17. Ibid., p. 159.

Pacific Railway Company had paid money into the Conservative election campaign in the hope of being awarded the contract for the railway, but also because of the revelations of the extent of American influence in the whole matter. Thus Irwin describes Macdonald's defeat as follows,

"The Opposition was determined to oust Macdonald's Ministry and saw in the Pacific railway situation a means of doing it. Under the guise of anti-American patriotism, the Liberals forced the Government to insist on the complete elimination of foreign capital."¹⁸.

Thus these early negotiations revealed both the difficulties of the all Canadian road and the public demand for such a road. All these arrangements, however, fell through and failed as a result of the "Pacific Scandal" and of the economic depression which gripped North America in 1873.

The railway policy of the Mackenzie government, which succeeded that of Macdonald in 1874, was simply to try and make a new agreement for the construction of railway to the Pacific as soon as the resources of the country would permit. In the meantime government policy, in the words of Mackenzie's biographer,

"would be to utilize the enormous stretches of magnificent water communication between Georgian Bay and the Rockies thus avoiding for the present the construction of 1300 miles of railway estimated to cost from sixty to eighty millions of dollars."¹⁹.

It was, however, during the Mackenzie regime that the province of Manitoba gained its first railway. This was in the form of the Pembina line, running from Winnipeg to the International Boundary where it connected with the St. Paul and Pacific Railroad, later renamed

18. L. B. Irwin, Op. cit., p. 226

19. D. C. Thompson, Alexander Mackenzie, Clear Grit, Toronto, 1960, p. 183.

the St. Paul, Minneapolis and Manitoba Railroad. On the main trans-continental line the Mackenzie administration did much preparatory surveying and other work to facilitate the construction of the Pacific railway but it was left to Macdonald and his Conservatives who came into office in 1878 with a new and more clearly defined National Policy, to preside over the building of and successful completion of the Canadian Pacific Railway.

The National Policy, as enunciated by Macdonald in 1878, contained three basic policies or aims. The first was the adoption of a protective tariff barrier against American commercial encroachments. By 1878 it was obvious that, despite Confederation, most Canadian trade routes still ran in a north-south direction, with Canada largely exporting raw materials, particularly agricultural products, to the United States and importing manufactured goods. This sort of trade pattern served on the one hand to bind Canada increasingly to large American commercial centers and, on the other, to leave the Canadian economy in a permanent state of imbalance. Some dynamic policy was required to divert the prevailing north-south commercial trade to an east-west orientation and to encourage Canadian manufacturing. Canada had, of course, had tariffs before 1878, but the National Policy as enunciated in 1878 marked, in the words of Professor Fowke,

"the historic milestone at which Canadians abandoned the idea of tariffs for revenue only, discarded even the euphemism 'incidental protection,' and deliberately set foot on the pathway marked 'protection'."20.

But to make Canada a fit place for Canadian manufacturing and to reorientate Canadian trade to an east-west route a second policy had to

20. V. C. Fowke, The National Policy and the Wheat Economy, Toronto, 1957, p. 3.

be implemented. This was the construction of a suitable transportation and communications system to facilitate such a commercial reorientation. Thus the second basic aspect of the National Policy was the building of the Pacific Railway. Only if both these measures were implemented could the West ever fulfill the hopes that had been voiced in the Confederation Debates.

In 1879, however, the Canadian West, despite its alleged potentialities, was still largely an uninhabited and undeveloped territory where relatively few settlers, half-breeds and Indians retained their several ways of life. To make western potentialities into realities and thus to fulfill eastern hopes of commercial greatness and to make the very expensive Pacific railway an economically feasible project it was necessary that the West be more fully settled and developed. To bring this about the National Policy proposed to inaugurate a vigorous immigration campaign.

Thus the three basic elements of Macdonald's National Policy were the adoption of a protective tariff, the building of east-west communications and transportation facilities, specifically the Canadian Pacific Railway, and the settlement and development, through increased immigration, of the North West Territories. Of these only the protective tariff was really new and distinguished the 1878 National Policy from its predecessors. Yet all three elements were of equal importance in the rising economic nationalism of which the National Policy was a clear expression.

Macdonald's National Policy seemed to offer a great deal to the inhabitants of the West. A vigorous immigration and development program and the construction of the Pacific railway would doubtlessly elevate the West to new and higher levels of commercial and political greatness, at

least so it seemed to most easterners. Nevertheless the struggling farmers and small business men of the West soon began to voice a multitude of grievances and complaints. Although many of these alleged grievances were not immediately apparent to all westerners it is well to briefly outline at the outset the various causes of complaint and dissatisfaction in the West against federal policies. Certainly disallowance and monopoly later became the dominant issue in Manitoba politics, but it is well to remember that there were also other grievances and sources of irritation which greatly strengthened the growing Manitoban belief that their province was being ill used by the federal government.

Next to the monopoly question the most important grievance in the West was doubtlessly the protective tariff. As already mentioned, Manitobans had just completed their first rail connection with the United States in 1878 via the Pembina Line and the St. Paul and Pacific, and thus confirmed their north-south trade patterns. Now the National Policy, by means of the tariff, sought to disrupt all this. Unfortunately, before the C. P. R. was completed, Manitobans had little choice but to trade with the Americans no matter how heavily the tariff bore down on such trade. The tariff simply made American goods more costly to Manitobans. But even after the C. P. R. was completed there continued to be very good reasons why Manitobans felt obliged to trade with the Americans. For one thing Manitobans found that Canadian manufactures, even with the benefit of the tariff, were not much less expensive than similar American goods after the tariff, and only too frequently of inferior quality. Furthermore it was soon found that Canadian manufactured agricultural implements and tools and even clothing were not suitable to the particular soil and climatic conditions of the West. The most

important single item in this regard was the Canadian manufactured plow which proved completely unsuitable for western soil conditions as compared with the John Deere chisel plow then being manufactured in the United States for settlers on the western plains. Governor General Lansdowne was one of the first to become convinced that the tariff was working hardships on western farmers and wrote rather pointedly,

"The hardship of the duty on agricultural implements is insisted on with much show of reason by the Manitoba farmers. This duty was raised in 1882 from 20% to 35%...It is difficult to believe that a 35% duty on such implements does not enhance its price to the consumer, and it is also urged that home made implements are inferior in make and quality to those obtainable from the States."²¹.

The federal government, however, was not inclined to take western complaints about the operations of the tariff very seriously. Consequently federal tariff policy remained a constant source of irritation in Manitoba.

A second serious grievance in Manitoba was the federal land policy. Crown lands in Manitoba had not been turned over to the province in 1871 because the federal government intended to use the western lands to further their own railway and settlement projects and because the federal government feared the province at that time was not mature enough to properly administer public lands. Lansdowne stated this last point very succinctly when he wrote,

"It is not easy to determine satisfactorily the state in its existence at which a newly created Province can be safely entrusted with the control of its public lands. To hand these over to a rudely constituted local government before the pop. has acquired anything approaching homogeneity or is possessed of the materials for the formation of a stable government would be an act of the utmost imprudence. For a time at all events such a Province must

21. Confidential Despatch from the Governor General to the Secretary of State for the Colonies, April 28, 1884; Governor General's Correspondence files, R.G. 7, G.21, Vol. 92, File 191

be content to remain in the status of pupil and to be guided by the more experienced hand of the central government. In the case of Manitoba these lands were of great extent and value and their unwise administration by ignorant and incompetent officials might have involved permanent results unfortunate to the Dominion and to the Prov. both of which are interested in their prosperous and orderly settlement."²².

Viewed in this light the federal land policy of controlling the public lands in Manitoba while other provinces were permitted to control their own lands was an insult to Manitoba and an encroachment on her legislative jurisdiction as outlined in section 92, clause 5 of the British North America Act which had assigned to the provincial governments "the sale and management of public lands belonging to the Province and of the Timber thereon."²³. Of course the lands did not belong to the Province until they had been transferred, but Manitobans felt strongly that clause 5 definitely implied that such a transfer should have taken place. Land policy certainly added fuel to the "provincial rights" cry in Manitoba that had been kindled and fanned into a roaring flame of protest by the disallowance policy.

But federal land policies were unpopular in Manitoba not only because they denied Manitobans the control of their lands. Manitobans became particularly disgruntled and angry when they discovered that the public lands of the province were to be one of the main sources of revenue and credit for the construction of the proposed Pacific railway, and this without any reference to the provincial government. In the words of Governor General Lansdowne,

"The Dominion would not have acquired these territories except with the intention of utilizing their unsettled lands in order to obtain the construction of a line which should be at once a great

22. Loc. cit.

23. B. N. A. Act, 1867, Sec. 92, clause 5.

national highway and a local convenience to the districts which it traverses."24.

Furthermore, in an effort to promote settlement and establish a greater traffic for the C. P. R. the federal government gave much of the best western land away free to homesteaders. This antagonized the province because it destroyed the market value of swamp lands and other lands that were at the disposal of the province. The homesteaders too were being antagonized by federal land policies due to the slowness and cumbersomeness of the issuance of patents for lands. Viewed in conjunction with the monopoly provision and the accompanying threat of high freight rates westerners soon became convinced that they were to bear the major cost of the construction and maintenance of the transcontinental railway which, they were convinced, would be of equally great or even greater benefit to the eastern provinces. It is true that the province received an annual subsidy in lieu of revenues it might have derived from the sale of public lands. Nevertheless the fact that the best of Manitoba's public lands were being used as the basis for the financing of a railway over which the Province had no direct control and which soon became increasingly unpopular was a constant source of irritation throughout the 1880's.

Added to these difficulties were the straitened financial circumstances in which the province repeatedly found itself, and which necessitated numerous pilgrimages to Ottawa by Manitoba's leading politicians, in order to alternately petition for or demand "better terms"

24. Confidential Despatch from the Governor General to the Secretary of State for the Colonies, April 28, 1884; Governor General's Correspondence files, R.G. 7, G.21, Vol.92, File 191.

for their province. The original financial terms of the Manitoba Act of 1871, reflecting the circumstances under which Manitoba was admitted as a province, were probably adequate for the limited financial requirements of the provincial government of that time, which resembled a town council more than a provincial government. Increased immigration and government responsibilities, however, soon necessitated much greater financial expenditures than the financial resources of the province would permit. Manitoba was certainly not the only province that was encountering financial difficulties but these difficulties did appear to be particularly acute there and helped to infuriate a province already extremely jealous of its proper and constitution position in the Canadian confederation.

The frustrations of Manitobans arising out of all these grievances, coupled with an economic depression after 1882, were eventually channelled into and found expression in the provincial agitation against the C. P. R.'s alleged transportation monopoly and the federal disallowance of provincial railway legislation which kept that monopoly intact. The National Policy, to a very large extent, sought to make Manitoba and the North West the colony of eastern Canada that the Fathers of Confederation had outlined in the Confederation Debates. As producers of agricultural products and importers of manufactured products, presumably from eastern Canada, the western territories were to become an economic hinterland of Montreal, Toronto, and the St. Lawrence commercial community. Thus it was not surprising that Manitobans came to see themselves increasingly as "hewers of wood and drawers of water" for the rest of Canada and to protest against such a state of affairs. It was, of course, obvious that Manitoba's economy could not suddenly be radically changed, but Manitobans became convinced that their enforced commercial adherence to central or eastern

Canada was causing undue hardships which might be alleviated or removed through American competition. The theory was that while one exploiter endowed with a monopoly might act with impunity, two or more would neutralize each other, much to the benefit of the exploited. It was for this rather than for a radical re-organization of their basically agricultural economy that Manitobans agitated. In the face of an alleged monopoly it was difficult to prove that there was no exploitation and attempts by the C. P. R. or the federal government to prove that the monopoly was not exploitative went largely unheeded.

Chapter II

The Canadian Pacific Railway Charter, 1880-1881.

Shortly after Macdonald's victory at the polls in 1878 his Conservative government turned its attention to tariff revisions and to the building of the Pacific Railway. To implement their railway policy the Conservatives again sought to bring about the formation of a private company to undertake the work. In what appears to have been a very informal offer, overtures were made to the Grand Trunk Railway to undertake the construction of the Pacific railway. Grand Trunk President Tyler expressed some interest in the matter, and a willingness to undertake the task if the company would not be required to build the line north of Lake Superior. A. W. Currie, the Grand Trunk historian, in discussing this offer says,

"According to Tupper, Tyler was willing to lay the matter before his Board of Directors provided the portion, 1000 miles long, between Lake Nipissing and Port Arthur were omitted; otherwise Tyler said, the Board would throw it in the waste-paper basket. When Tupper insisted that the all-Canadian line was essential and that Canada would never become a nation without it, Tyler again refused."¹

The Grand Trunk Railway, and later the allegedly "Liberal inspired" syndicate which offered to build the Pacific railway for much less than Stephen and associates, proposed to build a line to Sault Ste Marie, there to make connections with the American lines via Duluth to the Pembina line, and then to construct the rest of the railway to the Pacific coast on Canadian territory. Macdonald and his fellow Conservatives felt that an international railway of this kind would be disastrous to Canada.

1. A. W. Currie, The Grand Trunk Railway of Canada, Toronto, 1957, p. 307

Canadian trade, they alleged, would be diverted to American channels and not return to Canada at Sault Ste Marie. Immigrants on their way west would be seduced by American land promoters while in American territory and thus be lost to Canada. Military expeditions to the west, such as the Wolessy expedition of 1870, might be stopped by the Americans. Difficulties about bonding privileges and freight rates on American railways might develop. For all these reasons the all-Canadian route was deemed absolutely essential. Only the all-Canadian route could, in Sir John A. Macdonald's opinion,

"give us all we want, which will satisfy all the loyal legitimate aspirations which will give use a great, an united, a rich, an improving, a developing Canada, instead of making us tributary to American laws, to American railways, to American bondage, to American tolls, to American freights, to all the little tricks and big tricks that American railways are addicted to."2.

In short, the all-Canadian route of the Pacific railway was an essential part of the National Policy. To obtain such a route Macdonald was quite prepared to make large concessions to the company that would undertake to make the all-Canadian route a reality.

When Sir Henry Tyler flatly refused to undertake the construction of the Pacific railway that the government wanted new negotiations with other parties were initiated. These led to the ultimately successful negotiations with a financial syndicate headed by Sir George Stephen and including R. B. Angus, J. J. Hill, and later Donald Smith. Three of these men were already vitally interested in railways. They had control of the St. Paul, Minneapolis and Manitoba Railway, formerly

2. Debates of the House of Commons, p. 494; Sir John A. Macdonald on January 17, 1881.

the St. Paul and Pacific, which they had brought from bankruptcy to a state of prosperity. The St. Paul, Minneapolis and Manitoba at this time was the only railway company that had acquired running rights over the newly constructed Pembina line from Winnipeg to the international boundary and was doing considerable transportation business in Manitoba.

During the negotiations with the Stephen Syndicate difficulties about the construction of the line north of Lake Superior, such as had been encountered with the Grand Trunk, again came to the fore. The Syndicate was well aware of the unprofitable nature of any line running north of Lake Superior, and argued that their losses in this regard should be minimized, perhaps completely eliminated, by a guarantee that all the through traffic from the West should pass over this line, thus helping to meet operating costs. In other words, none of the Canadian through traffic should be diverted to American lines at Winnipeg or other western points. During the negotiations Stephen very bluntly informed Macdonald,

"Do not forget that we are contracting to build and operate a road from Lake Nipissing to Port Moody with a Branch to Thunder Bay and Emerson and having once entered into the contract we mean to execute it to the letter. Any man or company undertaking such a work and incurring such a responsibility has to look a long way ahead and try to forecast the future as fairly as he can. Now what do you think would be the position of the C. P. R. or of the men bound to own and operate it, if it were tapped at Winnipeg or at any point west of that by a line or lines running towards the United States boundary? What would, in such a case, be the value of the C. P. R. line from Winnipeg to Ottawa? No sane man would give one dollar for the whole line east of Winnipeg. I need not say more on this point as it must be clear to you that any and every line south of the line of the C.P.R. running towards the boundary line must be owned and controlled by the C. P. R. Otherwise the C. P. R. would be strangled. The fact is that if any doubt should exist in the minds of my friends on this point I could not carry them with me and I need not say to you, that now that I am into the thing, I would not like to be forced to give it up."³.

3. Stephen to Macdonald, October 18, 1880; Macdonald Papers, Vol. 268 pp. 121836-121837.

Throughout the negotiations Stephen kept hammering away at the necessity of ensuring that all traffic of Manitoba and the Canadian northwest must go via the C. P. R. line north of Lake Superior. On November 13, 1880, he wrote,

"If any railway not under the control of the C. P. R. can make a connection across the boundary line with the United States lines running to Chicago the country and the Company alike will assuredly be deprived of the advantage which they have a right to expect from the east bound traffic going over the C. P. R. to ports in Canada. In short, if such a contingency is allowed to happen the whole line from Winnipeg to Ottawa would be rendered all but useless, and the large sum of money spent and to be spent thereon might as well have been thrown into the Lake."⁴.

Stephen then went on to suggest,

"As the object I have in view is solely to prevent the possibility of a connection being made between the local lines referred to, and to the Railway system of the United States, I venture to hope that the Government will at once withdraw this tract (a tract 12 miles in width along the boundary line extending from the eastern boundary of Manitoba to the Rocky Mountains) from sale for the present."⁵.

Macdonald, however, felt that this suggestion was impractical and instead suggested what later became clause 15 of the C. P. R. charter, which read as follows,

"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 Canadian Pacific Railway, except such lines as shall run South West or to the Westward of South West; nor to within fifteen miles of Latitude 49. And in the establishment of any new province in the North West Territories, provision shall be made for continuing such prohibition after the establishment until the expiration of the same period."⁶.

Clause 15, the monopoly clause, would, it was hoped, help the C. P. R. in two ways. It would, in the first place, guarantee that western

4. Stephen to Macdonald, November 13, 1880; Ibid., p. 121844.

5. Loc. cit.

6. Statutes of Canada, 44 Vict. chap. 1, Clause 15.

traffic would be shipped via the northern route, thus justifying and protecting the investment necessary to construct a railway north of Lake Superior. In more general terms, however, clause 15 was also designed to protect the C. P. R. from all American railway competition in the West for 20 years. Having enunciated the principle of protection in trade policies Macdonald now extended it to railways. The new Canadian "infant industry", the Canadian Pacific Railway, was to be protected for twenty years from the rigorous and unscrupulous competition of American railway promoters and speculators. Thus Macdonald stated very clearly,

"Sir, with our road, backed by a country of scarcely 4,000,000 and with our infant country and with our infant capitalists, what chances would they (the C. P. R.) have against the whole of the United States capitalists? What chance would they have? The Americans would offer to carry freight for nothing, and aye to pay shippers for sending freight that way. . . . They could afford for a series of years with their enormous wealth, and with their enormous capital, exceeding the revenue of many, many first-class Governments in Europe to put their freights down to such a figure as would ruin our road, as would ruin the contractors, as would ruin the Company, and render them utterly impossible to continue in competition."⁷.

After discussing at some length the unscrupulous and dangerous competition that American railroads might engender Macdonald summed up his arguments by saying,

"Sir, it was essentially as a matter of precaution, a matter of necessity, and a matter of self defence, that we provided that this road should not be depleted of its traffic in the manner which I have mentioned. This road shall be allowed fair play for the first twenty years from now and only ten years after construction; and that it should be protected from the chance of being robbed of all the profits, robbed of all the gain, the legitimate gain, which the Company expects to get from their enterprise and the investment of their capital."⁸.

Thus it is clear that the "monopoly" was granted in order to protect

7. Debates of the House of Commons, 1881, pp. 493-494; Sir John A. Macdonald on January 17, 1881.

8. Ibid., p. 494.

the C. P. R. generally from American railway competition, and specifically to protect the investment in the unprofitable section of the railway running north of Lake Superior.

To show how seriously Stephen took the threat of "tapping" of C. P. R. traffic by American lines it is well to refer briefly to the difficulties that developed over the control of the Pembina line. This line, having been built by the Mackenzie government, had remained under government control. The government, in turn, granted running rights on the line to the St. Paul, Minneapolis and Manitoba Railway. No other company had yet been granted the same running rights and the St. P. M. & M. had an effective monopoly on the Manitoba traffic, but government policy ostensibly was to grant running rights to all comers and Stephen and his associates feared that a change in government might well herald the introduction of the Northern Pacific to Canadian traffic via the Pembina Line. Macdonald apparently saw no reason why this branch line should be turned over to the C. P. R., since the Company was committed to build its own line to Emerson. Yet Stephen, fearing that the Pembina line might be opened to other, competing American lines insisted that the road be turned over to the C. P. R. When Macdonald showed some hesitation in this matter Stephen became very irritated and wrote,

"What does this new and unexpected difficulty about the Pembina Branch mean? Having swallowed the cow we must not stick on the tail. ...I regard it as a matter of the first importance that there shall be between the Government and ourselves a substantial agreement on all important points before our New York and London friends appear at Ottawa. I would not answer for the consequences if we had to discuss the turning over of the Pembina Branch, or any other really important point in their presence."⁹.

In the end Stephen won and the Pembina Branch became a part of the C. P. R. It was clear that the C. P. R. Co. was committed to building

9. Stephen to Macdonald, October 18, 1880; Macdonald Papers, Vol. 268,

an all-Canadian transcontinental railway and that in return they would receive government protection against American competition. Clause 15 of the C. P. R. charter was to provide this protection.

Although Manitobans had little, perhaps no influence in determining the personnel of the C. P. R. syndicate or the terms of the C. P. R. charter, there were two important reasons why their attention might be drawn to the provisions of Clause 15. First there was the threat that the C. P. R. might be able to use this clause to impose a transportation monopoly on the West. It was this aspect of clause 15 that was most frequently discussed and attacked by Liberal opposition members. Laurier called it "amonstrous monopoly, and one that will make the Company landlords of the North-West."¹⁰ Sir Richard Cartwright believed it would "deprive the people of the North-West of the only practical security they will ever have of getting their produce to market in this generation at a fair and reasonable toll."¹¹ It might, Cartwright opined, be the cause of another Red River Rebellion.¹²

In view of the seriousness of the threatened monopoly it is surprising that none of the Members of Parliament from western Canada, mostly Conservatives, seemed particularly concerned. The government contended that ample precautions had been taken to prevent the C. P. R. from charging exorbitant rates by the rates clause (clause 20) of the C. P. R. charter. This clause gave the Governor-General-in-Council power to interfere and regulate maximum rates, but only when the Company's

10. Debates of the House of Commons, 1880, p. 192; Laurier on December 21, 1880.

11. Ibid., p. 147; Cartwright on December 17, 1880.

12. Ibid., p. 150; Cartwright on December 17, 1880.

profits should exceed 10% on the capital required to construct and equip the line. Furthermore the Conservatives contended no monopoly was being granted because clause 15 only forbade railway building to the United States border. Other transcontinental Canadian roads might be built at any time to offer competition. Thus Macdonald stated,

"If there be any attempt on the part of the C. P. R. to impose excessive rates and prices, it is a folly that would soon be exposed by the construction of rival lines east and west, which would open up our country in all directions and prove amply sufficient to prevent the possibility of a monopoly which has been the bug-bear to the honorable gentlemen opposite."¹³.

Both these arguments were rather easily proven to be fallacious. It would be a long time before a new railway such as the C. P. R. could expect to earn more than 10% profit on the invested capital from the meager traffic of the West, and in the meantime the West had little or no legislative protection against monopolistic practices, if the C. P. R. should choose to take full advantage of the possibilities offered by clause 15. The prospect of building a second transcontinental line north of Lake Superior, presumably without the liberal government support that the C. P. R. was to receive, was utterly preposterous, and one must look elsewhere to find the reasons for acquiescence of western Conservatives in the terms of clause 15.

One of the best safeguards that the West had against monopolistic practices on the part of the C. P. R. was seldom mentioned during the Debates. It was obviously in the interests of the C. P. R. to develop the West, expand its traffic, and generally build up the area through which it passed. Excessive freight rates would have the opposite effect,

13. Ibid., p. 493, Sir John A. Macdonald on January 17, 1881.

that of retarding western development and settlement. The C. P. R., proverbially speaking, would be killing the goose that was to lay its golden egg if it prematurely fastened an exploitative or prohibitive monopoly on the West.

This, no doubt, was one of the reasons why westerners did not seem to fear a C. P. R. monopoly as much as did Liberal Opposition members in 1880-1881. There was, however, another, more deeply seated reason why Manitobans viewed the threat of a C. P. R. monopoly with relative equanimity. They were hopeful that the coming of the C. P. R. would break the effective monopoly that the St. P. M. & M. had been enjoying on the Pembina Branch. Only by construction of the line north of Lake Superior, it was believed, could the St. P. M. & M. monopoly be broken. In 1880-1881, however, many became worried that the Canadian Pacific Railway would, despite its undertakings to build the all-Canadian line, be more interested in building a C. P. R. - St. P. M. & M. international railway than a strictly Canadian national one. No precise date was set in the C. P. R. contract as to when the line north of Lake Superior should be completed, and the large interests of C. P. R. directors in the St. P. M. & M. led many to believe that the Syndicate was planning to establish a huge C. P. R. - St. P. M. & M. monopoly over the traffic of the West, thereby continuing monopolistic rates on the Pembina Branch while going slowly on the construction north of Lake Superior. If, however, the C. P. R. were forced to build the northern line immediately, no matter on what terms, it would be obliged to send its traffic over that line in competition with the St. P. M. & M. line.

Rates on the Pembina Branch had been so high that even J. H. Pope, who was not ordinarily hostile to Stephen, wrote;

"I fear Stephen and Hill would rather it (the road from Winnipeg to Thunder Bay) not be open, but the fact is they are charging such exorbitant rates from St. Paul to Emerson that it is almost ruinous to shippers and operates very much to prejudice the public against our policy."¹⁴.

Thus it was natural that Manitobans should become worried when the personnel of the Canadian Pacific Railway Company became known. Premier Norquay anxiously wired Joseph Royal, Conservative Member for Provencher, "Great excitement here at what is considered huge monopoly. Do government supporters really approve arrangements?"¹⁵. Although Royal assured Norquay that they did the Manitoba Premier still wrote to Macdonald in greater detail.

"I take the liberty of penning you a few lines just to give you an idea of the state of feeling here in Manitoba regarding the Syndicate. I must say that there are very grave apprehensions even among the best friends of the Gov't. From hints that are said to have been dropped by members of the Syndicate it is feared that our national highway will be made a feeder to the American system of Railways through the influence of those members who are owners of the different lines west of St. Paul and who seem to have full sway in controlling the whole policy of that great company. It is feared that if they are once allowed to make connection with their own lines that they will be comparatively indifferent to the completion of our own line north of Lake Superior which to us in the west is of vital importance."¹⁶.

D. A. MacArthur of Winnipeg outlined specifically the high freight rates on the Pembina Branch as his province's main grievance against the personnel of the C. P. R. Syndicate.

"In this Province the scheme has not met with favor for several reasons. In the first place the personnel of the Syndicate is not acceptable to our people. Mr. J. J. Hill is one of the old Kitson Coy. whose crushing rates were felt so severely here for many years and it is supposed that he represents in the Syndicate Mr. D. A. Smith who is also regarded

14. Pope to Macdonald, August 24, 1882; Macdonald Papers, Vol. 256, p. 115894.

15. Norquay to Royal, December 14, 1880; Ibid., Vol. 127, pt. 2, p. 52684. For Royal's answer see p. 52685.

16. Norquay to Macdonald, December 2, 1880; Ibid., Vol. 127, pt. 2, pp. 52657-52658.

with suspicion and dislike. . . At present we cannot export a bushel of grain because the rate charged by the American Roads to Duluth swallows up all the profit and leaves nothing to the farmer or to the dealer."¹⁷.

To offset the danger of the threatened C. P. R. - St. P. M. & M. monopoly Manitobans wanted to see the C. P. R. syndicate cut off entirely from its American railway concerns and asked that clause 15 apply to the C. P. R. as well as to all other prospective railways. Only if this were done, they felt, would the construction of the line north of Lake Superior, and thereby an alternative route east and competition with the St. P. M. & M. be ensured, since the C. P. R. would then have no other eastern outlet.

As was revealed later, there was good reason for the fear that a C. P. R. - St. P. M. & M. monopoly might come into existence. Several years later Stephen confessed to Macdonald,

" I am really anxious apart from all ideas of personal profit to do our work well and to demonstrate to the world the farseeing wisdom of yourself and your Government, but particularly yourself, as I fancy at one time your colleagues would have given up the north of Lake Superior line, for one via Sault Ste Marie and south of the lake in U. S. territory, but for your courage and firmness in insisting on the national line which I confess here again I thought great folly."¹⁸.

If Stephen thought the route north of Lake Superior was great folly his partner, J. J. Hill, whose primary interest remained in the American road, was an adamant foe of this line and did not expect that it would be built. It is well worth noting that the construction materials used in the construction of the western section of the C. P. R. passed over St. P. M. & M. lines and for several years this heavy traffic provided

17. MacArthur to Macdonald, December 24, 1880; Ibid., Vol. 127, pt. 2, pp. 52750-52752.

18. Stephen to Macdonald, September 12, 1882, Ibid., Vol. 268, p. 121954.

a boon to that company which enabled it to effectively compete with the older and better established Northern Pacific. All the Canadian traffic would be lost to the St. P. M. & M. if the line north of Lake Superior were built and operated by the C. P. R. Thus it was only natural that Hill should advise one of the directors of the C. P. R.,

"If possible, I think with what knowledge I now have of the country it would be best to try and get the government to postpone the Nipissing line for the present at least, for the reason that the Government, the country and the proposed company would be much more benefitted by the early construction and completion of the line from Thunder Bay to the Pacific and the opening up to the markets of the world of the prairie country west of Winnipeg to the Rocky Mountains. . . Again the line from Thunder Bay to Nipissing will not be of any service whatever for many years to come. Would it not be much better arrangement for the Government to have the all rail line run via the Sault Ste Marie where it would have a local timber and mineral business on both sides of the line."¹⁹.

Whatever the effects of such an arrangement might have been on the C. P. R. it is certain that it would have had advantageous effects on the St. P. M. & M. That road would then have got most of the Canadian traffic from Winnipeg to Sault Ste Marie as well as the monopoly that Manitobans were so afraid of. This is doubtlessly what Hill had in mind and when Stephen, allegedly prompted by Van Horne,²⁰ failed to take Hill's advice in this matter the latter's interests dictated that he resign from the C. P. R. directorate. Glazebrook, in discussing Hill's role in the C. P. R., states,

"Hill was for a time an influential director, but he never threw in his lot completely with the Canadian Pacific. His prime motive in becoming a partner of the syndicate was to secure business for the Minnesota railway. From the start he opposed the construction of a line to the north of Lake Superior, and when this became a reality he found it impossible to ride two horses at once and withdrew from the Canadian railway to create the Great Northern."²¹.

19. Hill to Angus, July, 1880; As quoted in J. G. Pyle, The Life of James J. Hill, Vol. 1, New York, 1917, pp: 314-315.

20. W. Vaughan, The Life and Work of Sir William Van Horne, New York, 1920, p. 78.

21. G. P. de T. Glazebrook, A History of Transportation in Canada, Toronto,

Thus it would seem that prior to 1882 there was at least some threat that the C. P. R. might postpone the construction of the line north of Lake Superior, and that a St. Paul controlled monopoly might be fastened on the West. Manitobans were determined to prevent this and were evidently quite willing to see the success of the Canadian route ensured by the terms of clause 15. In their determination they apparently quite overlooked the possibility of a C. P. R. monopoly which was to annoy them so much in years to come. But in 1881 Norquay, on behalf of a group of resident electors of Winnipeg, sent the following letter to Macdonald.

"As a great deal of excitement has prevailed this city in reference to the Syndicate, much of which was caused by a misunderstanding of the terms of the case and inasmuch as, through a better understanding of the terms of the contract the feeling here is completely changed we, the undersigned resident electors of Winnipeg take this method of expressing our hearty approval of the terms now before Parliament upon which your Government propose to transfer the great work of constructing the Pacific Railway to a private company; and the only point in the contract which we view with apprehension is contained in the fifteenth clause, which we venture to think ought to be so changed as to prevent the construction by the syndicate or other parties, of branch lines from the C. P. R. west of Red River to the United States boundary, in a south east direction until the eastern section is completed. The terms therefore, with the exception noted, have our general approval, and we await, with confidence to hear of the ratification of the contract by Parliament."²².

A resolution similar in tone to the one quoted above was later passed by the Manitoba Legislature.²³ In the Debate on the C. P. R. charter, Joseph Royal, Member for Provencher, stated,

"Yes, Sir, Manitoba and the Canadian North-West give their hearty and most cordial support to the scheme now under consideration because it is the crowning portion of the splendid edifice of Canadian institutions. The tidings of the truly national and commercial policy of the government have been gladly received all over the immense tract of country which it is our mission to redeem to christianity and civilization."²⁴.

22. Norquay and others to Macdonald, c. January, 1881; Macdonald Papers Vol. 128, p. 52957.

23. Journals of the Legislative Assembly, Manitoba, 2nd Session, 1881, pp. 15-16.

24. Debates of the House of Commons, 1881, p. 375; Joseph Royal on January 11, 1881.

Even the Manitoba Free Press, already well established as a champion of the Liberal party, was not particularly concerned about the danger of a C. P. R., as opposed to a C. P. R.-St. P. M. & M. monopoly at this time. That paper was more worried about the cost of the line north of Lake Superior and about the tax exemptions, in perpetuity, in the North West Territories that the C. P. R. was to enjoy. This last feature was considered iniquitous because it might continue to apply to new areas that were to be added to Manitoba.²⁵

Thus it would appear that Manitobans in 1880-1881 were primarily concerned that the line north of Lake Superior be built and that the C. P. R. be something more than a feeder line to American railway systems, or an adjunct of a St. Paul centered monopoly. In this they were in complete agreement with federal railway policy. The threat of a completely Canadian railway monopoly apparently seemed remote. Certainly no line of action had been decided upon should such a monopoly develop.

Clause 15, however, posed a second potential threat to Manitoba in that it raised a serious constitutional problem. The provinces had been given the power to incorporate companies with "Provincial Objects."²⁶ This, it was usually believed, included the right to grant charters to railways that were to run between two points within the province. The question raised by clause 15 was whether the Canadian federal government had the executive powers to prevent not only federally chartered railways, but also provincially chartered ones from building to a point within the

25. See James Jackson, The Disallowance of Manitoba Railway Legislation in the 1880's, M. A. Thesis, 1945, Manitoba, p. 18.

26. B. N. A. Act, 1867, chap. 3, sec. 92, cl. 11.

province but on the American border. What, in fact, were the executive powers and obligations of the federal government if one of the provincial governments concerned decided to act contrary to the provisions of clause 15? Would it not be an invasion of "exclusively" provincial jurisdiction if the federal government interfered with provincially chartered railways with provincial objects, even if these ran in the forbidden direction?

Macdonald had apparently foreseen the difficulties of a possible federal-provincial clash and had taken the precaution of discussing railway matters beforehand with Premier Norquay of Manitoba, the Province most directly affected by clause 15. This he did in 1879 when Norquay made his first of many visits to Ottawa in search of "Better Terms" for Manitoba. The agreement that Norquay and Macdonald arrived at in 1879 was incorporated in an Order in Council, the second clause of which read,

"That as respects the Railway Policy to be pursued in that Province it has been decided that the line of the Canadian Pacific Railway shall pass south of Lake Manitoba and in accordance with the suggestions of Messrs. Norquay and Royal the government will oppose the granting of a charter for the present session at least for any Railway in Manitoba other than the one recommended by them from Winnipeg South Westerly towards Rock Lake. The Government think it very desirable that all railway legislation shall originate here and that no charter for a line exclusively within the Province of Manitoba should be granted by its legislature without the Dominion first assenting thereto."²⁷.

It is no doubt significant that the words "for the present session at least" were not included in the final draft of the Order in Council and had to be added and initialled later by "A. C." (Alexander Campbell). Whether this was done at Norquay's insistence when the order was read to him later cannot be definitely proven, but the omission is suggestive. Norquay later claimed that he had only committed his government for the

27. P. C. No. 486; Approved April 18, 1879.

one session. Other sections of the abovequoted clause were quite ambiguous. Exactly what did it mean, in case of conflicting interests, to say "the Government think it desirable," and why was the term "government" used so loosely as to refer once to the provincial and the other time to the federal government? Later Macdonald and Norquay came to have very divergent interpretations about this agreement of 1879, as indeed they did about every subsequent meeting between the two. During the negotiations with Stephen and during the C. P. R. debate, however, the existence of this agreement between the two governments was not generally known, and Macdonald wrote in 1881,

"Altho this cannot be openly stated Norquay, the Premier of Manitoba made a positive agreement with us at Ottawa that his Gov't. would not allow any local legislation infringing on the agreement with the Syndicate."²⁸.

Obviously Macdonald was here overstating the terms of the 1879 agreement with Norquay, but the quotation is significant in that it shows that Macdonald did not anticipate trouble from Manitoba in regard to conflicting railway policies. He clearly believed that he, at Ottawa, would be the final judge of Canadian railway policies.

Conservative statements during the C. P. R. debate when assailed by the Opposition on the provincial rights cry, however, gave an entirely different impression. In his clearest statement relating to provincial rights during the C. P. R. debate Macdonald stated,

"In order to give them (the C. P. R.) a fair chance we have provided that the Dominion Parliament - mind you the Dominion Parliament; we cannot check Ontario; we cannot check Manitoba; shall give their own road a fair chance of existence."²⁹.

28. Macdonald to Griffin, October 31, 1881; Macdonald Papers, Vol. 524, pp. 527-528.

29. Debates of the House of Commons, 1881, p. 494; Sir John A. Macdonald on January 17, 1881.

Manitobans later remembered only too well the phrase "we cannot check Manitoba", and frequently reminded Macdonald of it.³⁰ But even in 1880 this statement was taken to mean that the federal government did not intend to use clause 15 as a means of interfering with provincial railway policies. When this statement failed to silence the opposition, Thomas White, later Minister of the Interior and an opponent of disallowance, stated unequivocally,

"To whom does that (the monopoly) apply? Simply to the territories over which the Dominion Parliament has control. There is nothing to prevent Manitoba now, if it thinks proper, granting a charter for a railway from Winnipeg to the boundary line. At this very moment there is a company in course of organization to build a railway from Winnipeg to West Lynne on the boundary, and after this agreement is ratified, this provision does not take away from Manitoba a single right it possesses; in fact, this Parliament could not take away those rights. It has the same rights as the other Provinces for the incorporation of railway companies within the boundary of the Province itself, and there is nothing to prevent the Province of Manitoba from chartering a railway from Winnipeg to the boundary to connect with any southern railway. The only guarantee which this company has under the contract is that their traffic shall not be tapped far west in the prairie section, thus diverting the traffic away from the line to a foreign line, but there is nothing to prevent a railway being built in Manitoba, within the Province, that would carry the traffic to any railway that may tap it from the American side."³¹

These definite and clear statements obviously implied that clause 15 would be binding only on the federal government, and only federally chartered railways would be subject to its provisions. The Province of Manitoba apparently had nothing to fear if it chose to charter a railway to the American boundary.

Stephen and the other members of the C. P. R. Syndicate, on the other hand, certainly understood clause 15 to apply to any and all proposed

30. See for example the "Petition of the Executive Council of Manitoba to Her Majesty the Queen, 1887," as printed in Sessional Papers, Canada, No. 21, 1887, pp. 227-235.

31. Debates of the House of Commons, 1881, p. 576; Thomas White on January 20, 1881.

railways running to the American boundary. This was the condition on which they had undertaken to build the Lake Superior section of the line. Railway connections with American railways in the West would, of course, also be contrary to the National Policy of the federal government.

It is difficult to determine why Macdonald allowed this ambiguity over the meaning of clause 15 to arise. His later explanations seem strained. Perhaps it was simply that, in view of the 1879 agreement, Macdonald believed that Manitoba would not pass offensive railway charters and that it was therefore safe to make his statement during the debate. On the other hand Macdonald may well have decided what course he intended to follow but did not want to risk the whole C. P. R. project by a too vigorous defence of clause 15. Whatever may have been Macdonald's intentions, however, it was certain that the apparently contradictory interpretations of clause 15 offered in Sir George Stephen's correspondence and in Thomas White's speech would be very difficult to resolve if Manitoba should ever choose to implement the railway policies for which White's speech had evidently given them permission. A conflict either between the federal government and the C. P. R. over the terms of the contract and proper national policies generally, or between the federal government and the provincial government of Manitoba over provincial rights seemed inevitable if the province should decide to establish its own railway communications with American railway systems. Western Canada's unbounded enthusiasm for ever increasing railway facilities of all kinds in the 1880's, coupled with speeches such as those of Thomas White and John A. Macdonald during the C. P. R. debate, made railway legislation contrary to the terms of clause 15 and thereby a direct conflict with the federal government virtually inevitable.

Chapter III.

Disallowance and Attempted Reconciliation, Part I,

1881 - 1882.

The legislation passed by the Legislature of the Province of Manitoba in 1881 quickly served to remove much of the ambiguity regarding federal interpretations of the meaning of the fifteenth clause of the C. P. R. charter. Before going into a more detailed study of the Manitoba railway legislation of 1881, however, it is well to briefly consider the composition and development of the provincial government of Manitoba and of its railway policies.

The provincial government of which John Norquay became leader in 1878, and of which he had been an influential member since 1871, was essentially a no-party "Manitoba-first" government which included all but the most radical pro-English or pro-French provincial politicians. The early government of the province is described by W. L. Morton as follows,

"Two things characterized Archibald's council and the legislature: the balance of French and English, Catholic and Protestant; and the exclusion by both the Governor and the electors of the two extremes in the late troubles, Schultz and the Canadian party, and Riel and the leaders of the Provisional Government. The Governor surrounded himself with moderate men, insisted that Riel keep in the background, and resisted both the public and private blandishments of Schultz."¹

One of the chief architects and a principal figure in this provincial government was John Norquay. Lieutenant Governor Archibald worked hard to get Norquay to come into the government and describes his entry into

1. W. L. Morton, Manitoba; A History, Toronto, 1957, p. 146.

the cabinet in 1871 as follows,

"Mr. Boyd, my minister of Public Works has resigned his office with a view to enable the Government to bring in Norquay who is Half-breed of fair Education and good abilities as the principal man in the exclusively English parishes of the Upper Assiniboine, and was besides the leader of the opposition during the last session. So that all this violence of Schultz' allies ends in driving moderate people into the arms of the Government party, in repelling dissensions arising from little ambitions in the French ranks, and in making the Government stronger than it ever was before."².

Despite several racial shifts in the province, and attempts by John Schultz on the one hand and Joseph Royal on the other to gain pre-eminence for the races they represented, Norquay remained a staunch advocate and defender of a one party "Manitoba First" government. He steadfastly resisted attempts to institute a two party system in the province, either in alliance with the two federal political parties, or along racial lines. A provincial two party system might, he feared, mean the subordination of provincial political life to the needs of the federal political parties, and thus weaken the province's bargaining position in Ottawa. In the words of W. L. Morton,

"Norquay believed that the government should represent not a party but the province, both to conciliate groups within it, and also to strengthen the province in negotiation with Ottawa."³.

In short, the issues at stake rather than party politics were to be the important factors in the political relations between the provincial and federal governments. It is certainly true that prior to 1881 provincial politicians seemed by and large more favourably inclined toward the federal

2. Archibald to Macdonald, Dec. 13, 1871; Macdonald Papers, Vol. 187, pp. 78074-78075

3. W. L. Morton, Op. Cit., p. 197.

Conservative rather than the Liberal party. This was no doubt largely due simply to the fact that the Conservative party seemed to support more strongly the schemes Manitoba was interested in than did the Liberal party. Norquay, during his first election campaign as Premier, outlined what he considered the prime objectives of the province that he would seek to fulfill if elected. First of these were increased rail facilities of all kinds for Manitoba. Other issues mentioned were the extension of the provincial boundary, a readjustment of the federal subsidy, greater aid for schools, and more federal support for the drainage of swamps. Increased rail facilities, however, were the prime issue in the 1878 provincial election and for many years thereafter in Manitoba.⁴

The Conservative promise definitely ^{to} build the transcontinental railway compared favourably with the lack luster railway policy of the Mackenzie government, and received the wholehearted support of Manitobans. It is indicative of public opinion in Manitoba that in 1878 three of the four seats at stake in the federal election went to the Conservatives by acclamation. The fourth was won for the Liberals by Donald A. Smith, a Conservative who had had a falling out with the federal Conservatives in 1873 but who was shortly to rejoin his former party. Smith won his last victory as a Liberal by a slim margin of only 9 votes.⁵

The extent to which a pro-Conservative feeling was prevalent in Manitoba in 1878 is perhaps best demonstrated by Sir John A. Macdonald's

4. These issues were most clearly outlined in Norquay's Address to the Electors of St. Andrew's South. This address was printed in the local papers and is mentioned by many of the secondary sources on Manitoban history.

5. Election results and similar information is contained in considerable detail in "The Canadian Parliamentary Guide".

election by acclamation in Marquette, after his defeat in Kingston became known. The three candidates who had already been actively campaigning all consented to step aside and make way for Sir John. It was not surprising that Joseph Royal, a staunch Macdonald supporter, would step aside. Even Ryan, an errant Conservative who had carried the seat in a disputed election in 1874 but was now having trouble getting Liberal support, could be expected to retire. But that the third candidate, W. F. Luxton, the editor of the Manitoba Free Press, should do so "provided that the pledges and promises made by Luxton would now become your promises."⁶ is certainly surprising in the light of later developments. Perhaps more surprising is the fact that Macdonald could make the pledges and promises made by Luxton as a Liberal candidate his promises. The only reasonable explanation seems to be that Conservative promises and policies so accurately reflected Manitoba's wishes and ambitions in 1878 that the province as a whole, including persons such as Luxton who might otherwise have strong propensities toward the Liberal party, were prepared to support the Conservative party.

Joseph Royal who, together with John Norquay, had arranged for Macdonald's election by acclamation in Marquette, wrote,

"I immediately told Luxton that your nomination was deranging all our plans, and that as the contest was now to be a strict Dominion Party one Marquette East would most positively and as a unit vote Sir John, and therefore it was of no use for him to remain on the field. This of course was carried to his Committee who on being informed that the French vote was withdrawn from them consented to allow Luxton to retire which the latter did very gracefully. Now, Sir my object in writing you about this is to appraise you of the action of our local government on the one hand, and on the other to inform you of the pledges

6. Royal to Macdonald, September 28, 1878; Macdonald Papers, Vol. 260, p. 118174.

and promises made by Luxton to my party and which no doubt you will easily see your way of carrying out."⁷.

It is an indication of the state of public opinion that all these negotiations and arrangements could be made in a constituency that had been Liberal since 1872, and with the editor of a strongly pro-Liberal, but more strongly pro-transcontinental railway newspaper. Manitoba wanted a federal government with a national railway policy that would bring immediate results. What they voted for in 1878 was not so much the Conservative party as the construction of the transcontinental railway.

It was in this kind of an atmosphere that the 1879 agreement with the federal government was made by Norquay and Royal. The enthusiasm for the speedy construction of the Pacific railway also permeated the official visit to Manitoba of J. C. Aikins and Mackenzie Bowell, both federal cabinet ministers, in October of 1879. At a banquet in their honour Norquay declared that the National Policy was "The true policy to build up a great country like Canada."⁸. This statement, as well as Norquay's agreement with regard to the 1879 "Better Terms", were taken by many to mean that Norquay was abandoning his former position of a strong independent provincial party and was prepared to throw in his lot with the Conservative party.

This was followed up in 1880 by a request from Macdonald that Norquay run as the Conservative candidate in the impending by-election in Selkirk, to succeed his old enemy John C. Schultz. The portfolios of the Departments of the Interior and Indian Affairs were tantalizingly

7. Ibid., p. 118174-118175.

8. As quoted in A. Begg, History of the North-West, Toronto, 1894, p. 350.

mentioned as additional inducements for Norquay to definitely commit himself and his provincial party to the federal Conservative party.

Although Norquay had to decline this offer, his letter to Macdonald, bespoke close co-operation and good will between the two governments.

Norquay wrote,

"Before leaving for England you were kind enough to ask me to run for Selkirk. I regret very much that circumstances prevented my compliance with your suggestions. We have done the next best thing by electing a supporter instead of an opponent...Permit me to offer my congratulations to you on the success of your negotiations for the building of the C. P. R. Everything looks favourable in Manitoba now and with the energy recently displayed in pushing the railway ahead the opponents to the Gov't policy will be left without a peg on which to hang their objections."⁹.

Manitoba, and its Premier were obviously enamoured by the charms of the Conservative National Policy between 1878 and 1881. Nevertheless Norquay coquettishly resisted any suggestions of a formal alliance with the federal Conservative party. In his 1879 election address Norquay not only praised the National Policy, but was also quoted as saying,

"I would be lacking in duty, did I not acknowledge the attention paid to Provincial delegations by the respective representatives of the two great parties in Canada, and I believe that the interests of the Province can be best served by eschewing party issues in our local affairs, and by rendering such assistance and advice to the Federal authorities as are best calculated to advance the interests of our common country."¹⁰.

From 1878 to 1880 it evidently appeared to Norquay and to most Manitobans that Macdonald's National Policy was best calculated to advance the interests of their Province. When, however, the personnel of

9. Norquay to Macdonald, September 17, 1880; Macdonald Papers, Vol. 25, pp. 9589-9593.

10. A. Begg, History of the North West, Vol. II, Toronto, 1894, p. 350.

the C. P. R. Syndicate became known in December of 1880, and the threat of a C. P. R. - St. P. M. & M. monopoly appeared imminent Norquay quickly indicated that he did not consider himself wed to the federal Conservative party for better or for worse. His policy was calculated to secure for the province two suitors in Ottawa, obtaining the promises and favours of both, but committing himself to neither.

The first evidence that the friendly relations between the federal Conservative government and the Manitoba provincial government might be subject to corrosion centered around the Boundary Extension Bill of 1881. Manitobans had for some time been agitating for a territorial expansion of their province in the hope that the increased area would provide the province with a more adequate taxable area and would help to bolster the shaky provincial finances. Macdonald was not basically opposed to such an enlargement of the "postage stamp" province, and agreed to it in the "better terms" agreement of 1881. He insisted, however, that the conditions of clause 15 of the C. P. R. charter be written into the agreement, and that its provisions must apply to the added area. Norquay protested rather weakly, writing,

"In the matter of the new territory to be added to the province I trust that the appropriations usually within the jurisdiction of the provinces will not be interfered with."¹¹.

Evidently Macdonald disregarded this "trust" on Norquay's part since the Boundary Extension Bill read in part,

"The said increased limit and the territory thereby added to the Province of Manitoba shall be subject to all such

11. Norquay to Macdonald, December 2, 1880; Macdonald Papers, Vol.127, pt. 2, pp. 52658-52659.

provisions as may have been or shall hereafter be enacted, respecting the C. P. R. and the lands to be granted in aid thereof."¹².

This was the first indication that the government of Canada intended to take clause 15 more seriously than had perhaps been expected after the government statements during the Debate on the C. P. R. contract, and marked as well the beginning of more strained relations between the governments of John Norquay and Sir John A. Macdonald.

The disagreement between Premier Norquay and Prime Minister Macdonald over the terms of the boundary extension was relatively small compared with the clash that developed over the railway legislation that Norquay's government approved and passed in 1881. Norquay and the people of Manitoba were certainly happy at the prospect of the early construction of the C. P. R., but they realized that the C. P. R. could not immediately be expected to meet all of Manitoba's railway needs, particularly in the way of branch line construction and facilities. The C. P. R. would obviously be preoccupied for some time to come with the construction of the main line, and there seemed ample scope for smaller local railway companies to provide local transportation facilities. Optimism about the future of Manitoba was high in 1881; in fact a speculative boom was rapidly developing largely as an accompaniment of the construction of the C. P. R., and a number of private bills calling for the incorporation of local railway companies were submitted to the provincial legislature. These private bills were enthusiastically endorsed and met with little opposition. Four of them, plus an amendment to another earlier bill,

12. Statutes of Manitoba, 44 Vict, chap. 1, cl. 2, 1881.

were passed during the 1881 session. In addition a general Railway Act which was to regulate and regularize the operation of railways in the province was passed.

The railway companies incorporated in 1881 were for the most part really branch lines and local undertakings. But branch lines were inevitably also feeder lines to one of the major trunk lines, and there were distinct possibilities that three of the four new railway companies might become feeder lines not of the C. P. R. but of an American railway. Provisions in the charters of three of these railway companies were contrary to the terms of clause 15 of the C. P. R. charter. The first of these companies, the Winnipeg South Eastern Railway Company,¹³ had been given power to construct a railway "from a point at or near the city of Winnipeg, thence running in a south-easterly direction to the boundary line between the Province of Manitoba and the State of Minnesota."¹⁴ The second company, the Manitoba Tramway Company,¹⁵ had been granted authority to build a tramway "along all or any of the public highways in this Province."¹⁶ The third, the Emerson and North-Western Railway Company,¹⁷ was authorized to construct and operate a railway from "a point on the west side of the Red River opposite the town of Emerson in the Province of Manitoba to Mountain City or Nelsonville"¹⁸ as well

13. Statutes of Manitoba, 1881, 44 Vict, chap. 37.

14. As quoted in P. C. No. 1501(b), Department of Justice memorandum, November 3, 1881.

15. Statutes of Manitoba, 1881, 44 Vict, chap. 38.

16. P. C. No. 1501(b), Op. cit.

17. Statutes of Manitoba, 1881, 44 Vict, chap. 39

18. P. C. No. 1501(b), Op. cit.

as several branch lines to the western boundary of Manitoba.

Premier Norquay evidently did not feel that these railway lines would seriously jeopardize the successful construction and operation of the C. P. R. even if they did succeed in carrying some of the local traffic off to the American lines. He apparently did not consider them a violation of his 1879 agreement with the federal government, and, perhaps in the light of official statements during the Debate on the C. P. R. contract in the House of Commons, he did not feel that his legislation would incur federal displeasure. It was nevertheless obvious that if one of the larger American railway companies, notably the Northern Pacific, managed to gain control of one of these smaller local railway companies in Manitoba the C. P. R. might be placed in a keenly competitive position. It was obvious that the federal government would now be compelled to define more clearly its interpretation of clause 15, and whether that clause was in fact to be binding not only on federal but also on provincial legislation.

Sir George Stephen, President of the C. P. R. was understandably the first to become worried about the potential damage that the newly chartered Manitoba railways might do. He was particularly afraid that the Northern Pacific might gain access to Manitoba by means of one of these local railways, and divert the Canadian traffic to American channels. On August 27th he wrote Macdonald,

"Villard who now controls the N. P. is at work by every expedient he can think of to get a foothold in Manitoba... Now if he can manage to tap our traffic from Winnipeg west before it has become fully developed or got into its proper channel we might as well give him the line east of Winnipeg to Thunder Bay and save our money on the north shore line. If the traffic is to be diverted to Chicago instead of en-

couraged to take our own to the east, it is fully throwing away our money on a through line. It is this danger that rather alarms me."¹⁹.

On October 15, 1881, Stephen directly asked Macdonald to disallow the Manitoba charters and indicated C. P. R. efforts to facilitate this result.

"The Northern Pacific people are weakening a little on their project of getting into the North West by connecting with the Schultz line and are now turning their attention to the line (South Eastern) in which Haggart and Peter McLaren are the moving spirits. The N. P. plan is to build a direct line from Duluth to the boundary and then connect with the South Eastern thus getting into Winnipeg where they would connect with the Schultz line. You can see in a moment what havoc this would play with the C. P. R. as a through line. There is nothing for it, so far as I can see, but at once to make it known to the promoters of all these local lines running to the boundary that they cannot be permitted to come within the 15 miles as provided in the contract between the Government and the Company. Abbott is at work today on a letter to the Government pointing out the effect of the several acts passed at the last session of the Manitoba Legislature on the C. P. R."²⁰.

Abbott's memorandum was duly submitted to Charles Tupper, the Minister of Railways and Canals. In a report of his own, again drawing attention of the potential harm that the Manitoba railways might do, Tupper recommended, "That the Minister of Justice should be invited to report whether his Excellency the Governor General should not be advised to disallow the Acts of the Legislature of the Province of Manitoba."²¹. On the next day, November 3, 1881, Alexander Campbell, the Minister of Justice, reported on the three offending Manitoba Acts, recommending that all three be disallowed. Campbell essentially gave three reasons why he thought disallowance

19. Stephen to Macdonald, August 27, 1881; Macdonald Papers, Vol. 268, pp. 121884-121885.

20. Stephen to Macdonald, Oct. 15, 1881; Ibid., Vol. 268, p. 121890.

21. P. C. No. 1501(a); Memorandum of the Department of Railways and Canals, November 2, 1881.

was justified. First because the Acts "Conflict with the settled policy of the Dominion as evidenced by the foregoing enactment of the Parliament of Canada."²². The enactment referred to was Clause 15 of the C. P. R. charter. Secondly Campbell argued that these Acts were contrary to the agreement Norquay and Royal had made with the federal government in 1879, as incorporated in the Order in Council of April 18, 1879. Finally disallowance was recommended because of "the doubt which exists as to the power of a Provincial Legislature to authorize the construction of a Railway the manifest intention of which is to connect the Province with the United States and practically to extend beyond the limits of the Province."²³. In accordance with Campbell's report all three Manitoba railway charters under consideration, 44 Vict, chapters 37, 38, and 39, were disallowed on November 4, 1881, although the original Order in Council was for some time held back by order of Sir Alexander Campbell.²⁴. The whole Order in Council of November 4, 1881, later had to be withdrawn because it had been passed "before authenticated copies of such acts had been received by our Excellency pursuant to sections 56 and 90 of the British North America Act"²⁵. The Minister of Justice then had to prepare a new report on the three offending Acts. In his later report, dated January 4, 1882, however, Campbell reported only on the Act to incorporate the Winnipeg

22. Ibid., Memorandum of the Department of Justice, November 3, 1881.

23. Loc. cit.

24. See notation on P. C. No. 20, Approved January 9, 1882.

25. P. C. No. 20, Approved January 9, 1882.

South Eastern Railway Co. In this report Campbell again listed the terms of the C. P. R. charter, the terms of the 1879 agreement with the provincial representatives, and the doubts regarding the powers of the province to charter railways to connect with American lines, as reasons for disallowance. Another reason, however, now also received prominent mention. Campbell stated,

"Under the powers conferred upon the South Eastern Railway Company their line might be built so as to run to the boundary line through part of the territory added to the province by the Act to provide for the extension of the boundaries of the Province of Manitoba."²⁶.

This, Campbell felt, was clearly contrary to the terms of the Boundary Extension Act. Campbell did not explain why he singled out the charter of the Winnipeg South Eastern Railway Company for disallowance, while allowing the other two offending Manitoban railway charters, which he had already once condemned, to escape, at least temporarily. He clearly referred to his earlier report and also made a passing reference to the other Acts, but recommended only the disallowance of the Winnipeg South Eastern Railway Co. charter. Certainly that company seemed to pose the biggest immediate threat to the C. P. R., and perhaps Campbell thought that by making an example of the one the other two companies, which had not yet raised sufficient funds to start construction, would take warning or give concrete evidence that they were really only local lines not intending to make American connections.

The Manitoba Government was evidently not officially informed of the November 4, 1881, Order in Council recommending disallowance.

26. P. C. No. 21(b); Department of Justice Report, January 4, 1882.

Norquay had, however, been forewarned of impending disallowance by Macdonald on November 5, the day after the disallowance Order in Council was passed. Macdonald wrote,

"You were made aware of the reluctance with which the Syndicate undertook the building of the Railway eastward from the Red River via the North Shore of Lake Superior and that they were only induced to accept the contract on the understanding that their railway would not be tapped ad libitum west of Winnipeg. We shall be compelled to disallow your Acts. We who were around the Council table understood that you undertook to discourage and prevent such Legislation!"²⁷.

Thus it would seem that disallowance could not have taken Norquay entirely by surprise in January of 1882. The possibility of disallowance had also been foreseen by others in Manitoba, as may be seen by the several petitions and letters to Macdonald praying that disallowance be not exercised. Norquay had indicated as early as November of 1881 that he would like to come to Ottawa to discuss matters of importance.²⁸ He was, in fact, on his way to Ottawa in January of 1882 when the news of the disallowance of the Winnipeg and South Eastern reached him. His first reaction seemed remarkably conciliatory. In Toronto he was reported as saying,

"He thinks it was indisputably within the rights of the Dominion Government to disallow the charter, without trenching at all on provincial rights, as the promoters manifestly intended to connect with a line in the United States, and he is now of the opinion that the people of Manitoba do not care much about the matter."²⁹.

This perhaps surprisingly conciliatory attitude was no doubt in part due to the fact that Norquay was on his way to Ottawa to negotiate

27. Macdonald to Norquay, Nov. 5, 1881; Macdonald Papers, Vol. 524, pp. 539-540.

28. Loc. cit.

29. The Globe, January 31, 1882, p. 4; As quoted in J. Jackson, The Disallowance of Manitoba Railway Legislation in the 1880's, M. A. Thesis, University of Manitoba, 1945, p. 31.

a new "Better Terms" agreement with the Federal government. He evidently believed that he could get the best concessions and make the greatest gains for his province if he remained on a friendly footing with the federal government. In his "better terms" memorandum to the Privy Council, dated February 7, 1882, Norquay made no mention of railway policy. An increase in the federal subsidy, provincial control of public lands, half-breed grants in the added territory, the appointment of judges, the boundary question, an enlargement of the representation of the Province, and the construction of Public Buildings in Manitoba were the items mentioned in the memorandum, and in the resulting Order in Council.³⁰ Norquay evidently felt that if he obtained adequate concessions on these points, which he hoped to lay before the legislature when it met on April 27, 1882, this would bolster his party's popularity and prestige, as well as help people forget the now unpleasant railway business.

This hope was somewhat disappointed by the negotiations with the federal cabinet. The subsidy was increased somewhat, as was Manitoba's representation in the Senate, but neither the request for the control of public lands nor the request for Half-breed grants were acceded to, and only vague promises were obtained in regard to increased representation in the House of Commons, the appointment of judges, the Manitoba-Ontario boundary dispute, and the construction of Public Buildings in the Province.³¹ Nevertheless, Norquay did not push the railway question.

30. P. C. No. 137; Approved March 7, 1882.

31. Loc. cit.

In fact in the following months he largely took up the arguments in favour of disallowance.

If Norquay chose to be conciliatory in the face of federal disallowance there were many others who were not. Manitoba farmers, business men and settlers desperately needed branch line facilities to carry their products to market. In the day of the horse and wagon and bad, often impassible roads a 60 or 70 mile haul to the nearest railway station on the C. P. R. main line was virtually impossible, and the lack of local railway facilities retarded settlement and development of those areas not on the C. P. R. main line. Manitoba's railway policy was obviously concerned with the construction of more railway facilities of all kinds, without being overly concerned about the possible American orientation of some of the roads that obtained provincial charters. Thus Manitoba railway charters of 1881 did not either forbid or permit the promoters to make connections with American railways.

Federal policies, on the other hand, were in principle opposed to any diversion of the trade of the Canadian west to American channels, because such diversions would deprive the C. P. R. of the profits of carrying the through traffic over their own, costly line north of Lake Superior; force the C. P. R. into a dangerous competition with the well established American railways; deprive eastern Canadian commercial centres of the advantages of the western trade; and increase Manitoba's economic and perhaps political dependence on the U. S. Thus federal and provincial policies were in conflict, and the federal government chose to exert its ~~alleged~~ right of proclaiming and enforcing national policies by disallowing the provincial railway charters of Manitoba. Despite later

arguments to the contrary it was clear in 1882 that the main reason why the power of disallowance had been exercised was that first mentioned and later repeated in Campbell's report when he stated that disallowance should take place because,

"The Act now under consideration conflicts with the settled policy of the Dominion as evidenced in the contract with the Canadian Pacific Railway Company."³².

This being the principal reason for disallowance the opponents in Manitoba of disallowance retorted with arguments about provincial rights. It was alleged first that the incorporation of the Winnipeg and South Eastern Railway was clearly within the competence of the province, since the "Incorporation of Companies with Provincial Objects" was listed in the B. N. A. Act as one of the "exclusive" powers of provincial legislatures.³³ Further it was alleged that the powers listed in Section 92 were exclusively provincial and that it was improper and unconstitutional for the federal government to interfere with legislation intra-vires the province. There was, of course, some dispute whether the disallowed Manitoba charter really fell under section 92, clause 11, of the B. N. A. Act, or whether it more properly under clause 10A³⁴. but the federal government never made concerted attempts to demonstrate that these charters were ultra vires the province. Instead Macdonald defended the right of the federal government to disallow any provincial act whatever if it conflicted with national policies. His opponents maintained that the federal government did not have such sweeping rights

32. P. C. No. 21(b); Department of Justice Report, January 4, 1882.

33. B. N. A. Act, 1867, Section 92, clause 11.

34. Ibid., Section 92, clauses 10 and 11.

and that the indiscriminate use of disallowance would reduce the functions and powers of the provincial legislatures to a cypher.

In 1882 Norquay did not support the arguments against disallowance that were being voiced, particularly by known Liberals, in the province. His attitude, however, to a considerable extent undermined his position as the leader of a unified provincial party. Several recently arrived Liberals from Ontario, notably Thomas Greenway who had arrived in 1878, had been elected to the provincial legislature, and were only too willing to criticize and castigate the policies of Sir John A. Macdonald, and Norquay's acceptance of these policies. In the interval between the first news of disallowance in January of 1882 and the opening of the provincial legislature on April 27, 1882, Greenway, with the help of W. F. Luxton and several others, managed to galvanize the scattered discontents into a more organized opposition. This still somewhat loosely organized opposition managed to cause Norquay considerable trouble throughout the 1882 session.

The session of 1882, as the 1881 session, saw a number of potential railway promoters apply for charters of various kinds. This time, however, any applications which might cause federal displeasure were turned back by Norquay who now seriously sought to avoid a further clash with the federal government. Each new application or bill, however, brought renewed opportunities for attack. In a province where local and branch line facilities were considered of prime importance and desperately needed Norquay's refusal to allow these railway charters to pass was politically dangerous.

The fact that most of the proposed Manitoba railways contained provisions contrary to the terms of clause 15 were really due to four main reasons. First, branch lines were most urgently needed in southern Manitoba. Second, most of these small provincial railway companies were financially weak and needed some backing and support from a stronger company or the government to make the necessary financial arrangements such as selling bonds, securing return freight, and attracting immigrants to settle along their lines. The C. P. R. had ambitions of its own in western Canada and would assist only those companies very closely associated with, often controlled by itself. Independent local lines received little or no encouragement from the C. P. R. which was still largely preoccupied with the construction of its main line. Thus American or perhaps Grand Trunk backing was often considered as an alternative.

Third, these proposed lines, if they wished to prosper, needed an assured outlet via one or more of the transcontinental lines, and again the generally un-co-operative attitude of the C. P. R. towards any except its own affiliates was discouraging. Even if the C. P. R. might grant freight concessions etc., most of these small companies feared a complete dependence on the C. P. R. and sought to offset this by American connections.

Fourth, the allegedly high freight rates on the C. P. R. lines later made American connections extremely desirable both to the shippers and to potential carriers. The savings to be derived from the allegedly lower freight rates on American lines could conceivably be split between the Canadian shipper and the Canadian carrier. Thus the charges of high C. P. R. freight rates whetted the appetite of both shipper and railway promoters for American connections.

Norquay allowed only one railway act entitled "An Act to encourage the Building of Railways in Manitoba" to pass during the 1882 session. This Act dealt mainly with procedures of incorporation, stock and bond issues, land grants, exemptions from taxation, survey procedures, and other relevant matters. It incorporated no new railway company. It was mainly designed to facilitate the organization of railway companies and the construction of railway lines within the province.

Three weeks after the provincial legislature prorogued the federal general election of June 20, 1882, was held, Liberal candidates naturally tried to bring the issue of disallowance into the election contest, although other grievances such as federal land policies, and the tariff were given equal prominence. Norquay himself refused to be drawn into this election campaign, much to the disgust of the Conservative party candidates and workers. Joseph Royal, in writing about the campaign in Marquette stated, "The no party policy of Norquay did a great deal of damage to our party in that part of the country."³⁵ The results of the election showed serious losses for the Conservatives. Where they had carried three out of four seat (all three by acclamation) in 1878 their strength in Manitoba was reduced to 2 in an increased 5 member representation. This, in fact, was the only time prior to 1904 that the Conservatives held fewer federal seats in Manitoba than the Liberals.³⁶

It is, of course, impossible to determine precisely how much the disallowance of the Winnipeg and South-Eastern Railway Company had to do with the results of the 1882 federal election. Certainly a number of other

35. Royal to Macdonald, September 6, 1882; Macdonald Papers, Vol. 260, pp. 118225.

36. The Canadian Parliamentary Guide, 1956, pp. 420-421.

issues entered in, but obviously Manitobans were no longer as enthusiastic about the federal Conservatives and their National Policy as they had been in 1878. In the election post mortems the Conservatives were largely inclined to blame their defeat on poor organization, poor candidates, and the no-party policy of Norquay.³⁷

Despite Norquay's non-committal attitude during the federal election campaign it is certain that the evident swing toward the Liberals really worried him. His conciliatory railway policy had largely served to identify him more closely with the Conservative than with the Liberal party. Other issues served to strengthen this impression and thus made him unpopular with the slowly crystalizing Liberal elements in the province. On the other hand his no-party policy had alienated most of the old line Conservatives such as Joseph Royal who began to devise schemes of getting rid of Norquay, and making the party a truly Conservative one. In courting the favours of both major parties Norquay now stood in grave danger of incurring the displeasure of both. His position in Manitoba in 1882 was described as follows by Joseph Royal,

"Norquay who was scared to death by our losses in the federal contest now breathes freely and with tact and prudence he is in a position of facing his next session with a certain amount of confidence. Now, this is the more important as we are all of the opinion that if the local gov't falls into the hands of the grits it will take some time before we may be able to rescue it...Although Norquay is very unpopular for many reasons, yet it is our duty to fortify his position and strengthen his government until better and abler men can be found to take his place and that of his colleagues. That will be the object of a Convention of the Conservative party which is convened for the 17th October next."³⁸

37. See for example: Royal to Macdonald, September 6, 1882; Macdonald Papers, Vol. 260, pp. 118224-118230.

38. Loc. cit.

The summer and fall of 1882 were notable for several developments in Manitoba. The first and foremost of these was the collapse of the financial and speculative "boom" which had gripped Manitoba since 1879. The origins of the famous Manitoba "boom" were largely based on the promised coming of the transcontinental C. P. R. and a large influx of settlers in the years immediately after 1879. Both these events convinced people near and far that a commercial and political greatness as yet undreamed of awaited Manitoba and the Canadian West. Once railway connections were established, and if the steadily increasing stream of immigrants and settlers continued to flow into the West great things were sure to follow. In the general atmosphere of enthusiasm and optimism speculators, land sharks, and all the other figures of a land rush moved in. Alexander Begg described the "boom" as follows,

"When the first express train steamed into the city, (Winnipeg) they (the citizens) recognized that the first part of their dream had been realized and they looked forward to its complete fulfilment as an accomplished fact. A spirit of dauntless enterprise and confident speculation took possession of them, conservative business methods were cast aside, and they abandoned themselves to a feverish recklessness, in which the boldness of the gambler obliterated the standards of legitimate commerce. The professional speculator found a promising field for the exercise of his talents, and he proceeded to cultivate it to the best advantage. All classes of the community had caught the infection--the statesman, the judge, the lawyer, the minister of religion, the doctor, the teacher, the merchant, the mechanic and the laborer, mingled in the race for wealth, neglecting or abandoning their pursuits to try a cast with fortune."³⁹

Unfortunately such unorthodox and speculative practices as those carried on in Manitoba in 1880-1882, particularly in regard to the urban

39. A. Begg, History of the North-West, Toronto, 1895, Vol. II, p. 69.

land speculations, came to their inevitable end late in 1882 and early 1883, and Manitoba entered on a long period of depression and hardship, made particularly irritating by the recent prosperity. W. L. Morton, writing of the collapse of the boom, states,

"By the spring of 1882, even though the first train came through from Fort William in March, the boom was slackening. An attempt to promote the far distant site of Edmonton failed, the boom began to subside, and not even the professional assistance of an imported auctioneer, one Coolican, could swell the glittering bubble again. Rapid building maintained prosperity for a time, but the crash came in 1883, insolvencies multiplied, and many of the new rich became the old poor once more."⁴⁰

Times of depression, particularly when following closely a period of exuberance and enthusiasm such as Manitoba had experienced, are very frequently productive of complaints, grievances and dissatisfactions against the governing authorities. In Manitoba's case it was relatively easy to argue that the collapse of the boom and the persistent depression were somehow directly related and attributable to federal policies, particularly railway, lands and tariff policies, and the federal government increasingly became a scapegoat for all of Manitoba's ills and hardships. The result was a growing agitation for greater provincial autonomy and independence from national policies. The railway or monopoly issue became the focal point of this agitation because lower freight rates and increased railway facilities directly affected almost everyone in the province. Furthermore, the railway issue was also the most glaring example of federal interference in allegedly purely provincial affairs. The collapse of the boom and the ensuing depression, in short, produced

40. W. L. Morton, Manitoba; A History, Toronto, 1957, pp. 200-201.

and enforced a critical attitude towards federal policies in Manitoba.

It was no doubt unfortunate that co-incident with the collapse of the Manitoba "boom" the federal government again, and in a more sweeping manner than before, exercised its powers of disallowance. The two Manitoba railway acts which had already once been disallowed⁴¹ by the premature Order in Council of November 4, 1881,⁴² but had escaped the January 4, 1882, Order in Council⁴³ were again brought to the attention of the Minister of Justice. Campbell was asked to report on both these Acts as well as on the 1882 "Act to Encourage the Building of Railways in Manitoba."⁴⁴ In his report, dated, October 31, 1882, Campbell recommended that all three provincial acts be disallowed. The first two acts were recommended for disallowance because they were contrary to the settled policy of the Dominion government as enunciated in clause 15 of the C. P. R. charter, and in the Manitoba Boundary Extension Bill. The third Act was disallowed because,

"The Act last mentioned was passed subsequent to the extension of the limits of Manitoba but no provision is made in the Act to give effect to the terms and conditions upon which the boundaries of that province were enlarged, that is, there is nothing in it to prevent the corporators from exercising their powers within the added Territory."⁴⁵

Campbell recommended that the terms of clause 15 be incorporated

41. Statutes of Manitoba, 44 Vict. chapters 38 and 39.

42. P. C. No. 1501, Approved November 4, 1881.

43. P. C. No. 21; Approved January 4, 1881.

44. Statutes of Manitoba, 1882, 45 Vict. chapter 30.

45. P. C. No. 2150(a); Department of Justice Report, October 31, 1882. Approved November 3, 1882.

in the provisions of any general Manitoba railway act. In his recommendation, however, he made no mention of only the "added" area.⁴⁶ All three Acts were consequently disallowed on November 3, 1882.⁴⁷

There can be little doubt that the two main supporters and advocates of disallowance at this time were Sir George Stephen and Sir John A. Macdonald. Macdonald's attitude is perhaps best expressed in a letter he wrote to the Governor General, Lord Lorne, in which he stated,

"There is a little tempest in Manitoba about the disallowance of three Railway Bills. This will soon blow over, althou it may depose Norquay who will probably fall from his vacillation. Two of the Bills were ultra vires and directly contrary to the terms of the Manitoba Extension Act. The Emerson Railway Act, althou not ultra vires is contrary to the spirit of the arrangement with the C. P. R. Co. and the policy of the Dominion. The people of Winnipeg are delighted with the disallowance of this Bill as they fear Emerson as a rival. The syndicate will in 1884 carry out an arrangement for giving Emerson sufficient Railway facilities westward with which they will be satisfied. The truth is there is yet no real public opinion in Manitoba. The men who now lead the agitation there are a ring of land sharks and homestead sharks. In a year or two the solid mass of settlers will out vote and override the gang of speculators who now pose as the people of the North West."⁴⁸

This is probably the most concise summary of Macdonald's opinion about the railway situation in Manitoba, both in 1882 and for several years to come. It is significant for several reasons. First it demonstrates clearly that the real reason for disallowance was the conflict between the national railway policies and the Manitoba legislation. Macdonald clearly did not consider that the Emerson and North Western Railway Co. Act, was ultra vires, or came under the terms of clause 10a of section 92 of the B. N. A. Act, despite the fact that a connection with American railways was an obvious threat. Yet Macdonald felt just-

48. Macdonald to Lorne, December 2, 1882; Lorne Papers, Vol. 1, p. 296-298.

47. Loc. cit.

46. Loc. cit.

ified in disallowing it. It was on this point that he was most frequently challenged by the defenders of provincial rights.

Furthermore this letter clearly indicates the growing coolness between Macdonald and Norquay. A rift between the two men had obviously developed since the time when Macdonald asked Norquay to run as a Conservative in a federal by election. Norquay's no-party policy was obviously not popular with Macdonald, particularly when it led to departures from the enunciated National Policy. To an inquirer from Manitoba Macdonald wrote very plainly,

"As I understand, every local interest must be made subordinate to the general policy for the good of all."⁴⁹.

Obviously this did not leave much room for a "Manitoba first" policy such as Norquay was trying to follow.

Finally, and perhaps most significantly, the abovequoted letter from Macdonald to Lord Lorne shows Macdonald's opinion that the disallowance agitation was not a genuine expression of public opinion, but rather the result of agitators and speculators. Unfortunately he persevered in this opinion even after there was ample proof that the agitation was much more deep seated.

Sir George Stephen was, of course, elated when he heard of these new acts of disallowance. He had for some time been reiterating all the old arguments in support of disallowance and when the new disallowances became a reality he wrote Macdonald,

"Why not follow up the disallowance of the Manitoba Acts by passing next session a well considered General Railway Act allowing roads to be built anywhere in all parts of the

49. Macdonald to Corbett Locke, November 9, 1882; Macdonald Papers, Vol. 525 p. 18.

Dominion except when contrary to the declared policy of the Government in reference to anti-national lines intended to divert the trade between the North West and old Canada into American channels."⁵⁰.

To this Macdonald replied rather guardedly,

"The Dominion Parliament can't pass such a general act as you speak of. That would interfere with Provincial rights."⁵¹.

Evidently Macdonald considered the exercise of the power, disallowance to enforce general national policies to be above considerations of provincial rights although legislation to enforce these same policies could not be enacted if in conflict with provincial rights. Stephen was not particularly concerned how the national and C. P. R. policies were enforced. His great worry and nightmare was that somehow Macdonald might weaken and allow either an American rival or, still worse, the Grand Trunk via American connections into the west before the C. P. R. was in a fit condition to compete successfully with such intruders.

In Manitoba the disallowances of November 1882 raised public opinion and dissatisfaction to a new pitch. The principal complaint, at least of the opposition newspapers,⁵² was that these new acts of disallowance were improper and unconstitutional encroachments on provincial rights. They prevented, it was alleged, the province from gaining much needed branch line facilities. Competitive freight rates were not, at this date, vigorously demanded, and there were still relatively few complaints about high C. P. R. rates.

Nevertheless, the disallowances of November 1882 made it obvious

50. Stephen to Macdonald, November 8, 1882, Ibid., Vol.268, p.121972.

51. Macdonald to Stephen, November 9, 1882; Stephen Papers, pp. 66-67.

52. James A. Jackson, The Disallowance of Manitoba Railway Legislation in the 1880's, M. A. Thesis, 1945, Manitoba, pp. 39-41.

that federal policies, particularly federal railway policies were becoming increasingly unpopular in Manitoba. Norquay, who was obviously trying to bridge the widening gulf between federal and provincial policies, was certainly most vulnerable if this gulf continued to widen until federal and provincial policies and aspirations might in fact become irreconcilable. Further differences between the two governments might force Norquay to either come out strongly on one side, or be destroyed.

Chapter IV.

Disallowance and Attempted Reconciliation, Part II,

1883 - 1885

One of the most significant results of the 1882 disallowances was that they provided Greenway and others with a choice issue, provincial rights, upon which to build a provincial Liberal party. In fact Greenway and his colleagues seemed so successful that Norquay became quite worried and decided to call an election for January 23, 1883, allegedly to forestall any further crystalization of Liberal sentiments into a hostile political party.

A second reason that doubtlessly determined the timing of the election was the divisive conflict within Norquay's own party that had been going on for some time. A strong pro-Macdonald wing, led by Joseph Royal, was obviously trying to identify the provincial party more closely with the federal Conservative party. They were quite prepared to depose Norquay if necessary, and Norquay hoped that a successful election campaign might well squelch such plots, as well as defeat Greenway before his party was fully organized.

During the campaign Norquay largely tried to draw people's attention away from the disallowance question and to place more emphasis on the grants and concessions he had been able to get for Manitoba from the federal government. He contended that his friendly and conciliatory attitude towards Ottawa had made these concessions possible. When speaking on the railway question Norquay argued that roads within the province and for provincial objects only were a purely provincial concern, but that

lines chartered with the intent of crossing the boundaries of the province were beyond local competence. He promised the electorate railways falling into the first category, and also held out strong hopes for further concessions from Ottawa.

The Liberals campaigned almost exclusively on a provincial rights policy, strongly condemning Norquay's conciliatory stand on disallowance, and promising defiance of the federal government and, if necessary, an appeal to the Imperial Privy Council. Such defiance, it was obvious, would make further federal concessions on other issues of interest to Manitoba unlikely.

Lieutenant Governor Aikins gave the following opinion,

"The Gov't will I am persuaded be sustained in the coming election, not on account of its personnel or policy but from the belief that your government has done the best it could to further the interests of the Province and that of the Dominion as well in its railway policy...The people are well aware that it is not in the interest of the Province to be in antagonism with the Federal Government."¹.

The 1883 election was really the first in Manitoba in which there was any semblance of a true two-party struggle, and Greenway did well by taking 10 out of 30 seats in the election, thus for the first time giving Norquay more than a peripheral opposition. Norquay won the election largely on the promises of "better terms" for Manitoba; better terms made possible by his policy of reasonable conciliation. In 1883 many Manitobans still believed that the open hostility toward the federal government advocated by the Liberals would do the province more harm than good. So they voted for Norquay.

1. Aikins to Macdonald, December 30, 1882; Macdonald Papers, Vol. 186, pp. 77435-77436.

The people most immediately affected by disallowance were, of course, not inclined to view the problem quite as dispassionately. The West Lynne Liberal-Conservatives stated to Macdonald,

"Depend on it, increased subsidy or vesting the ungranted and school lands in this province into the hands of the Provincial Government will not in the slightest degree compensate or mitigate the detrimental effects of disallowance. This province would much rather pay ten or fifteen million dollars in Public Lands or from their sale to the C. P. R. Co. and enjoy the great advantages of increased railway facilities and competition."²

In 1882 these petitioners, who signed themselves "Your staunch friends and admirers", were still in a minority in the province, and Norquay won a fairly comfortable endorsement for his policy of conciliation. His difficulties within his own party were, however, by no means solved by his election victory. During the election campaign a plot was devised whereby Joseph Royal should resign his seat in the Commons, throw himself into the battle, organize everywhere and win the country over Norquay's shoulders. Royal, however, declined stating,

"Let us win victory first; and then we will be able without inconvenience to Laver notre linge sale en famille."³

The election victory of 1882 gave Norquay a brief respite from such insidious plots, but official Conservative dissatisfaction was always just beneath the surface.

Macdonald largely misinterpreted Norquay's victory to be an indication of the popularity of, and an endorsement of federal disallowance policy. Thus he wrote to Stephen,

2. West Lynne Liberal-Conservative Ass'n Members to Macdonald, October 20, 1882; Macdonald Papers, Vol. 129, pp. 53468.

3. Royal to Macdonald, December 3, 1882; Macdonald Papers, Vol. 260, p. 118237.

"The general election for Manitoba came off on 23rd inst. The test question at the polls was the Gov't. (Dominion) policy of disallowance. Our policy has been sustained by 19 to 11, the House being composed of 30. This makes plain sailing for us. The Ontario Gov't. are going to hold their general election in March, and if we only beat Mowat we will hear no more of disallowance cries or G. T. R. opposition."⁴

If Macdonald had studied the Manitoba election campaign more carefully he would have seen that the test question was not the policy of disallowance, which was certainly not very popular with the majority of Manitobans, but whether a friendly or hostile attitude toward the federal government would gain the province greater concessions in future "better terms" negotiations.

Norquay himself did not interpret his election victory as an endorsement of disallowance. He made this quite clear early in the 1883 session which opened on May 17, 1883. Just before the Manitoba legislature met Sir Charles Tupper, the Minister of Railways and Canals, had made his annual report in the House of Commons. In the course of this report he had stated, in reference to the disallowance of the Manitoba railway legislation.

"I say what the interests of this country demand is that the C. P. R. should be made a success: and the man who does any act by which that success is imperilled takes a course which is hostile to the interests of Canada. But somebody may ask what about the interests of Manitoba? Are the interests of Manitoba and the North-west to be sacrificed to the policy of Canada? I say, if it is necessary - yes."⁵

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4. Macdonald to Stephen, January 26, 1883; Stephen Papers, pp. 72-73. The slight discrepancy in the tallies of the final standings in the Assembly is due to the fact that David Glass, later elected Speaker by the Norquay Government, was returned as an Independent.
 5. Canada, Debates of the House of Commons, 1883, p. 971, Sir Charles Tupper on May 4, 1883.

Coming only two weeks before the opening of the Manitoba legislature this remark seemed a particularly severe test of Norquay's conciliatory policy. Although the Manitoba Speech from the Throne made no reference to railway policies, Norquay soon gave indications that he did not intend to adhere to his policy of the 1882 session any longer. In debate he stated that the earlier railway charters had been disallowed because they were contrary to the terms of the 1881 Boundary Extension Act and that if proper provisions were made to adhere to the terms of that Act he would support the rechartering of the disallowed railway companies, or the incorporation of new ones, to build anywhere within the boundaries of "Old Manitoba". This was clearly a piece of specious reasoning since the disallowing Orders in Council had plainly stated that this was only one of several reasons why disallowance had taken place. Nevertheless, Norquay's new railway policy quickly induced ten new companies, four of which seemed likely to incur federal displeasure, to apply for and obtain charters. Once chartered, however, most of these lines were slow to build. Many of them had insufficient financial backing while a few might have been politically inspired. At any rate, when the Manitoba legislature prorogued on July 7, 1883, there was little hope that any of the newly chartered lines would build that summer. Thus there was also little need for the immediate disallowance of these acts, and for a few months during the summer of 1883 the railway question receded into the background as Manitobans prepared for what promised to be a splendid wheat crop.

Unfortunately, however, the splendid crop prospects of the summer were dashed by an early frost which damaged a large part of the Manitoba crop. This misfortune fell heavily on the shoulders of the struggling Manitoba farmers and small businessmen, already hard hit by the collapse of the financial boom, and led directly to an intensification and crystallization of anti-disallowance and anti-C. P. R. monopoly sentiments in the province. Lieutenant Governor Aikins wrote to Macdonald,

"The farmers and those engaged in business are in the slough of despond. Times could not be much worse than they are. The damage to the wheat crop is such that I am quite persuaded that as a whole it will not cover the expenditure on it. In place of the crop being the largest and best ever had it is the largest and worst. A great deal of the grain cannot be sold it is so damaged. And what the poor settlers in many cases are to do is an enigma. Those in trade are no better off, as a result there is a great deal of grumbling and dissatisfaction and the Grits are doing their best to intensify it, and are likely to be but too successful. The tax on agricultural implements is one that is keenly felt. It is a pity that the manufacturers could not have competed with the Americans without getting the increased protection they now have."⁶.

The frost damage in 1883 proved particularly unfortunate because it tended to place the aims and policies of the C. P. R. in a particularly unfavourable light. That company had just raised its freight rates by an average of 59% in March of 1883.⁷ This decision in itself was unpopular enough in Manitoba, and considered one of the unfortunate results of the monopoly clause, but when these new rates virtually made the shipment of "frosted wheat" unprofitable, hostile feelings against the C. P. R. rose to new heights. It is significant that most of the complaints about high C. P. R. freight rates were not heard in Manitoba

6. Aikins to Macdonald, Nov. 30, 1883; Macdonald Papers, Vol. 186, pp. 77427-77428.

7. H. A. Innis, A History of the Canadian Pacific Railway Company, Toronto, 1923, p. 136.

until the 1883 increases became effective and made the export of frost damaged wheat unprofitable. Even Van Horne admitted,

"The all rail rates will leave scarcely anything for the farmers. We have used our best endeavours with the eastern lines to secure a reduction in rates, but without avail. We have reduced our own rates on the damaged wheat one-third; but were we to haul it free over our own line it would not afford appreciable relief."⁸.

The result was that where the C. P. R. monopoly had previously been held chiefly responsible for the lack of local railway facilities in Manitoba it was now also blamed for allegedly exorbitant freight rates.

The C. P. R., however, also received public censure in Manitoba for another of its policies. This related to the so-called elevator monopoly. The elevator monopoly largely had its origins in the C. P. R.'s desire to build up a good reputation and market with eastern and foreign millers for the highest quality wheat. In doing so they neglected to make adequate arrangements for the handling and sale of damaged or inferior grain. Van Horne stated very clearly,

"They (the millers) must have the very best wheat from which to make it (flour) and it is certainly to the interest of every farmer in Manitoba and the Northwest that the reputation of Manitoba flour, as well as Manitoba wheat should be put above all the rest of the world and kept there, as it can and should be."⁹.

To ensure the delivery of high quality grain the C. P. R. accepted wheat only from elevators which had separate bins for different kinds and grades of wheat, adequate cleaning apparatus and a specified total capacity. These requirements, it was alleged, had made elevators too costly and had served to concentrate the elevator and grain handling

8. Van Horne Letterbook No. 4, pp. 12-13; Van Horne to the Editor of the Manitoba Free Press, December 24, 1883.

9. Loc. cit.

services in the hands of a few wealthy eastern capitalists, particularly Wm. Ogilvie. It was further alleged that Ogilvie and other larger grain buyers received special rates on the C. P. R. for large grain shipments, but that these rates were not extended to other smaller shippers. This allegation was denied by the C. P. R. but Stephen admitted,

"W. W. O. (Wm. Ogilvie) is an awful fool both in speech and action and no saying what he might not do or say to create an impression in the minds of other buyers that it is useless trying to compete with him in wheat buying in the North West."¹⁰.

Even C. P. R. officials were prepared to admit that Ogilvie did on occasion follow monopolistic practices. Van Horne, for example, complained to J. M. Egan, his General Superintendent of Western lines,

"The complaints are very loud about Ogilvie's buyers, and samples of wheat which have been sent down with a statement of the prices paid, indicate that they frequently take advantage of their opportunities to buy on unreasonable margins."¹¹.

The complaints of the western farmers in regard to the elevator monopoly centered largely around the fact that the C. P. R. would not permit the construction of, or accept grain from flat grain warehouses. Such flat warehouses would not, of course, have the same facilities as the elevators but would certainly be adequate for the handling of frost damaged wheat, and would bring down the cost of shipping grain. The C. P. R., however, felt that such flat warehouses would seriously jeopardize the future of the elevator companies and thereby any future prospects of getting first class wheat from the West. Van Horne admitted that "it

10. Stephen to Macdonald, December 6, 1883; Macdonald Papers, Vol. 268, p. 122028.

11. Van Horne to J. M. Egan, January 6, 1884; Van Horne Letterbook No. 4, p. 181.

is only by prohibition of the flat warehouses that we can secure the elevators."¹².

C. P. R. grain and elevator policies, in short, were all geared to the handling and selling of first class wheat at good prices. Neither the elevator facilities nor the freight rates were suitable for the shipping and marketing of frost damaged grain. Many of the American railways, on the other hand, permitted flat warehouses, at least as a temporary measure, and considerably lowered the rates on frost damaged grain, largely by classifying such damaged grain in a lower freight category than first class grain. All the C. P. R. officials had to offer the frost stricken farmers who were unable to market their damaged crop was the advice that,

"the value of Manitoba wheat will depend largely upon its general reputation abroad, and this is within the control of the farmers. They must plough early and not wait until the verge of winter. They must sow good seed and of the kind most wanted, and they must sow it early."¹³.

Stephen complained to Macdonald,

"If they (the farmers) had done their ploughing last fall and put their seed when they ought, they would have had no damaged wheat and would have got a price for it at home which would have prevented any desire to send it through the United States to Ontario."¹⁴.

There can be no doubt that C. P. R. efforts to build up a good reputation and markets for the best quality western wheat were most laudable. Their attempts to ensure only the delivery of such wheat, however, virtually left the western farmer who had suffered frost damage

12. Van Horne to the Editor of the Manitoba Free Press, December 24, 1883; Ibid., p. 24.

13. Loc. cit.

14. Stephen to Macdonald, December 6, 1883; Macdonald Papers, Vol. 268, p. 122028.

without a market for his crop. Consequently the discontent in the West increased greatly.

Lieutenant Governor Aikins described western discontent very accurately in a letter to Macdonald in which he stated,

"That a great deal of dissatisfaction exists there is no doubt, some of it senseless if not worse. It will I think prevent some from coming here as settlers. The increased duty on agricultural implements is I fear a mistake. I said so to Bowell and through him to Tilley last session. The American binders and ploughs are decidedly preferred to those manufactured in Ontario being better adapted to the country. The increased tariff will be felt by those who have to purchase this year who have been preparing last year for this seasons crop. The C. P. R. not permitting the erection of flat warehouses by farmers or others gives a monopoly to those who are wealthy enough to erect elevators. Small operators are shut out and no competition of buyers of grain exists."¹⁵.

One of the most significant results of this local and farmers discontent in Manitoba was the organization of the Manitoba and North West Farmers' Protective Union in the fall of 1883. After some local organizational activity in the early fall some 120 members and delegates met in Winnipeg on December 19th and 20th at the formal organizational meeting of the Farmers' Union. A constitution and a "Bill of Rights" were passed at this meeting, and a commission was delegated to present the resolutions and the Bill of Rights to Premier Norquay. One of these resolutions read in part: "That the right of the local government to charter railways in Manitoba be free from interference."¹⁶. Norquay's reply to this resolution, in the form of an Order in Council, was largely unsatisfactory to the delegates. It read in part,

15. Aikins to Macdonald, December 24, 1883; Macdonald Papers, Vol. 186, pp. 77431-77432.

16. The Manitoba and North West Farmers Union, Resolutions adopted at the farmers convention held in the City of Winnipeg, 19th and 20th December, 1883. Pamphlet, Winnipeg, 1883, p. 11.

"That the advisers of His Honour are further of the opinion that the chartering of local railways to connect with the American system south of the boundary would be an exercise of a power not conferred upon the Province by the Constitution; that inasfar as the right of the Province to charter railways within its limits they are of the opinion that the same can be exercised subject to such conditions and limitations as are expressed in the Act to provide for the extension of the boundaries of the Province."¹⁷.

This was in fact a reiteration of the policy that Norquay had enunciated in the session of 1883 and on the basis of which he had allowed the several railway charters of that session to pass. Yet the meeting of the Farmers' Union in Winnipeg prompted Norquay to write a full account of western grievances to Macdonald. His letter is worth quoting at some length since it enumerates the various grievances of the farmers.

"You have no doubt heard before this of the agitation going on among the farming community of the Province and perhaps at that distance have not considered it worth paying attention to. I take the liberty, however, of informing you that while many of their demands are such as cannot be acceded to there are matters advocated by them that are universally endorsed throughout the Province and thus a little leaven is made to leaven the whole lump. This agitation which rumour says will culminate in a request for secession from confederation is aggravated by the fact that Canada has never yet consented to allow the province control of the public lands within her limits and from what I know of the steady growth of that feeling and its fixedness in the minds of the people, it would be as well to attempt to change the current of Niagara as to expect the people of Manitoba to be satisfied with anything short of the same privileges and franchises as are enjoyed by the other provinces. Another feature of dissatisfaction is the grinding operation of the tariff in our farming community. I am credibly informed by men whose word is unquestionable that men who have broken up large sections of lands are actually mortgaging their farms and raising what money they can get therefrom and from the sale of their other effects and pulling up stakes and leaving as they say they cannot farm to advantage owing to the excessive freight rates and consequently better leave while they have the means to do so. This state of affairs is further aggravated by the importunities of the Implement dealers who are pressing strongly for payment of the notes due on the

17. Ibid., p. 12

machinery sold by them to the farmer. The advantage taken by the millers of the accident of frozen wheat has tended in no small way to make matters worse among other things. I intend going East in a few days and will, if you will allow me, talk over the whole matter and if possible assist in devising some means by which the feeling that at present exists may be allayed for if allowed to go on serious trouble and the retardment of settlement of the country will be the result."¹⁸.

The Farmers' Union was generally not satisfied with the answer Norquay had given them in reply to their Bill of Rights and decided to send a delegation of their own to Ottawa to present their resolutions and Bill of Rights of the Federal Government. The specific demands of the Farmers' Union were the following: 1. The right of the local government to charter railways anywhere in Manitoba free from interference; 2. The absolute control of her public lands by the Legislature of the Province, and compensation for lands sold and used for federal purposes; 3. That the duty on agricultural implements and building materials be removed; 4. The right of representation in the Dominion Cabinet; 5. The Hudson Bay Railway should be constructed with the least possible delay.¹⁹ A sub-committee of the Privy Council was appointed to study the matters referred to in the Farmers' Union memorandum and to report on it. The sub-committee reported back unfavourably on all points, and when informed of this report the Farmers' Union delegates felt obliged to write Macdonald,

"We have the honour to inform you that we have with much care considered the verbal answer of the sub-committee of the Privy Council to our memorial and we feel constrained to state, it is not of that satisfactory nature which the import-

18. Norquay to Macdonald, January 8, 1884. Macdonald Papers, Vol. 119, pp. 48489-48491.

19. Commissioners appointed by the Farmers of Manitoba to Macdonald, February 4, 1884; Ibid., Vol. 113, pp. 46150-46156.

ance of our mission demands. It would be dereliction of duty on our part, if we did not again warn your government of the critical situation of affairs in Manitoba and the Northwest; because we believe that unless remedial measures of relief are at once provided, serious results will be inevitable."²⁰.

Despite the fact that the Farmers' Union was obviously drawing large support in Manitoba, Macdonald evidently did not consider it an important organization. He did not answer their letters and, after their interview with the sub-committee of the Privy Council, ignored them entirely. A little later he wrote to Wm. McDougall,

"While in Winnipeg you will doubtlessly see some of the broken down speculators who pose as Farmers Union men and who some time ago talked "Secesh". The good crop and a little reflection has I am told opened the eyes of the real bona fide farmers and that the Union now consists only of these speculators and some political agitators such as Greenway."²¹.

Thus it is not surprising that the delegates did not gain significant concessions and did not go home in a pleasant frame of mind. They quickly called another convention which met on March 5, 1884. All accounts seem to agree that this convention marked the highest point in the history of the Farmers' Union and that it had massive popular support and was keenly watched by all elements in the province. At this convention the reports of the delegation to Ottawa were read and resolutions strongly condemning the actions and policy of both Norquay and Macdonald were passed as well as new resolutions condemning disallowance, the tariff, land policies and other aspects of federal policy.

20. Purvis, Mutchmore and Martin to Macdonald, February 9, 1884; Macdonald Papers, Vol. 113, p. 46170.

21. Macdonald to McDougall, July 30, 1884; Ibid., Vol. 526, pp. 42-43.

To give force to their complaints, and perhaps somewhat spitefully, the convention then went on to commit their fatal mistake. A resolution was moved and passed warning all prospective settlers,

"That in the opinion of the convention, the burdens laid on the people of Manitoba are so great that agricultural operations cannot be made to yield a fair profit; that immigration before the removal of these burdens will benefit neither the province nor the immigrants to settle in the Province till full redress of the grievances complained of by this convention shall have been attained."²².

Alexander Begg, who stated that the convention brought together a number of fairly representative men from all portions of Manitoba, later pointed out that this anti-immigration resolution,

"alienated the sympathy and support which had been so generously extended by the people of the Province, and brought the Union into disrepute so that its subsequent transactions were repudiated and rendered futile."²³.

Doubtlessly there were good reasons why some delegates supported the resolution, particularly since many of their own numbers were actually selling out and moving to the United States. Nevertheless, the reason usually given for the relatively rapid decline of the Union after March of 1884 is the unpopularity of the anti-immigration resolution. Immigration was the hope and promise of future greatness for Manitoba and anti-immigration utterances could and were equated with anti-Manitoba sentiments, and lost the Union a great deal of support, particularly among the local businessmen who had hitherto been rather sympathetic towards the plight of the farmers.

There were, however, several other elements which helped to

22. As quoted in A. Begg, A History of the North West, Vol. III, Toronto, 1894, p. 89.

23. Loc. cit.

weaken the Farmers' Union, a union which seemed to be developing into an overwhelming popular movement in the province. The first of these was the increasing influence of the Liberal party in the Farmers' Union.

Lieutenant Governor Aikins wrote,

"The Farmers' Union is no doubt being run by its promoters as a political machine with the object of getting political control of this province."²⁴.

It was becoming increasingly obvious that many of the prominent men of the Liberal party were also prominent in the Farmers' Union and were trying to change it from simply a rural protest movement to a political organ of their own party. Consequently a number of the more committed Conservative farmers withdrew their support. Aikins wrote quite plainly,

"The farmers convention held here will not have the effect it would had the hands of the grits been less observable."²⁵.

Even more disastrous for the future of the Farmers' Union, however, were the known pro-American annexationist sentiments of several high ranking members.²⁶ Fantastic annexation plots were allegedly being hatched and various rumours of annexationist activities became current.²⁷.

24. Aikins to Macdonald, July 13, 1884; Macdonald Papers, Vol. 119, p. 48561.

25. Aikins to Macdonald, December 24, 1883; Ibid., Vol. 186, p. 77431.

26. For a detailed study of annexationist sentiments in the ranks of the Farmers' Union see: D. F. Warner, The Idea of Continental Union, Kentuncky, 1960, pp. 166-175.

27. One of the most fantastic of these plots is outlined in a long rambling, undated and unsigned document entitled "Memorandum of the present condition of feeling in the Canadian North West owing to the dissatisfaction growing out of the manner in which the Dominion Government has treated the Province of Manitoba with reference to the disallowance of Railway legislation on the part of the provincial legislature of said Province and other matters." Macdonald Papers, Vol. 104, pp. 41854-41869.

Several of the Union leaders were certainly guilty of making annexationist statements. It is, however, a commentary on the feeling in Manitoba generally that such statements still definitely helped to defeat rather than help the Union. Along with the overly partisan Liberals and the supporters of the anti-immigration resolution, the annexationists helped to weaken and defeat the Union. The result was that the movement proved to be only a sudden flash that accomplished virtually nothing. Nevertheless it was at one time the spokesman of a great majority of the people and reflected popular sentiment. The significance of the Farmers' Union lies not so much in what it accomplished or what it failed to accomplish because of its mistakes, but in the fact that it demonstrated the extent to which popular feeling in the province could be roused against federal policies.

Premier Norquay himself went to Ottawa to negotiate for better terms at the same time, February of 1884, that the Farmers' Union delegates were there. He refused, however, to have anything to do with these delegates or to present a common petition, much to the disgust of the delegates. Norquay was, nevertheless, asking for very much the same things as the farmers delegates, with perhaps a greater emphasis on provincial finances and the need for more liberal grants and subsidies. He was allegedly met with a certain amount of impatience in Ottawa²⁸ and met with as little success as the farmers' delegates. He too was eventually reduced to writing a long memorandum enumerating Manitoba's

28. A. Begg, A History of the North West, Toronto, 1894, p. 90, Vol. III

claims and returning home empty handed. The local Manitoba Conservatives made several attempts to stir Macdonald to action, sending several high ranking Conservatives to support Norquay,²⁹ but all to no avail. When Norquay returned to Manitoba late in February the Provincial Attorney General, A. A. C. Lariviere wrote,

"Premier is return without success. Public excitement increasing. Is there positively no means of getting enlargement of Province? Otherwise our government will undoubtedly be defeated and opposition will get into power."³⁰

When he returned Norquay had to meet the 1884 session of the provincial legislature which was scheduled to open on March 13, 1884, just a week after the Farmers' Union convention had begun in Winnipeg. Public opinion was roused to a fever pitch by the farmers' convention and Norquay, considering his own lack of success in Ottawa, was considerably worried and influenced by the agitation. A week before the legislature opened he wrote A. W. Ross, Member of Parliament for Selkirk,

"I telegraphed you today in reference to the excitement here and the actions of the Farmers Convention. I refrained from writing you before because I wished to satisfy myself of the strength of feeling here in Manitoba in reference to the subjects taken up by the Farmers Convention. The memorandum that I submitted to the Government is tame when compared with the feeling throughout the whole Province. The concessions that I requested the Government to make on behalf of Manitoba appear to fall far short of what the Farmers demand and their actions must unquestionably have a great influence upon the Legislature which meets next week. Everything looks as if we were going to have quite a stormy session and the Province was never roused to the extent that it is at present...I gleaned a free expression of opinion all over that there is nothing but a determination to stand out for ever greater concessions than those asked for by me."³¹

29. See for example a letter written by Brown, one of the men sent to try and assist Norquay. C. P. Brown to Macdonald, Feb. 26, 1884; Macdonald Papers, Vol. 119, pp. 48501-48503.

30. Lariviere to Macdonald, Feb. 22, 1884; Ibid., Vol. 119, pp. 48497.

31. Norquay to Ross, March 7, 1884; Ibid., Vol. 119, pp. 48514-48515.

A week later Lariviere wrote impatiently,

"Have you decided on answer to Norquay's memorandum. Friends becoming impatient. Will drive Government into expression of antagonism and disorganize party."³².

During the 1884 session of the provincial legislature it became very obvious that the Norquay government must receive "better terms" from the federal government if it was to survive. If the demands of the province could not be met by conciliatory means more and more Manitobans came to feel that open antagonism might accomplish more. The aims of the province in 1884 related largely to three main themes, railway competition, boundary extensions, and financial assistance to the provincial government.

To achieve railway competition the provincial government chartered new railways and rechartered one of those that had received a charter in 1883 but^{with} had thus far done nothing. Several of these lines were again contrary to the terms of clause 15 of the C. P. R. charter since they ran in the forbidden direction and to within 15 miles of the international boundary. During the 1884 session, however, these railway charters attracted relatively little attention. Instead Manitobans were turning their attention and their hopes for railway competition to what was to become a recurrent provincial dream, a railway to the Hudson Bay which would compete with the C. P. R. The difficulties over federal land grants to be given to the Hudson Bay Railway Company as well as the conflicts between the two contending companies which sought to build that road are not directly a part of this study. These

32. Lariviere to Macdonald, March 14, 1884; Ibid., Vol. 119, p. 48518.

issues were, moreover, somewhat kept in the background in 1884 by the fact that most of the territory through which the H. B. Railway was to pass was not a part of Manitoba and therefore the province had no power to charter or assist in the building of most of this railway. Thus Manitobans began to agitate strongly for a further and extensive boundary extension to the Hudson Bay. Such an extension would, it was hoped, also help the province financially by providing larger taxable areas and more saleable provincial lands, but the main reason why this boundary extension was of interest to Manitobans was the fact that it was a prerequisite to a provincially controlled railway to the Hudson Bay; a railway that would be independent of the C. P. R. and federal railway policies.

The Hudson Bay Railway in itself was not opposed by either Stephen or Macdonald, although Stephen and probably Macdonald had grave doubts about its financial feasibility.³³ The chief opposition or obstacle to the boundary extension came not from Macdonald, who professed to support Manitoba's claims in this regard, but from conflicting claims to much of this territory by Ontario. In 1883 there had been some sharp clashes between the two contending governments at Rat Portage. Norquay consulted with Macdonald on the Rat Portage affair and, following Macdonald's advice, did not force his province's claims to the point of open hostilities. In response Macdonald promised him, "you will have all the support that I can give you."³⁴ Yet when Norquay tried to

33. See for example Stephen to Macdonald, January 5, 1884; Macdonald Papers, Vol. 268, pp. 122035.

34. Macdonald to Norquay, August 17, 1883; Ibid., Vol. 525, p. 243.

bring up the question of the boundary extension in his meeting with Macdonald in February of 1884 he met with no success. In fact, until 1884, Macdonald's alleged support of Manitoba's claims had gained that province nothing. Norquay's willingness to submit provincial interests to federal expediencies had gained Manitoba nothing, while Ontario, which had acted in open defiance of the federal government seemed to go unchecked. In February Lariviere wrote to Macdonald,

"Public opinion here becoming uncontrollable. Reformers moving heaven and earth to defeat our government and will succeed if our premier does not obtain at least extension of boundary. Could not a clause be inserted so that such extension should only take place when eastern boundary question is settled. We would thus gain time and the Hudson's Bay Railway project be better understood by the people as to its feasibility and cost."³⁵.

In short, federal concessions on the boundary question would have helped Norquay and his government a great deal in 1884.

But a more urgent, in fact desperate, issue soon faced the provincial government. A financial crisis seemed inevitable unless increased federal grants and subsidies were obtained. On March 25, Norquay advised the federal government,

"Estimated receipts of province from every available source including subsidy three hundred and forty thousand. Expenditure last year five hundred thousand. Must have financial readjustment or Gov't cannot be carried on. Meantime will have to use balance of capital at our credit or borrow. Will federal Gov't do nothing?"³⁶.

The financial situation was so desperate that a few days later Norquay wired Macdonald that he would have to delay his budget speech

35. Lariviere to Macdonald, Feb. 21, 1884; Ibid., Vol. 119, p. 48493.

36. Norquay to Macdonald, March 25, 1884; Ibid., Vol. 119, pp. 48524-48525.

until some financial assistance was obtained.³⁷ On April 2 Macdonald was finally induced to answer Manitoba's pleas with a memorandum so unsatisfactory that Alexander Begg states it was received "as an arbitrary repudiation of what every member considered the equitable rights of the Province."³⁸ The provincial government did not even dare to present this memorandum to the legislature until April 15, although Lariviere wired back immediately,

"Despatch of second just rec'd. Very unsatisfactory to friends. Probably deadlock or dissolution in which case farmers union will carry country. Boundary question will have to be abandoned as House will not vote money to get what will be an expense and no benefit...Have done everything to keep down agitation but if cannot get some answer to show we can do some towards public improvements without direct taxation we can not remain in office. It was upon assurances given to our friends of being sure to obtain satisfaction that we have maintained our majority. Now only one course is left us. Our resignation may be tendered. Do You wish this?"³⁹

And Amos Rowe, the speaker of the House, warned Macdonald,

"Government have decided to resign at once if relief not given. Have prepared resignation and only await reply to Lariviere's message. Situation very serious and should be averted at all costs."⁴⁰

In reply to these desperate messages Macdonald wired back,

Dominion Government have accepted the proposition made in Resolution passed by Manitoba Legislature this session and will cause enquiries to be made into the financial arrangements between Manitoba and Dominion. This involves considerations affecting other Provinces and must be done with great care."⁴¹

37. Norquay to Macdonald, April 2, 1884; Ibid., Vol. 119, pp. 48527

38. A. Begg, A History of the North West, Vol. III, Toronto, 1894, p. 93.

39. Lariviere to Macdonald, April 8, 1884; Macdonald Papers, Vol. 119, pp. 48529-48532.

40. Amos Rowe to Macdonald, April 8, 1884; Ibid., Vol. 119, p. 48534.

41. Macdonald to Lariviere, April 10, 1884; Ibid., Vol. 119, p. 48538.

The resolution referred to in this telegram was the one relating to a readjustment of the capital account only.

On April 15, however, Norquay tabled Macdonald's memorandum of April 2nd in the legislature, roundly condemning it in a speech of the same day and threatening to carry Manitoba's case to the "foot of the throne" if necessary. Norquay's action, in the words of Alexander Begg, "was applauded by an enthusiastic and united House."⁴² Manitoba was certainly dangerously close to openly defying federal policies and actions.

Having thus given vent to their frustration the provincial legislators appointed another delegation, consisting of Norquay, Murray and Miller, to proceed to Ottawa to negotiate for better terms, and adjourned immediately to enable the delegates to leave. This delegation drew up a memorandum listing the following points for review and consideration: 1. Control of public lands; 2. Transfer of school lands; 3. Adjustment of the capital account of the Province; 4. The right to charter railways from any point to another within the province, except so far as the same has been limited by the Extension Act of 1881; 5. The grant of 80¢ a head be not limited to a population of 400,000; 6. Granting to the province extended railway facilities; 7. Adjustment of the tariff; 8. Extension of boundaries in order to enable the province to extend railway communications to Hudson Bay.⁴³

A sub-committee of the Privy Council was appointed to review these requests. In its report this sub-committee recommended essentially no

42. A. Begg, Ibid., p. 93.

43. P. C. No. 503F, Approved May 20, 1884.

changes on points 1, 2, 7, and 8. In speaking of the railway monopoly question the report contained one encouraging note when it stated that disallowance policy would only be enforced "until the expiry of the time named thereon, or until the road is opened and trade is established, when it is believed, it may be repealed or modified without injustice, and with the consent of the contracting parties."⁴⁴.

This seemed to be closely in accord with a statement made earlier in the year by Sir Charles Tupper in the House of Commons. Tupper had told the Commons on February 5, 1884,

"I am glad to be able to state to the house that such is the confidence of the C. P. R. Co. in the power of the C. P. R. to protect itself, that when the line is constructed north of Lake Superior, the Government feel it will not be incumbent upon them to preserve the position they have hitherto felt bound to preserve, that of refusing to consent to the construction of lines within the Province of Manitoba, connecting it with American railways to the south."⁴⁵.

Though Tupper here stated that the end of disallowance would come on the completion of the line north of Lake Superior, it came to be generally accepted that disallowance would probably not cease until the opening of transcontinental traffic on the main line of the C. P. R.

The President of the C. P. R., Sir George Stephen, was thought to share this view, since he had written in his annual report that once the through line was opened to regular traffic "the Company will then have fulfilled all its obligations to the Government under its

44. Loc. cit.

45. Canada, Debates of the House of Commons, 1884, p. 109, Sir Charles Tupper on February 5, 1884.

contract; and will depend for its prosperity upon the development of traffic and prudent management."⁴⁶. Stephen, however, made no direct mention of the provisions of clause 15 here.

The sub-committee of the Privy Council also recommended that the 400,000 population limit for the 80¢ grants be removed although this was not of immediate concern to the province. The sixth point of the provincial memorandum was only dealt with in a general statement, while the province was to receive some readjustment of the capital account.⁴⁷.

The recommendations of the sub-Committee, to the Manitobans at least, appeared to fall far short of fulfilling the needs of their province. The report was, however, made quite unacceptable to them by what became known later as the "finality clause." This clause provided that the recommendations be implemented only if "They will be accepted by the Legislature of that Province as a full settlement of the claims so earnestly urged by the Delegation charged with their submission at Ottawa."⁴⁸.

Neither Norquay nor the other delegates were at all pleased with this report of the sub-committee, particularly with the finality clause. It is true that a similar finality clause had been inserted by the federal government in a settlement with British Columbia the previous year, but Manitobans were evidently hesitant to sign away the right of further appeals to the federal government.

46. Annual Report of the C. P. R. for 1884, June 1885, p. 25.

47. P. C. No. 503F, Approved May 20, 1884.

48. Loc. cit.

The provincial legislature reconvened on May 26 and it soon became obvious to Norquay that he would not be able to get majority support for the acceptance of the recommendations of the federal government.

Thus Norquay himself introduced a resolution which read in part,

"It is obvious that the propositions made by the Federal Government cannot be accepted as a settlement of the claims urged by the delegation charged with their submission at Ottawa; and while appreciating some of the concessions proposed, this House, with a sense of its responsibility to the people of this country, and having in view the best interests of this Province, deems it its duty to decline the acceptance of the proposition for the reasons already adduced."⁴⁹.

The Lieutenant Governor, writing to Macdonald, stated very plainly,

"The telegrams will have informed you of the action to be taken by the Legislature on the better terms to this Province. Had it not been for the acceptance in full clause they would have been accepted I think. The increase in the subsidy would it was thought be ample for the necessities of the Province for some years. Norquay could not get the House to accept them as they are and had he made the attempt he would assuredly have been defeated and a not happy state of things politically have been the result."⁵⁰.

To this Macdonald replied very unrealistically, "A defeat would have had no disastrous effect on his (Norquay's) ministry as it could in no way be considered a vote of want of confidence in them"⁵¹. Then, in a tone of injured magnanimity, he went on to say,

"As matters now stand our offers for the sake of peace have been rejected and therefore do not exist and may never be repeated. At all events everything is thrown over for a year. No census will be taken by us in September and no monies paid out of the Public Treasury under our rejected Orders in Council."⁵².

This, of course, meant direct taxation in Manitoba, and Norquay soon introduced a bill to implement such taxes. This bill was approved

49. As quoted in A. Begg, A History of the North West, Vol. III, Toronto, 1894, p. 97.

50. Aikins to Macdonald, May 30, 1884; Macdonald Papers, Vol. 119, pp. 48550-48551.

51. Macdonald to Aikins, June 6, 1884; Ibid., Vol. 525, pp. 417-419.

52. Loc. Cit.

without a dissenting vote. In fact Norquay's rejection of the federal terms gained him a greater degree of popularity in Manitoba than he had ever enjoyed. His apparent break with Macdonald was loudly applauded by Greenway, Martin and other Liberals, and Norquay had the full support of an undivided house. Alexander Begg called him "the popular idol!"⁵³. It seemed that only an isolated few of the old line Tories had any misgivings about Norquay's new course. Norquay appeared well on the way to a final and irrevocable break with Macdonald and the federal government.

A further development of 1884 seemed to strengthen the arguments in favour of such a break. This related to the final settlement of the boundary between Manitoba and Ontario. Manitoba, relying on federal assurances of support, had not forced her claims in the Rat Portage affair. In fact, with the federal government supporting Manitoba's claims, the boundary dispute really became, in the words of W. L. Morton, "one between Ontario and the federal government."⁵⁴. The boundary dispute had been submitted to the courts after the Rat Portage troubles and in 1884 Ontario, in defiance of the federal government, had appealed to the Imperial Privy Council. In September of 1884 the Imperial Privy Council found in favour of Ontario. Federal support had evidently failed to obtain for Manitoba what Ontario's defiance had gained for that province. There was obviously something to be learned from this experience. W. L. Morton states,

53. Alexander Begg, Ibid., p. 97

54. W. L. Morton, Manitoba; A History, Toronto, 1957, p. 219.

"There was an object lesson in the fact that the province which had challenged Ottawa had been successful, while that which had relied on the federal government had gone empty away."⁵⁵.

Manitoba Liberals and other discontents might now well argue that provincial defiance of the federal government would be far more successful than Norquay had believed it could be.

Yet Norquay was not quite prepared to resort to open defiance and rebellion against the federal government, as the Liberals hoped he would. His abiding conviction remained that open defiance would gain the province nothing. Instead he hoped to continue following reasonable and conciliatory policies while at the same time avoiding mere servility to federal policies. Thus he did not create trouble when the Boundary Award became known. In fact he behaved decidedly in a way that might reinstate him in the good graces of the federal government after the rejection of the 1884 better terms. Pope, when writing to Norquay about the Boundary Award, asked somewhat tentatively, "Do you object to an imperial act confirming Boundary award?"⁵⁶. To this Norquay gave the eminently satisfactory reply, "No, will be glad to have question settled beyond revival."⁵⁷. Evidently Norquay did not intend to use the boundary issue to launch an anti-federal campaign in his province.

In 1884 Norquay evidently believed that to save his own and his party's political life he had to reject the better terms offered by the federal government. In fact he denounced the finality clause openly,

55. Loc. cit.

56. Pope to Norquay, March 13, 1885; Macdonald Papers, Vol. 35, p. 13543.

57. Norquay to Pope, March 13, 1885; Ibid., Vol. 35, p. 13544.

but he did not use it as a pretext to make a final break with Macdonald, and as early as June of 1884 Norquay was again forwarding tentative proposals for new negotiations with the federal government. Macdonald responded favourably writing, "I shall be here for the next two months and shall be glad to hear from you by cypher and letter."⁵⁸. The result was that in December Norquay was once again on his way east to enter into discussions with Macdonald. On his way to Ottawa he attended a banquet in Toronto held in honour of Macdonald's having completed 40 years of public life. Norquay, on behalf of the Manitoba Conservative party, presented an address of congratulation. Instead of defiance Norquay was once more seeking the path of conciliation.

From Toronto Norquay proceeded to Ottawa where the new negotiations for better terms to replace those rejected by Manitoba in 1884 took place. A sub-committee of the Privy Council was again appointed to report on Manitoba's claims. The new terms that Macdonald and the federal cabinet were prepared to offer Norquay and his colleagues did not, however, differ greatly from those that the province had just rejected. Norquay at this time asked for two significant concessions to be added to those of 1884. These were a moderate increase in the subsidy and the assumption by the Federal Government of the costs of the litigation in the Ontario-Manitoba Boundary dispute.⁵⁹ The Privy Council sub-committee recommended that both these requests be granted, provided that the finality clause be accepted.⁶⁰ The necessary Order

58. Macdonald to Norquay, July 1, 1884; Ibid., Vol. 525, p.458.

59. As quoted in Governor Generals Correspondence, R. G. 7, G.21, Vol. 92, File No. 191.

60. Loc. cit.

in Council giving effect to these recommendations was passed on January 23, 1885.^{61.}

It was certain that these new terms, particularly the finality clause, would be vigorously attacked by the Liberal opposition members and the Manitoba Free Press. The Norquay administration was, however, considerably encouraged by the results of a by election which was held shortly after the new terms were announced. The candidate supporting the Government won by a relatively comfortably 77 vote majority and with this by election victory to its credit the provincial government was prepared to face the provincial legislature when it convened on March 19, 1885, and to stand by the terms of the new agreement with the federal government.

The ratification of this agreement was the main item of business in the 1885 session. Greenway and his followers, strongly supported by the Manitoba Free Press, provided a vociferous opposition, particularly denouncing the finality clause which would presumably prevent any further provincial appeals to Ottawa, including appeals on the monopoly question. Nevertheless Norquay was now determined to stand or fall on the terms of the 1885 agreement with the federal government, and when the crucial vote came on March 29 the agreement was approved, the vote going entirely along party lines. Yet despite this legislative victory there were evidently several members of Norquay's government who had serious misgivings about the new terms and who had largely voted against their own convictions in order to sustain the government. Most

61. P. C. No. 669F, Approved January 23, 1885.

of the credit for provincial acceptance of the 1885 better terms must certainly be given to Norquay. By ensuring their acceptance Norquay obviously did a great deal to restore good and friendly relations between his and Macdonald's government; relations which had been severely strained by federal disallowances, and by the provincial rejection of the 1884 better terms.

When the "better terms" agreement came up for ratification in the federal Parliament members of the Liberal opposition severely criticised the "hard bargain" that the Government had driven with Manitoba and elaborated at considerable length on Manitoba's ills and grievances. Macdonald himself replied to the various charges that Manitoba was ill treated, labelling these charges as false and going on to say, "there will always be room for settlement of individual claims, individual grievances."⁶² Doubtlessly this statement left quite as much haziness about the precise meaning of the finality clause as earlier statements had left about the monopoly clause, but it did certainly help Norquay in Manitoba and seemed to be evidence that the federal government intended to deal fairly with the province if the provincial government would not demand unreasonable or impossible concessions.

The whole question of Dominion-Provincial relations, however, fell into the background of public opinion in the spring and summer of 1885, when the North-west rebellion broke out. Norquay, himself a half breed, further enhanced his position with the federal government, when he came out strongly in support of federal action in the North-west. As early as April 9, 1885 Macdonald wrote, "Much obliged for letter

62. Debates of the House of Commons, 1885, p. 2781; Sir John A. Macdonald on June 23, 1885.

(enclosing copy of speech defending federal policy). How can your services be best utilized."⁶³.

Norquay also came out strongly in favour of Riel's execution, and on September 14, 1885, he wrote to F. White, "Excitement intense as 18th approaches. A reprieve will completely ruin conservative cause for next election. Show this to Sir John."⁶⁴. Obviously Norquay and Macdonald were working together more closely than they had since 1878 during the initial enthusiasm for the new transcontinental railway. Forgotten were the alleged vacillations of Norquay's policy, or the unfair implementations of federal policies. Gone were the days when Macdonald was predicting Norquay's defeat and secretly hoping that it might come about soon without too seriously jeopardizing the party's fortunes in the province. Instead he now wrote to Sir George Stephen,

"I send you a letter from Norquay which read and return. In these times it is necessary for the quiet of that country that he, Norquay should be strengthened and have the support of the C. P. R."⁶⁵.

The completion of the main line of the C. P. R. in 1885 and the alleged promised by the federal government in the person of Sir Charles Tupper that disallowance would cease at completion seemed to indicate that one of the most contentious issues between the two governments might thus be removed. The last spike on the C. P. R. mainline was driven on November 7, 1885, and there were many who believed that this act marked not only the completion of the C. P. R. mainline, but also the end of federal disallowance, and of the C. P. R. monopoly. In

63. Macdonald to Norquay, April 9, 1885; Macdonald Papers, Vol. 119, p. 48573.

64. Norquay to Fred White, September 14, 1885; Ibid., Vol. 108 pp. 43465-43466.

65. Macdonald to Stephen, August 24, 1885; Stephen Papers, p. 139.

short, there were many indications that the differences between the federal and provincial governments were being resolved and that Norquay's conciliatory policies had gained the province significant concessions without the permanent loss of any provincial rights.

In addition relations between the provincial government and the C. P. R. improved markedly during 1885. In fact, the C. P. R. undertook the construction of two important branch lines in southern Manitoba on the promise of financial support from the province. Thus Van Horne could write in 1886,

"The two extensions made last season in southern Manitoba are both extensions of the Manitoba South Western Railway which had a special land grant and which did not come under the Government lien, and by pledging these lands to the Provincial Government we were able under the very wise Manitoba Railway Aid Act of 1885 to secure assistance in the way of Provincial Debentures to the extent of \$7,500 per mile, otherwise these extensions could not have been made."⁶⁶.

In the light of this general rapprochement between the federal and Manitoba provincial governments there were numerous rumours throughout 1885 that Norquay might soon move on to higher service. Dewdney, the Lieutenant Governor of the North West Territories, had succeeded in making himself quite unpopular with the inhabitants of the territories during the Rebellion. In August of 1885 Macdonald wired H. H. Smith, his political agent in Manitoba, "By the way can you tell me if there are any charges against Dewdney. I hear of none but he is unpopular from some unexplained reasons."⁶⁷. The chief cause of Dewdney's unpo-

66. Van Horne to T. Mayne Daly, February 11, 1886; Van Horne Letterbooks, Vol. 15, p. 314.

67. Macdonald to H. H. Smith, August 6, 1885; Smith Papers.

popularity was no doubt due to his too close identification with unpopular federal policies. There were also complaints about the way he dispensed the patronage, particularly in respect of licenses and permits. In his relations with the Indians Dewdney made periodic trips to the various Indian reserves to lecture the Indians on what was good for them. Unfortunately he usually had more words than gifts to distribute and therefore some of these visits ended less successfully than might have been the case. At any rate Dewdney's unpopularity was sufficiently great that talk of a successor was rife, with Norquay mentioned as one of the chief contenders for the job. A second position for which Norquay was frequently mentioned was that of Minister of the Interior. Again the basis of many of these rumours was the rebellion in the Territories which had shown that the federal government, and the Department of Interior in particular, were unfamiliar and badly informed on the wishes and ambitions of the Metis. Manitoba had long been agitating for representation in the Federal Cabinet, and the Ministry of the Interior for Premier Norquay in 1885 seemed most appropriate. Norquay himself was not averse to leaving the Premiership. Some time after Macdonald had pointedly asked, "How can your services be best utilized?"⁶⁸. Norquay answered,

"Should a vacancy occur in the Lieutenant Governorship of the North West I am an applicant for the position. I feel assured I could render the Dominion good service at this particular crisis. Dr. Harrison could take my place and run the Gov't here."⁶⁹.

68. Macdonald to Norquay, April 9, 1885; Macdonald Papers, Vol. 119, p. 48573.

69. Norquay to Macdonald, August 25, 1885; Ibid., Vol. 113, p. 46071.

Macdonald himself was certainly considering an appointment for Norquay. In this he was, however, somewhat discouraged by the attitude of a number of his own followers who felt that Norquay's racial antecedents disqualified him for any federal appointment. William Wagner expressed this sentiment most clearly when he wrote,

"Norquay comes from a race of men and brought up amongst them who only in a few instances perhaps in the third generation may achieve that necessary kind of easy politesse which we expect from our educated man born on a carpet, but by Norquay the moccasin will show itself through the finest patent leather boot, you may do what you like."⁷⁰

If some Conservatives were opposed to any promotions for Norquay there were others who heartily recommended it; some because they felt that Norquay deserved it, but many of the old line Conservatives who had not forgiven Norquay his no-party policy recommended his appointment simply to get him out of the province. Thus Harrison, later to succeed Norquay as Premier, wrote Macdonald,

"In reference to fears expressed by you to me as to the effect Mr. Norquay's removal from Manitoba politics might have I do not think it would be serious. Mr. Norquay is an able man and I believe honest, and now fully allied to the Conservative party without a doubt. He cannot however gain from his political history and the prejudice against his lineage count in that hearty and united conservative support in the country that is necessary for the establishment of a strong gov't. Our political opponents are now united in opposition to him, and very bitterly - our political friends are not nearly so united in his support and that is the great danger. Many are suspicious of him, others dislike his descent, and some are inclined to believe the attacks made on him. While we have a strong Conservative majority in the House but very few were elected to follow him, and the majority at his back would not ask to be returned as his out and out supporters."⁷¹

70. William Wagner to Macdonald, May 18, 1885; Ibid., Vol. 113, pp. 46074.

71. Harrison to Macdonald, November 9, 1885; Ibid., Vol. 141, pp. 58085-58086.

In recommending Norquay for an appointment as Lt. Gov. of Alberta William Wagner gave as his last reason,

"Now my last reason is that Norquay never was nor is he a faithful friend to you and I sooner will follow a less able speaker but a truer man to our cause."⁷².

A few months later W. B. Scarth wrote Macdonald,

"Now as to how Norquay stands. Well he has not the support of the Conservative party as a whole, and that is where our weakness lies. Hugh tells me that you cannot understand our difficulty in keeping united here. Nor did I till I came here, simply because I never lived where the Conservative leader in a province was believed by a large number of Conservatives, not to be a Conservative and was therefore not trusted by them."⁷³.

From these quotations it would appear that in 1885 Macdonald had largely overcome his earlier mistrust and antipathy towards Norquay and was, in fact, inclined to consider him as indispensable in Manitoba. Other Conservatives, particularly in Manitoba, obviously distrusted him. There is no doubt, however, that Norquay was eager to accept either a Senate seat, a Cabinet post, or a Lieutenant Governorship, and could have been easily removed from the Provincial premiership, had Macdonald wished to do so. It is open to question whether Norquay's failure to get such an appointment, and his consequent continuation as premier, were essentially an expression of confidence on Macdonald's part, or one of lack of confidence by the provincial Conservative party. What does seem certain is that the year 1885 marked the point at which Norquay and Macdonald came closest to amicably settling their differences and reconciling their differing railway policies. After considerable

72. Wagner to Macdonald, May 18, 1885; Ibid., Vol. 113, p. 46075.

73. Scarth to Macdonald, May 5, 1885; Ibid., Vol. 261, pp. 119028-119029.

concessions, particularly by Norquay's government, the federal government, on the basis of Tupper's statement that disallowance would cease once the C. P. R. main line was completed, seemed on the verge of making the one concession which was still required to bring Norquay's provincial party completely into the Conservative fold.

Chapter V.

Disallowance and Provincial Defiance, 1886 - 1887.

Any hopes for a federal-provincial rapprochement that might have been entertained in 1885 when the relations between Prime Minister Macdonald and Premier Norquay seemed to be becoming more amicable, received a severe setback early in 1886, when it became clear that a solution on one of the main issues of contention, federal disallowance of provincial railway charters, was still far from settled.

As early as August of 1885 official correspondence and memoranda had been passing from one department to the other in Ottawa, discussing whether several acts of the Manitoba legislature should not be disallowed. George W. Burbidge, the Deputy Minister of Justice, was the first to submit an official report in which he listed seven Manitoba charters passed in 1884 and stated,

" I am to state that the Minister of Justice sees no objections to leaving these acts to their operation, except there are objections touching the general Railway Policy of the Dominion, and so far as he is able to judge, there is no objection from this view, to leaving chapters 66, 67 and 71 to their operation, but with respect to this, as well as to the question as to how far the other charters may be in accordance with the policy of the Government respecting the granting of charters to railways in Manitoba, and the North West Territories, he would be glad to be favoured with the views of the Minister of Railways and Canals."¹

The Minister of Railways and Canals was evidently somewhat hesitant to recommend further disallowances and did not answer Burbidge's memorandum until February 20, 1886, and then only after additional promptings from Burbidge. In the meantime, however, a general Order in Council setting out

1. P.C. No. 351 (b), Approved March 20, 1886; Department of Justice memorandum, August 25, 1885.

federal railway policies, but making no references to specific Manitoba charters, was approved on January 8, 1886. It discussed the background and reasons for federal disallowance and then went on to state,

"The Dominion Government has exercised the right which it has in relation to all the provinces, of disallowing certain Acts of Incorporation passed by the Provincial Legislatures authorizing the construction of railways running to the boundary line and connecting with American systems of railways."².

This Order in Council seemed to support Norquay's argument that only those railway charters envisioning connections with American railway systems and therefore, in effect, running beyond the boundaries of the province were to be disallowed. Despite this general Order in Council, however, the Justice Department insisted on a specific report from the Minister of Railways and Canals on the various railway charters passed in Manitoba since 1883. To this A. P. Bradley, secretary of the Department of Railways and Canals replied in a curt note saying,

"I have the honour by direction to state that the charters so granted to the undermentioned railways should be disallowed, viz: The Emerson and North Western Railway Company, and the Manitoba Central Railway Co."³.

Both of these charters had specified that the companies must "observe the conditions of the C. P. R. monopoly clause in the added territory."⁴. According to these charters the Emerson and North Western Railway Company had been given power to build "from a point in the City of Emerson in a

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2. P.C. No. 1070F, Approved January 8, 1886.
 3. P.C. No. 351(d), Approved March 20, 1886, Department of Railways and Canals memorandum, Feb. 20, 1886.
 4. P.C. No. 351 (b), Approved March 20, 1886, Department of Justice memorandum, August 20, 1885.

north Westerly direction to the town of Portage la Prairie, also a branch line from some point on the said line North of the Pembina Mountains Branch of the Canadian Pacific Railway in a Westerly or North Westerly direction to the Western boundary of the Province."⁵. The Manitoba Central Railway, after several amendments had been authorized to build from "the town of Morris, thence running Westerly or North-Westerly to the Western boundary of the Province, and from the town of Morris northerly to the City of Winnipeg, and from the town of Morris southerly to the boundary of the said Province."⁶. Neither of these two charters specifically provided for or granted the Companies power to make American railway connections. They would certainly have provided much needed branch line facilities in the areas through which they passed, and they overcame at least one of the earlier objections. Nevertheless, the Minister of Justice submitted the correspondence between his department and the Department of Railways and Canals to the Governor General in Council on February 25, 1886, without making any specific recommendation for disallowance and mentioning only "an apprehension that the Companies mentioned will be able to divert trade from the Canadian system of railways to the railways of the United States."⁷. Disallowance followed on March 20, 1886.

From this correspondence it was not entirely clear whether the federal government considered these Manitoba charters to be ultra vires the province because they might in effect run beyond the boundaries of the province and thus be a violation of clause 10a of Section 92 of the B. N. A. Act or whether they considered them simply in conflict with federal policies and therefore subject to disallowance without particular reference to the allegedly

5. Loc. Cit.

6. Loc. Cit.

7. P.C. No. 351 (a), Approved March 20, 1886, Department of Justice memorandum, February 25, 1885.

exclusive powers of the province under clause 11 of Section 92 to charter railroads to run between any two points in the province. The general impression to be gained from a reading of the correspondence of Sir John Macdonald, George Stephen and several influential members of the federal cabinet is that disallowance was exercised simply because the local legislation was in conflict with federal policies. Norquay, on the other hand, when informed of the disallowances was inclined to believe that this had been done because of the possibility of American connections and that the two charters were therefore ultra vires the province under clause 10a. Once disallowance was a fact Norquay seemed eager to find an argument to prove that it had been properly exercised. Norquay's immediate reaction in March of 1886 was still one of conciliation.

The more general Order in Council of January 8, 1886, dealing with federal railways policies generally, had, to some extent, prepared Manitobans for the disallowances of March 20, 1886. Mass meetings were held and petitions sent to Macdonald asking that disallowance be not exercised even before March 20, 1886.⁸ When the fact of disallowance was announced discontent ran high, particularly in Winnipeg and in the areas most immediately affected and public meetings frequently becoming very noisy and even menacing. Nevertheless the public agitation in Manitoba in 1886 provided little more than the background for the significant struggles that were being waged during the debates, both in the provincial and federal legislatures.

In the provincial legislature Norquay took up an obviously defensive position. He defended the right of the federal government to disallow

8. See for example the petition passed at a mass meeting in Winnipeg early in March of 1886, at which Mayor Lyman Jones was the chairman and at which a number of provincial politicians of both parties made speeches. Macdonald Papers, Vol. 131, pp. 54213-54215.

legislation they considered ultra vires the province, but began to insist more strongly that legislation within the jurisdiction of the province should not be interfered with. The 1886 session of the provincial legislature was marked by several strongly worded addresses and resolutions to the federal government moved by the Liberal M. P. P.s, only to be toned down and amended by Norquay and then passed. Norquay was certainly sensitive to the growing opposition to disallowance within the province and hoped that mildly hostile resolutions would elicit a reply from Ottawa specifying when disallowance would end. Norquay's greatest difficulties in the legislature were to find plausible explanations for earlier federal statements which the Liberals now interpreted as a part of earlier "better terms" agreements. Macdonald's "we cannot check Manitoba,"^{9.} and Tupper's promise to end disallowance once the main line of the C. P. R. was finished^{10.} caused the Conservatives everywhere considerable difficulty.

Both Tupper and Macdonald were called upon to explain their earlier statements during the debate in the House of Commons and their apparently inconsistent actions. Tupper argued that the crop failures of recent years in the West, coupled with the 1885 rebellion, had hurt the C. P. R. in its efforts to build up the traffic resources of the west, and that the prevention of diversion of traffic to American channels was therefore still necessary. Macdonald indulged in a long explanation of his statement "we cannot check Manitoba" by making a perhaps somewhat strained distinction between the Dominion Government and the Dominion Parliament. The explanation is an interesting commentary on Macdonald's whole position in the monopoly dispute, and is worthy of quotation.

"Allusion has been made to the remarks of myself when the C. P. R. charter was before us, and that I had stated we would not interfere with the action of the Manitoba legislature. I did say so, and that

9. See above p. 42.

10. See above p. 95.

is true. We cannot interfere. We were then legislating as a legislature before the House, and to which the sanction of the House was asked, was this clause (clause 15). So we were asked would this clause be obligatory on the legislature of Manitoba. We said No, we cannot legislate for the Province of Manitoba. We can only legislate within our power. Suppose we had placed in that Act a clause that the Manitoba legislature should not for twenty years grant any railway except in a particular direction, that would have been an infringement of Provincial rights, and we would have heard no end of howl about it. I said that we could not interfere with the Manitoba Legislature. I said they can legislate in any way they please, and we can only pledge ourselves as to what the Dominion Parliament would do...But that does not interfere with, it has no connection with the executive power given to the central authority to exercise the power of disallowance as regards any Act passed by any Legislature which is detrimental or injurious to the whole Dominion."¹¹.

This distinction between the executive and legislative functions of the federal government might well provide Macdonald with a plausible explanation of the apparent inconsistencies between the two. But in a government such as the Canadian, where the same individuals could represent themselves once as the executive and once as the legislative branch of the government this distinction was difficult to follow. In such a government it seemed to many preposterous that the members of the executive should overrule not only the acts of the provincial legislatures, but also their own acts and statements in the federal legislature. Disallowance, according to Macdonald's view, was a tool of the executive branch of the government which might be used to accomplish what the legislature could not.

It was natural that these explanations, while constitutionally sound, appeared to Manitobans as facetious excuses for federal duplicity, and the provincial legislature continued to bewail the consequences of federal policies. But, despite local disaffections, Norquay did manage to get a bill accepting the "better terms" agreement of 1885, including the finality clause, passed in the 1886 session.

11. Canada, Debates of the House of Commons, 1886, p. 1348. Sir John A. Macdonald on May 18, 1886.

As the session progressed the diverse Conservative and no-party elements of the party of which Norquay was the head largely lost sight of the immediate federal-provincial quarrel due to the developing quarrel within their own ranks. A pro-Macdonald faction, now headed by W. B. Scarth, wanted the provincial party to enter into a formal alliance with the federal Conservative party. They were quite prepared, if necessary, to oust Norquay from the Premiership. In this they were considerably strengthened by several scandalous allegations against Norquay in connection with coal purchases and land expropriations for the construction of a lunatic asylum. Throughout the summer of 1886 Macdonald was bombarded with complaints by local Conservatives against Norquay, coupled with ominous references to the approaching provincial and federal elections. A convention of the Conservative party was eventually called for June, at which the whole problem of the relations between the local and federal branches of the party was to be discussed. When it became known that Macdonald would be visiting western Canada in July and August of 1886 this convention was re-scheduled to coincide with his visit. Macdonald, when in Manitoba, resolutely refused to either assist in the plot to depose Norquay or to strongly support him, although he did advise the Conservatives to unite in the effort to defeat the Liberals in the coming elections. The letters of W. B. Scarth to Macdonald throughout 1886 and 1887, however, provide a sad commentary on the evident disintegration of Norquay's provincial party, and it seemed but a matter of time until the Macdonald Conservatives would break away from Norquay.¹² Their reasons for discontent were many; Norquay's no-party policy, allegations of financial mismanagement, unpopular appointments, Norquay's racial antecedents, and

12. The rather voluminous letters from Scarth to Macdonald during this period can be found in, Macdonald Papers, Vols. 261 and 262.

simply personal jealousies were all partly responsible.

The party would probably have broken apart in 1886 had it not been for the threat that this would inevitably bring Greenway and the Liberals into office. Thus, when Norquay called a provincial election for December 9, 1886, the Conservatives suppressed their mutual disaffections and concentrated on defeating the Grits. The election was not unexpected. In fact long before dissolution was officially announced the various candidates and parties had been jockeying for position. Norquay decided early in the campaign that the C. P. R. monopoly and federal disallowance were not popular in Manitoba and that he could not support disallowance and hope to survive the election. Instead he now decided to give a pledge that he would do everything in his power to end the unpopular railway monopoly, coming out on a strong anti-disallowance platform. By doing so Norquay largely pre-empted the Liberal campaign platform. His followers, albeit somewhat hesitatingly, followed his lead and both parties came out strongly against the C. P. R. monopoly and federal disallowance. The Liberals were now reduced to promising success where the Conservatives had failed, and to promising a more honest government. The several government scandals were frequently brought up. Nevertheless, the basic question the electors had to resolve was which party they felt was more likely to succeed in breaking the C. P. R. monopoly and bringing about an end of federal disallowance. Alexander Begg wrote of the election campaign,

"He would have been a bold aspirant for legislative honours who dared ignore it (the monopoly question) in his canvass or on the hustings. Better terms were almost lost to memory in the intensity of the feeling in favour of provincial rights in the matter of railway charters."¹³.

It was difficult for the Liberals to adduce any evidence that their

13. A. Begg, A History of the North West, Vol. III, Toronto, 1894, p. 142.

policy would be any more successful than Norquay's had been, and the results of the election gave Norquay another, albeit very narrow, victory. 19 Conservatives, 14 Liberals, and 2 Independents were returned. Although both of the Independents, David Glass and Thomas Gelley, usually supported Norquay their support, as well as that of several of the disgruntled Conservatives, was not entirely reliable. It is difficult to assess the several factors that contributed toward Norquay's loss of support, but it is significant to note that the Liberals made their greatest gains in the areas most immediately affected by disallowance. After the election of 1886 it was obvious that either a split within Conservative ranks or a few defections to the Liberal party, if disallowance were persisted in, could unseat Norquay. Lieutenant Governor Aikins wrote of the election results,

"The agony is over here and Norquay is saved but he has had a close call. But for your visit here and your calling on Conservatives to rally for him his Government would have been defeated.

The majorities except in six or seven places were from one to seventeen.

The fight was a bitter one. Had the opposition stuck to the Provincial Rights line and not abused the Tories they would most likely have been successful. As it is there will be a working majority unless a recount makes changes, even giving the opposition the two independents.

I don't think that the feeling against the Norquay Gov't exists as against yours and yet there may be a sharp contest and it is wise to have candidates whose character is not moth eaten."¹⁴.

It was obvious after the election that unless Norquay could achieve some significant results in the near future his position would be gravely jeopardized both from within and outside his own party.

The 1886 provincial election campaign served at least one useful purpose in that it opened the eyes of many of the federal and pro-Macdonald Conservatives, who were shortly to be involved in a federal election, to the

14. Aikins to Macdonald, December 11, 1886, Macdonald Papers, Vol. 186, pp. 77458-77459.

fact that monopoly and disallowance were genuinely unpopular. Men like W. B. Scarth, Joseph Royal, H. H. Smith, and others were made aware of the fact that there were more than bankrupt speculators and ambitious politicians behind the agitation. They became cognizant of the agitation although they were still inclined to think it was artificially inspired and growing only because of Norquay's vacillating policy. Nevertheless, the provincial campaign gave these Conservatives a great scare. Joseph Royal, who had written Macdonald on October 25, 1886,

"The atmosphere is filled with rumours of dissolution; as far as our Province is concerned, I don't think a better occasion could be found. The ground is well prepared by the canvass made by provincial candidates who have been at it for the last three or four months...I repeat that this is about the best time for our election here."¹⁵.

had a very different opinion of the situation on January 3, 1887, when he wrote:

"Permit me to say that the dissolution of Parliament at this moment followed of course by the general election would be disastrous to our country and party."¹⁶.

W. B. Scarth had earlier written to Macdonald,

"You may be aware that there has been considerable friction between Dominion Conservatives who would not follow Norquay and Norquay men. "John A." men would not follow Norquay because they did not consider him a true "John A." man. That was my own view and I told Norquay so."^{16A}.

Now, after years of criticizing Norquay's allegedly vacillating and ever shifting policy, Scarth wrote in January, 1887,

"All candidates here and in North West against disallowance. No candidate favouring it can carry Winnipeg. What are we to say?...Meeting of dissatisfied conservatives being held today to get up independent Association opposed to disallowance."¹⁷.

15. Royal to Macdonald, October 25, 1886; Ibid., Vol. 260, pp. 118286-118287.

16. Royal to Macdonald, January 3, 1887; Ibid., Vol. 260, p. 118291.

16A. Scarth to Macdonald, Feb. 4, 1886; Ibid., Vol. 261, p. 119007.

17. Scarth to Macdonald, Jan. 17, 1887; Ibid., Vol. 262, p. 119166.

Scarth and his fellow "John A." men did not have much time to decide what to do. Sir John A. Macdonald decided to call a federal election for February 22, 1887. It quickly became obvious to the Conservative candidates in Manitoba that they could not hope for re-election if they supported monopoly and disallowance. On January 18, 1887, Scarth, in desperation, wired Macdonald,

"Meeting yesterday composed of influential conservatives. They sent deputation to me to wire you their strong desire to support you and their agreement with you on every point but disallowance which they consider so necessary to Manitoba that although reluctantly they must oppose the Gov't candidates unless assured by them disallowance will cease. McArthur and Sutherland gaining ground on this cry."¹⁸.

Macdonald proved more sympathetic to Scarth's entreaties than he had earlier to Norquay's and wired back,

"Conservative Candidates may pledge themselves against disallowance and to vote want of confidence if disallowance improperly exercised."¹⁹.

Obviously the "John A." men and the "Norquay" men were once again treading common ground, although it was but an unpleasant political necessity to men like Scarth, a former Toronto business man and a strong supporter of many of the aspects of the National Policy most unpopular in Manitoba. Scarth himself now recommended Norquay's nomination as the federal Conservative candidate in Marquette although nothing came of it.²⁰.

In the federal election of 1887 political expediency certainly took precedence over party or political convictions in Manitoba, and many of the Conservative candidates espoused a policy very distasteful to themselves, and which they later made great efforts to cover up. Scarth, who was running for the first time and whose seat was probably the most insecure, found himself so hard

18. Scarth to Macdonald, Jan. 18, 1887; Ibid., Vol. 262, p. 119172;

19. Macdonald to Scarth, Jan. 18, 1887; Ibid., Vol. 262, p. 119176;

20. Scarth to Macdonald, Nov. 17, 1886; Ibid., Vol. 261, p. 119139;

pressed that he wired Macdonald,

"Being hard pressed by Free Press may find it necessary to state that I myself bring in motion against disallowance. Wire me fully your views immediately."²¹.

Again Macdonald was most co-operative and wired back,

"I have no objection to your announcing intention of bringing in motion against disallowance whenever you please."²².

Of the Conservative candidates in Manitoba only Joseph Royal, whose electoral district of Provencher had not been as directly affected by disallowance since it was east of Winnipeg, came through the campaign without a firm commitment to oppose disallowance. Alexander Begg, in writing of the election campaign writes that Conservatives and Liberals alike were forced to accept opposition to disallowance as their shibboleth before venturing to ask the vote of a single free and independent citizen.²³.

The result of the election gave narrow victories to the Conservative candidates in four of the five Manitoba ridings. It is significant, however, that although the Conservatives won both the federal and provincial elections they had only been able to do so by coming out definitely in opposition to monopoly and disallowance. Thus, with the Conservatives as well as the Liberals from Manitoba both provincially and federally committed to end disallowance, there was some hope that in the face of such determination in the Province the federal government would relent and end its policy of disallowance. It is clear that the Conservatives victories could not be interpreted as an endorsement or provincial support of the C. P. R. monopoly and federal disallowance.

21. Scarth to Macdonald, Feb. 2, 1887; Ibid., Vol. 262, p. 119215;

22. Macdonald to Scarth, Feb. 2, 1887; Loc. cit.;

23. A Begg, A History of the North West, Vol. III, Toronto, 1894, pp. 142-143.

There was some indication that the federal government understood the anti-disallowance feeling in Manitoba. Thomas White, the new Minister of the Interior, visited Manitoba in March of 1887. Even before he reached Manitoba he was informed by one of his party who had preceded him,

"The feeling here in respect to the Boundary railways is a great deal more bitter than I expected, the speculators and a few red hot grants are at the bottom of the whole matter. I have been speaking to a number of old Conservatives who feel that the agitation has gone too far and will end in trouble...They are bound to build the railway and intend to do away with the power of injunctions, so that if the act is disallowed they will still go on and build, in fact the Rifle is spoken of as a means of going on with the work, should the Dominion Government attempt to stop the work."²⁴.

No doubt addresses such as these moved White to caution when he addressed a Conservative audience in Winnipeg, and later spoke with a deputation of Conservative citizens on the question of disallowance. White was quoted as saying at this time,

"That from the strong expressions of opinion from Manitoba and the North West in which friends of the Government were found to be most emphatic the probabilities were that the law would be allowed to take its course."²⁵.

The deputation assured White that the Local Legislature intended to charter other railways to the boundary and then,

"withdrew, feeling satisfied from the manner in which Mr. White expressed himself that no further opposition may be apprehended from the Government in respect of allowing a railway to be built to the boundary."²⁶.

It became quickly evident, however, that White had not been speaking for the federal government as a whole. In fact the results of the two elections in 1886 and 1887 seemed to have little effect on the course of the next ex-

24. Anderson to White, June 6, 1887; Ibid., Vol. 131, pp. 54221-54222;

25. As quoted in a memorial to Her Majesty in Council upon the subject of the disallowance of the Red River Valley Railway Act, and other railway charters, published in Canada, Sessional Papers, No. 58B, 1888, p. 6;

26. Loc. cit.

ercise of disallowance. A railway charter passed during the 1885 session of the Manitoba Legislature was being reviewed in Ottawa as early as January 10, 1887. This was the Act to incorporate the Rock Lake, Souris Valley and Brandon Railway Company, some of whose lines were to run through the added territory and in the forbidden direction. After a report from the Minister of Justice an Order in Council was passed on March 22, 1887, disallowing the Act to incorporate the Rock Lake, Souris Valley and Brandon Railway Company. The Order in Council read in part,

"The Act may be within the power of the legislature of Manitoba, but that in view of the facts stated in the said report the said Act is practically a violation of the contract with the Canadian Pacific Railway Company and of the intention and spirit of the statutes relating to the added territory."²⁷.

A second Manitoba statute entitled "An Act respecting the Lieutenant Governor and his deputies"²⁸. was disallowed at much the same time on the simple grounds that it was ultra vires the province.

The disallowance of the Rock Lake, Souris Valley and Brandon Railway Company charter led directly and immediately to the organization, by Manitoba Conservatives, of the Conservative Anti-Disallowance Association. This Association pledged its support to Macdonald on all his policies other than that of disallowance. The Liberals, on the other hand, pledged their support to any party or faction which would unequivocally oppose disallowance. Public opinion, agitated by the local press and harangued by local politicians, was becoming nearly unanimous in its opposition to disallowance and in its demand for competing rail connections and increased branch line construction. By this time, however, Norquay, who had hoped to lead a united province in its demands for "better terms" was no longer leading

27. P.C. No. 517, Approved March 22, 1887.

28. Manitoba, 48 Vict., chap. 2.

the increasingly anti-Macdonald agitation. Instead he was being pushed along by it to further and irrevocable actions. In direct response to the growing public agitation Norquay decided to once again visit Ottawa and seek the much needed concessions, particularly on railway policies, from the federal government. In these new negotiations, however, Norquay could achieve nothing on the disallowance question. On his return Acton Burrows, who had accompanied him to Ottawa and was the editor of the Conservative Daily Manitoban, wrote in his paper,

"Mr. Norquay could do nothing at Ottawa but make representations. He has come back, however, to carry out the wishes of the people with regard to railway legislation. He will provide for the immediate chartering of such companies as may be considered necessary."²⁹.

This visit to Ottawa in 1887 evidently convinced Norquay that there was no good prospect of an early relaxation of the disallowance policy. A feeble attempt to gain "better terms" elsewhere, particularly in relation to better federal land grants for the construction of the Hudson's Bay Railway, were met by Macdonald with reminders about the "finality" clause and further served to antagonize Norquay. Being denied even nominal concessions elsewhere to appease the aroused provincial agitators Norquay came to the conclusion that further co-operation with the federal government would be disastrous. Divisions within his own party and the pressures of public opinion forced him to launch out on a policy that would bring immediate results, even if it meant defiance of federal policies. Norquay's precarious position in the Legislature, which convened on April 14, 1887, was well described by Lt. Gov. Aikins.

"As you have seen Norquay so recently you may be as well informed of the position of the Gov't as I am. Brown is quite willing to be used by the Grits to further his own purposes and they through him expect to get control of the Gov't.

The majority the Gov't. claimed is so small that with two joining Brown and one being away (Prendergast is said to have gone to Montreal) a vote would be carried against them. I do hope the Gov't will be

29. Daily Manitoban, April 11, 1887; As quoted by J.A. Jackson, The Disallowance of Manitoba Railway Legislation in the 1880's. M.A. Thesis, University of Manitoba, 1945, p. 81.

sustained. Norquay on his return may with the pressure now being used through the friends of the weak kneed ones bring some of them to time until then I cannot say what he may be able to do. Glass who was elected as an independent professes to be in sympathy with the attempt against the Gov't. He may, however, take from them, the coalition, the position of speaker. Ambition and impecuniosity are the causes of defection if such there is."³⁰.

It was in this atmosphere that the government passed several new railway charters to connect with the boundary. One of these, the Red River Valley Railway, having a provision that if it were disallowed it would be carried on as a public work of the province. To facilitate this the Public Works Act was amended to provide that railways could be constructed by the Minister of Public Works as a public work. In addition "An Act for further improving the Law" was passed which provided immunity from responsibility and liability for their acts to persons and contractors while employed on construction of public works or doing work under the Minister of Public Works or the Commissioner of Railways. In short, it was intended that, should disallowance again be exercised, the R. R. V. R. would be built as a public work with all the employees immune to federal and other legal proceedings and injunctions that might ensue. As a final indication of Norquay's break with Ottawa he himself introduced a memorial to the Queen praying that the Imperial Privy Council restrain the federal government from improperly disallowing provincial railway charters within the competence of the province.

It is worth noting that these new railway charters were no longer viewed as branch lines. Instead direct lines from Winnipeg to the boundary were now being chartered with the one immediate object of breaking the C. P. R. monopoly and establishing competition. Despite this daring legislation

30. Aikins to Macdonald, April 7, 1887; Macdonald Papers, Vol. 186, pp. 77467-77468;

Norquay's position was decidedly shaky and the Lieutenant Governor wrote immediately after the crucial votes had been taken,

"You will have heard ere this that Norquay has weathered the storm. It was touch and go with him. Had he not succeeded in getting Glass who is said to have agreed to take the speakership from the opposition, but who on second thought concluded it better to accept it from the Gov't, the chances to continue being in their favour the bolters except Brown would not have returned.

The parties would then have stood 17-17. What could or would have been done under such a contingency it is needless now to refer to.

With care Norquay may now get through the session. The disallowance feeling is so strong that should it be your policy to continue it to roads in the old province of Manitoba by disallowing the charters passed this session the Gov't. will most likely be forced to undertake the work at once. The province would be with them as a unit on an appeal on that issue."³¹.

This letter, coupled with the fact that Aikins approved the controversial legislation when Macdonald felt he should have reserved it soured the relationship between the two men. Aikins, the representative of the Federal Government, had, in Macdonald's opinion, taken up the provincial case. Unfortunately for Aikins his official duties later made it contingent upon him to enforce the publication of the disallowance Orders in Council and he had a falling out with Norquay as well. Nevertheless, in 1887, public opinion in Manitoba from the Lieutenant Governor down seemed to consider disallowance a mistake.

Precisely at this time C. P. R. policies once again helped to aggravate the situation. Railway competition and increased railway facilities were the two aims of Manitoba's railway policy. The C. P. R., to some extent at least, could provide the latter and with provincial co-operation had in fact begun construction on a few short branch lines in Manitoba in 1885 and was expected to build more. Unfortunately the statements made during the two election campaigns of 1886 and 1887 convinced the C. P. R. that, with the

31. Aikins to Macdonald, April 16, 1887; Ibid., Vol. 186, pp. 77470-77471.

threat of American competition, these branch lines in southern Manitoba were a risky investment. Consequently the C. P. R. curtailed its construction activities in southern Manitoba just at the time when increased construction might have helped to alleviate the agitation. Van Horne wrote a much publicised letter to the City Clerk of Brandon, in reply to a question by the Council of the City of Brandon about the construction of the Souris branch line, in which he stated,

"There seems to be a general disposition throughout Manitoba to pledge its representatives in Parliament to opposition to the disallowance policy of the Government with a view to the introduction of competing lines from the south; and the Company naturally hesitate about expending money where it can bring no return for quite a number of years, in a district where the people seem to have determined on a policy, which, if carried out, would utterly destroy the investment. They are obliged, of course, to look upon this question as an ordinary business matter, and while they have all along been disposed to anticipate the future by the construction of Branch lines without regard to their ability to pay at present they feel that their sacrifice in doing so should entitle them to support and protection."³².

Such an attitude on the part of the C. P. R., while in itself reasonable enough, did nothing to endear the allegedly monopolistic company to the rail hungry farmers of Manitoba and increased the enthusiasm for provincially sponsored railways. Reflecting the provincial disaffection ^{towards} ~~of~~ the C. P. R. Norquay decided to repeal some of the special tax concessions that had been offered earlier to the C. P. R. This so infuriated Van Horne that he wrote Aikins,

"You will remember that all of our extensions in southern Manitoba have been made on the faith of that Act and it may be regarded as absolutely certain that the Company will not build another foot of railway there until the question is definitely settled."³³.

32. Van Horne to John Kerr, City Clerk, Brandon, Manitoba, February 3, 1887; Van Horne Letterbooks, Vol. 20, pp. 201-202;

33. Van Horne to Aikins, March 9, 1887; Ibid, Vol. 20, p. 651;

The C. P. R. and the Manitoba government had obviously reached a serious impasse. To make matters even worse Stephen sent Norquay a telegram during the debate on the Red River Valley Railway charter, threatening that if the charter were passed the C. P. R.'s western shops would be removed from Winnipeg to Fort William. This threat had precisely the opposite effect that Stephen intended. Norquay, instead of yielding, refused to be coerced, while in Winnipeg the popularity of the C. P. R. reached a new low. It acted, in the words of Alexander Begg, "Like oil on a fire, it only seemed to intensify the feeling of hostility towards the road."³⁴ Aikins, commenting on Stephen's telegram, complained,

"But for the telegram of Sir George I question that the legislation would have taken the shape it has. I know that several members were opposed to such large expenditures and an appeal to test the disallowance policy might have stayed the agitation but that telegram thrown in their face so incensed them and the people as well that I fear if the matter is not dealt with wisely there may be trouble."³⁵

Although Macdonald did make efforts to restrain C. P. R. officials from making further antagonistic statements³⁶ he was himself determined to continue the unpopular disallowance policy. He was thoroughly angered by Norquay's new departure in railway policies and wrote Aikins,

"The vote of Parliament at our last session has sanctioned disallowance of all Railway bills running contrary to the avowed policy of the Government and the spirit of the C. P. R. Incorporation Act, so this policy must be carried out, whatever may be the consequences.

I have no fear of these consequences. Your bankrupt population at Winnipeg must be taught a lesson, even if some of them are brought down to trial at Toronto for sedition."³⁷

34. A. Begg, A History of the North West, Vol. III, Toronto, 1894, p. 148.

35. Aikins to Macdonald, June 20, 1887; Macdonald Papers, Vol. 186, pp. 77476-77477;

36. Macdonald to Stephen, Sept. 22, 1887; Stephen Papers, p. 204;

37. Macdonald to Aikins, June 25, 1887; Macdonald Papers, Vol. 527, p. 200;

Macdonald was evidently prepared to fight it out with the provincial government and despite a number of petitions from Manitoba and attacks in the House of Commons he stuck to his policy and on July 6, 1887, an Order in Council was passed disallowing the Act respecting the construction of the Red River Valley Railway and the Act to amend the Public Works Act of Manitoba. Both of these Acts were disallowed because they violated the policy of the government of Canada which intended to prevent the diversion of trade from the railway system of Canada to the railways of the United States. The amendment to the Public Works Act was disallowed specifically because it might make possible the construction of a railway such as the R. R. V. R.³⁸. This was followed on July 18 by the disallowance of an Act for further improving the Law which in the words of Sir John A. Macdonald, who wrote the report for the Minister of Justice, "constitutes a manifest interference with private rights."³⁹. To complete the job another Order in Council was passed on August 9, 1887, disallowing "An Act to incorporate the Manitoba Central Railway Co.", "An Act to incorporate the Winnipeg and Southern Railway Co.," and "An Act to incorporate the Emerson and North Western Railway Co."⁴⁰.

This most sweeping series of disallowances, however, had a relatively small effect in Manitoba. Premier Norquay himself had already turned the first sod on the Red River Valley Railway on June 1, 1887, and there was, in Manitoba, a grim determination to see the road through despite federal disallowance. In fact when the disallowance was announced Norquay was already on his way east to Chicago and New York to sell provincial bonds

38. P.C. No. 1412, Approved July 6, 1887.

39. P.C. No. 1562, Approved July 18, 1887.

40. P.C. No. 713G, Approved August 9, 1887.

in order to finance the new railway. Once disallowance had taken place Norquay declared the R. R. V. R. a public work of the province, even without the benefit of the amendment to the Public Works Act. Construction was rapidly proceeded with and most of the grading was completed the same summer. Legal proceedings against the provincial line, and applications for injunctions were filed by the C. P. R., private individuals and the Dominion government whose lands were being crossed, but none of these could make their way through the courts fast enough to stop construction during the summer of 1887. A. Begg witnessed the construction and wrote "It was finished before any of the suits could be heard or determined."⁴¹.

In the fall of 1887, however, some of these legal cases were heard and at least temporary injunctions restraining the Company from further construction issued. In addition, and more significantly, the provincial government ran into serious financial difficulties. Attempts to sell new provincial bonds were not successful, largely because Macdonald managed to get to the potential financiers of the R. R. V. R. before Norquay did. Thus Macdonald confided to Stephen,

"I am still inclined to believe Norquay won't get the money. As you know Morton and Rose made an offer for the Million bonds, but drew back when informed that the Dominion Gov't did not approve of the purpose of the loan. I see it is said that someone else has agreed to buy the bonds, but I doubt it. Reuter will publish this afternoon in London that it is well known that the Act empowering the building of the Red River Valley road will be disallowed. The Winnipeggers will take wit in their anger and I am satisfied the excitement will gradually abate."⁴².

A sample of the sort of information Macdonald was sending to the financial houses is provided by Macdonald's letter of June 25, 1887, to John Rose of Morton and Rose, the firm interested in the Manitoba bonds.

41. A. Begg, Op. cit., p. 151.

42. Macdonald to Stephen, July 2, 1887; Stephen Papers, p. 191.

"The present government at Winnipeg are altogether careless of the prestige or prosperity of their province. The members of the Gov't are all impecunious and think only of a continuation in office.

When you reflect on a legislature of 35 members with a population of some 110,000 coolly devoting a million dollars to build a railway from Winnipeg to the frontier, between two lines owned by the C. P. R. running in the same direction, one on the east side and the other on the west side of the Red River, when there is not enough business for one of the two existing lines, you can understand the recklessness of that body...If these arrangements are allowed to be carried out the Province is bankrupt. The question of allowance or disallowance to this insane legislation now engages the attention of the Government here."⁴³.

Thus it is hardly surprising that Morton and Rose lost interest in the Manitoba bonds. Reuters, however, published even more than Macdonald had intended when they stated that, if necessary, imperial troops would be used to prevent the American railway connection in Manitoba. This caused a considerable flurry and angry denials both in Ottawa and London,⁴⁴ while in Winnipeg it brought increased agitation for a speedy appeal to the Imperial Privy Council.

The appeal, in the form of a memorial, had been sent through the proper channels to Governor General for submission to London. But it got stalled for some time in Ottawa while federal cabinet ministers drafted long memoranda on why it should not be sent to London. When Lansdowne finally did send the memorial it was accompanied by statements of the federal government's point of view and warnings that any adverse decision would be regarded in Canada as an improper intrusion by the Imperial Government into the internal affairs of a self governing dominion. Due to these delays the Imperial Privy Council did not get to hear Manitoba's case until after the difficulty had been settled in Canada.⁴⁵

43. Macdonald to Rose, June 25, 1887; Macdonald Papers, Vol. 527, pp. 197-198.

44. See for example the correspondence that passed between Macdonald and Tupper, then Canadian High Commissioner in London; Macdonald to Tupper and Tupper to Macdonald, August 23 and 24, 1887; Macdonald Papers, Vol. 284, pp. 130358-130360.

45. For copies of this memorial and related correspondence see: Canada, Sessional Papers, No. 58B, 1888; and Governor General's Correspondence, R. G. 7, G. 21, File No. 191.

Meanwhile both the legal and financial difficulties of the provincial government were increasing until early in October work on the R. R. V. R. was suddenly stopped, due to lack of funds. When told of the work stoppage Macdonald wrote Stephen rather gleefully,

"I fancy Norquay has come to the length of his tether and his Government will be very submissive I think, and we must take hold of them while they are down and come to some arrangement with them."⁴⁶.

Norquay's failure to sell the provincial bonds in New York, Chicago or London, however, did not reduce him to meek subservience. Instead he announced the issue of new bonds amounting to \$300,000. to be sold locally. Negotiations were soon begun with a Citizens' Committee of the City of Winnipeg to buy half these bonds. The city was to raise the money for this transaction by means of what became known as the "tax sale". It was, in effect, a mortgage on future tax receipts of the city. These arrangements, however, were scuttled by the action of two prominent Conservatives, John C. Schultz and Walter Brown, represented in Court by the respectable Conservative law firm of Macdonald, Tupper and Phippen. Schultz and Brown in court challenged the validity of the assessed value of their property for tax purposes. When their case was upheld this destroyed the entire basis of the "Tax Sale" and the whole deal fell through. Schultz described his exploits to Macdonald as follows,

"One of these was the miscarriage of a City Tax Sale from which the Council expected to obtain, it is said \$300,000, and with part of it buy \$150,000 of Norquay's "Shinplasters" as they are called here (the Debentures of the Local Government's \$300,000 issue). Well it so happened that a large quantity of property of Walter Brown's and mine was illegally dealt with in this proposed tax sale, and legal proceedings instituted on our behalf by Macdonald, Tupper and Phippen

46. Macdonald to Stephen, October 6, 1887; Stephen Papers, p. 209.

resulted in upsetting the whole sale by decree of Judge Killam given the day before yesterday and partly as a consequence of this only \$2,800. worth of bonds had been taken, up to last night."47.

Macdonald's letter to Sir John Rose, Schultz' court action, the injunctions filed by the federal government to prevent the R. R. V. R. from crossing Dominion lands, all indicated that the federal government intended to carry the fight with the provincial government to the finish. To Stephen Macdonald wrote confidently, "Patient firmness will carry anything through."48. Macdonald obviously thought that he would be able outlast Premier Norquay in this conflict and nonchalantly wrote, "That subject (disallowance) is not one of pressing interest."49. By October 31, 1887, Macdonald could write confidently, "I have a notion that we can settle matters comfortably the moment Norquay and his Gov't admit their defeat."50.

In this waiting game between the two governments it seemed but a matter of time until the resistance of the Province would be broken. Nevertheless Norquay resolutely refused to buckle under the tremendous outside pressure that was being brought to bear on him. His defeat and resignation on December 24, 1887, came as a result of disaffections and desertions within his own party, rather than by any direct action of Macdonald's.

There had, for some time, been rumours of financial irregularities in the construction of the R. R. V. R., current both in Ottawa and Winnipeg. Norquay, it was alleged, had paid the contractors out of their own deposits, and out of the Orphans and Infants Fund, a trust of the Provincial Government. No one,

47. Schultz to Macdonald, October 25, 1887; Macdonald Papers, Vol. 264, pp. 120010-120011;

48. Macdonald to Stephen, Sept. 22, 1887; Stephen Papers, p. 203;

49. Macdonald to Stephen, October 15, 1887; Ibid., p. 217;

50. Macdonald to Stephen, October 31, 1887; Ibid., p. 220.

however, seemed able to prove these allegations during the summer of 1887, although it seemed obvious that the early construction work on the R. R. V. R. had been far beyond the financial resources of the provincial treasury and that some unorthodox financing must have been involved.

Suspensions of financial irregularities and corruption in the provincial government came out into the open in November of 1887 when E. P. Leacock, Conservative M. P. P. for Russell, addressed a memorial to the Lieutenant Governor alleging that irregularities in the payment of accounts for the construction of the Hudson's Bay Railway had taken place. Leacock, as well as most of the other so-called "John A" men, was a rather curious breed of provincial politician. While he and his colleagues proudly paraded their loyalty and devotion to the federal variety of Conservatism they did not allow this loyalty to keep them off the directorates of most of the disallowed provincial railways. Leacock, C. P. Brown, Duncan MacArthur, and even W. B. Scarth, A. W. Ross and T. M. Daly were all to a greater or lesser extent involved in promoting forbidden local railway enterprises.⁵¹ In these enterprises it seems they were able to get along with their Liberal opponents rather well. Leacock and his fellow Conservatives seemed to feel that the whole railway difficulty had arisen not because of federal policies but because Norquay had not presented the provincial case properly in Ottawa and was compounding the difficulty by his vacillating no-party policies. This, however, is only a very partial explanation. A study of the political careers of men like Leacock, Brown and MacArthur would strongly suggest

51. The Manitoba statutes granting building privileges to the various railway companies usually give the names of the promoters or directors.

that Aikins assessed the situation correctly when he said; "Ambition and impecuniosity are the causes of defection if such there is."⁵². In 1887 these men decided that Norquay must go.

The alleged Hudson's Bay Railway irregularities are of relevance in a study of the disallowance question mainly because it was on this issue that Norquay was ultimately defeated. The Hudson's Bay Railway matter also gives some further insight into the general relations between the two governments concerned. The details relating to the Hudson's Bay Railway matter were briefly these. Early in 1886 the provincial government had let a contract to Mann, Holt and Co., of Montreal for the construction of the first 40 miles of the long planned railway to Hudson's Bay. Payment for work done by the contractors was to be made in Provincial bonds to be issued on the security of certain public lands still controlled by the federal government, but which the federal government had agreed to transfer to the province on completion of the contract. Thus, when the contractors, who were meanwhile also in negotiations for the construction of the R. R. V. R., informed the provincial government that they had completed their undertaking on the Hudson's Bay Railway, the Provincial Treasurer, Hon. A. A. C. LaRiviere, proceeded to Ottawa in February of 1887 to arrange the transfer of lands so that the Provincial bonds could be issued and the contractors paid. On receiving a telegram from LaRiviere that the transfer of federal lands had been arranged Norquay issued the bonds and paid the contractors.

Leacock's allegations in November were concerned with the transfer of lands by the federal government. He alleged that this transfer had in fact not taken place and that therefore the bonds had been issued illegally.

52. Aikins to Macdonald, April 7, 1887; Macdonald Papers, Vol. 186, p. 77468.

Furthermore, he stated, the work on the Hudson's Bay Railway did not meet the necessary specifications and the contractors should not have been paid until they had completed their work satisfactorily. LaRiviere swore that Macdonald had agreed to the transfer and, together with Dr. D. H. Harrison, went to Ottawa immediately after Leacock's accusations were made public in an effort to have the matter settled satisfactorily. In Ottawa, however, Macdonald denied any knowledge of any meeting or agreement whatsoever with LaRiviere, and refused to transfer the lands. Macdonald stated his position very plainly in a letter to Aikins.

"I have seen Harrison and LaRiviere together and the former alone. All that story of LaRiviere about seeing me, Pope and Schreiber is a concocted story...I had to tell LaRiviere that he must have dreamt this story and so did Pope and Schreiber."53.

In this same letter Macdonald made it very plain that he himself was now very willing to see Norquay and LaRiviere overthrown and to have Harrison assume the leadership.

"My impression is...that Norquay and LaRiviere should resign and make way for a Harrison Government...I have suggested a means of solving the disallowance difficulty to Harrison."54.

Thus Macdonald refused to do anything to save Norquay or LaRiviere but by denying any meeting whatsoever with LaRiviere in February of 1887 Macdonald was evidently not telling the truth because LaRiviere was able to prove by means of two telegrams and a memorandum in Macdonald's own handwriting and written on official stationery of the Minister of Railways and Canals that a meeting had in fact taken place in February. At this meeting a land grant to the Winnipeg, St. Boniface and Carillion Railway had evidently been discussed and it was to this railway that Macdonald's

53. Macdonald to Aikins, Dec. 12, 1887; Macdonald Papers, Vol. 527, p. 327.

54. Loc. cit.

memorandum referred. This memoranda read,

"Land grants to Railways can only be made by Parliament. Persons or Corporations applying for subsidies should petition the Governor General and both Houses. Just now the members of the Government are scattered and no meetings of Council can be held until after the 22nd.

I have seen Sir JAMcD. and Mr. Pope and they express themselves extremely desirous of aiding in the extension of Railways in Manitoba and the N. W."⁵⁵.

In addition to this memorandum LaRiviere had a copy of the telegram he had sent to Joseph Royal and another sent by Chapleau to Royal as a result of this meeting. It was at this same meeting, which Macdonald stated had never taken place, that LaRiviere claimed the Hudson's Bay Railway bonds had been discussed. LaRiviere could, of course, not prove by means of these documents that any agreement with the federal government about the bonds had taken place, but he could prove that he had had a meeting with Macdonald in February of 1887 and that Macdonald was not telling the truth when he denied having had any interview with him. The implication, of course, was that Macdonald was not telling the truth about the bonds either. After his unsuccessful trip to Ottawa in December of 1887 LaRiviere told of all the details of his alleged interview of February 8 at a provincial party caucus. He evidently gave a very plausible account since the caucus passed resolutions expressing belief in his statement and approving his action.⁵⁶ In view of the seriousness of the misunderstanding with the federal government, however, both Norquay and LaRiviere resigned and the same caucus which endorsed LaRiviere's actions also accepted his resignation. LaRiviere's difficulties were well summed up by W. B. Scarth who wrote at this time,

55. Memorandum in Macdonald's handwriting on stationery of the Minister of Railways and Canals given to LaRiviere to send to his government. Macdonald Papers, Vol. 328, p. 148458.

56. Mackenzie Bowell to Macdonald, Sept. 28, 1888; Macdonald Papers, Vol. 328, p. 148501.

"He seeks to prove by this telegram that the interview you deny took place and bases on that the statement that all the rest followed. Our friends and some of them strong friends of yours seem inclined to think LaRiviere's position a strong one. I have said to all and sundry Sir John's memory may have failed him as to having had no interview with Mr. LaRiviere in Mr. Pope's office and if it has he will be the first to admit it, but that is no proof of any promise as to the H. B. R."57.

LaRiviere's position seemed to be a strong one and perhaps, in the light of the abovementioned, it is surprising that both Norquay and LaRiviere still found it necessary to resign. It seems clear, however, that their resignations were only partly prompted by the misunderstanding with Macdonald about the transfer of the lands. There were evidently other irregularities in the Hudson's Bay Railway matter of which the provincial government could not clear itself and which would doubtlessly have been brought into the open if the two did not resign. Two letters written by Lieutenant Governor Aikins clearly demonstrate the provincial governments difficulties and probably the real reasons for Norquay's and LaRiviere's resignations. On November 12 Aikins wrote,

"Since I last wrote you Sutherland's (President of the Hudson's Bay Railway) examination under oath has drawn attention to the grave act of the Gov't in handing over the Bonds to Holt the contractor of the H. B. Ry. without first having the land warrants. Sutherland swears he told Norquay that the road was not completed and not to hand over the bonds. I sent for Norquay on his return from Quebec and told him that I had been misled into signing the Order in Council. That the telegrams from Lariviere were untrue as time showed and that he had not told me I had been deceived. He said that Lariviere had seen you at Ottawa, that you got Pope to send for Schreiber and change his report and that you then told him that now all was right that the warrants would issue but that you would not have done this but that $\frac{1}{2}$ of the bonds had been handed over to the contractor. This is the first I heard of the $\frac{1}{2}$ bonds being handed over without any authority. Norquay is a desperate man and will lay the blame on you if he can."58.

A few weeks later Aikins wrote,

57. Scarth to Macdonald, January 16, 1888; Macdonald Papers, Vol. 328, pp. 148463-148464.

58. Aikins to Macdonald, November 12, 1887; Macdonald Papers, Vol. 186, pp. 77505-77506.

"Yesterday Norquay was so cornered that he admitted that he delivered half of the bonds on the 24th Dec. without any authority and after a full council held on the 20th had refused to recommend their being given up. Council separated for Xmas and when Harrison, Hamilton and Wilson were absent the delivery was made and they knew nothing of what had been done until recently, so they tell me. I insisted that the House should be called early in January. Harrison and Lariviere go to Ottawa tonight to get the assurance from you it may be that the land will be given them. Even if the land matter is settled they will likely be defeated when the opposition will be masters of the situation."⁵⁹.

It is perhaps difficult to ascertain precisely who was to blame for acting in bad faith in the Hudson's Bay Railway matter. Despite Macdonald's denials it seems evident that LaRiviere had his interview, with what results remains a matter of conjecture. It seems equally evident that, even if Macdonald had given LaRiviere verbal assurances about the land transfer there were other financial irregularities in the provincial administration which Harrison, Leacock, Brown and others appeared willing to bring into the open if necessary in order to force Norquay's resignation. Just how far Norquay himself was implicated hinges largely on the nature of the telegram LaRiviere alleged to have sent Norquay in February of 1887 about the Hudson's Bay Railway bonds. This telegram has apparently been lost or is at least not available to historical researchers.⁶⁰ Such a telegram, if it was sent, might go a long way toward clearing Norquay's name, although he cannot escape blame for the irregularities mentioned in Aikins's letters.

There can be no doubt, however, that Macdonald was not sorry to see both Norquay and LaRiviere resign. He wrote to Scarth as follows,

"I think the Norquay Gov't should fall. They are a bad lot and are of little use but of great injury to Dominion Conservatism. Norquay has never been true."⁶¹.

59. Aikins to Macdonald, November 30, 1887; Ibid., Vol. 186, pp. 77508-77509.

60. This telegram, if it is still in existence, would probably be with the papers and private correspondence of John Norquay which are still in the custody of one of his descendents. Their use for documentation of this thesis was refused by the custodian.

61. Scarth to Macdonald, June 25, 1887; Ibid., Vol. 262, p. 119335.

To exactly what degree Macdonald himself conspired with men like Leacock, and to what extent he misrepresented what took place on Feb. 8, 1887, in order to bring about Norquay's defeat can only be ascertained if a true and detailed account the February 8 meeting between LaRiviere and Macdonald could be found. Suffice it to say that outstanding Canadian historians have never been able to agree on just who was the guilty party in the Hudson's Bay Railway lands and bonds matter.⁶² It is clear, however, that in December of 1887 Macdonald did nothing to save the Norquay government. He obviously considered the provincial party to be corrupt and hoped to purge it of what he termed "Political hacks", presumably referring to Norquay and his friends. Instead he placed his hope in a new leader who, he hoped, would rebuild the party and true Conservatism in the province.

Macdonald readily admitted that the new Conservative party under a new leader would have to make some accomodation with at least one element of the Liberal party since the Norquay faction might be difficult to work with. Macdonald soon came to suggest a coalition with the less radical of the liberals. Macdonald hoped that Dr. D. H. Harrison, a former cabinet minister in the Norquay government and now chosen as the Conservative leader, would be able to split the Liberal party and form some sort of coalition in which honesty and integrity were to be the only qualifications. In short, it was to be another no-party provincial government, but without Norquay. C. P. Brown, one of the first M. P. P.s to bolt Norquay's leadership, had been in close contact with Macdonald and wrote on December 2, 1887,

"The "Game" as I saw it was possible would be the amicable settlement of disallowance and the establishment of government on a more

62. See for example the treatment given this subject by two of the most outstanding Canadian historians, W. L. Morton and D. G. Creighton. W. L. Morton, Manitoba; A History, Toronto, 1957; and D. G. Creighton, John A. Macdonald; The Old Chieftain, Toronto, 1958.

substantial basis than I believe it is possible under any other circumstances, and one that if not absolutely on the same basis as the Conservative one at Ottawa, at least not either in avowed opposition to it or independent of it...I have said before that I think it a choice of the Reformers taking the Fort, or (becoming more difficult every day) forming a fair coalition with certain important matters agreed to which might partake somewhat of a compromise but which would really meet the necessities of both the Federal Gov't. and the C. P. R. and one which the people would accept."63.

Macdonald agreed and was prepared to make concessions on the disallowance question if Harrison would form a stable coalition government. The specific solution of the disallowance question that Macdonald together with Harrison, Daly, Ross, Royal and Scarth and others had worked out was simply that the federal government would promise that disallowance would only be exercised until 1891, thus reducing the time of clause 15 from 20 to 10 years. Unfortunately this solution found favour with no one except its originators. Harrison tried to implement Macdonald's proposals but got nowhere at the first caucus meeting of the provincial party which he described as follows,

"I suggested that if a coalition was formed, on the basis of no more disallowance after 1891 that it would get us over many difficulties. The matter would not even be entertained. No coalition was the unanimous verdict, nor to wait until 1891, on this latter point Norquay took strong ground in fact declined to be held to support any Gov't or party that would not force on the road. (the R. R. V. R.)"64.

The '91 compromise as it was called was, however, all that Macdonald was prepared to offer. His suggestions of a coalition were most unrealistic since neither party would even consider the proposal. Thus, on coming into office, Harrison found that, despite his earlier reservations about Norquay's independent and hostile policy, he could find no feasible alternative. So,

63. C. P. Brown to Macdonald, December 2, 1887; Ibid., Vol. 451, pp. 224151-224153.

64. Harrison to Macdonald, January 17, 1888, Ibid., Vol. 328, p. 148469.

much to Macdonald's consternation, Harrison committed himself to a "Blood and Thunder" speech from the throne in which he simply promised to go one better than the Liberals in his opposition to disallowance. He went into the ministerial by-elections necessitated by the change of government on this anti-disallowance platform, promising to re-charter all the formerly disallowed railways. The '91 proposal was not even mentioned in the campaign. The by-elections quickly degenerated into a contest as to which party could demonstrate the greater and more effective hostility and opposition to federal railway policies. Earlier Conservative failures to vigorously defend Manitoba's rights, however, counted heavily against Harrison and he lost two of the three seats at stake in the ministerial by-elections. This was more than a moral defeat for Harrison since it destroyed the slim majority the Conservatives had previously enjoyed and Harrison resigned on January 13, after being in office only three weeks. The difficulties of the Harrison government were compounded by further dissensions within the party. C. P. Brown and Leacock, who had been hopeful of a cabinet post as a reward for their role in deposing Norquay now turned against Harrison when they were not chosen. Furthermore LaRiviere was determined to bring up the matter of the Hudson's Bay Railway lands in debate and it was feared that such a debate would hopelessly split the government and lead to its defeat. Harrison, in giving reasons for his resignation, wrote as follows to Macdonald,

"There were many reasons for not wishing a debate. There had been so much treachery and deceit, that a debate once opened, could not tell where it would stop, and would certainly have split the party up very badly, on H. Bay Bonds and LaR's alleged interview, R. R. Valley Ry. matter, and many others...I thought it best to resign before the mud slinging began and save as much of the party as possible."⁶⁵.

65. Harrison to Macdonald, January 17, 1888; Ibid., Vol. 328, p. 148471.

The Harrison government was apparently quite inexplicable to Macdonald. After Harrison's violent anti-disallowance campaign Macdonald declared in a number of letters that he simply could not understand Manitoba politics. Norquay had always been somewhat independent and therefore suspect, but Harrison and his supporters, Macdonald had always thought, were true friends. Evidently Harrison had, instead of leading the local rabble, been taken captive by it, or else Norquay had somehow exercised a sinister influence over the new premier. On the whole Macdonald was inclined to write the whole episode off to inability on Harrison's part. He wrote,

"The last (Harrison) is I suppose honest enough but he has proved his incapacity beyond doubt. It is clear to me we must get some new leader."⁶⁶.

This is probably too harsh a verdict on Harrison's brief premiership since he was really placed in an impossible situation. It would take a much longer time than was at Harrison's disposal to reunite the fragmented provincial Conservative party and to remove the odium of having sold out the province's rights in the disallowance difficulty and Harrison, after his brief tenure of office, was obliged to resign both the premiership and the Leadership of the Conservative party. The provincial Conservatives, much to Macdonald's horror and disgust, quickly held a quiet caucus at which they re-elected John Norquay to the leadership.

Norquay's elevation to the leadership in 1888 was apparently too much for Macdonald and he became convinced that there was really very little to choose between the two provincial parties. Greenway, who was called upon to form a government on January 19, 1888, could hardly be worse than his

66. Macdonald to Scarth, Feb. 1, 1888; Macdonald Papers, Vol. 527, p. 408.

predecessors and might perhaps even behave tolerably well. J. C. Aikins, in discussing Harrison's resignation and Greenway's elevation to the Premiership commented, "It may be that he will be less aggressive than the outgoing Govt. as he will not be subject to the charge of being in collusion with Ottawa."⁶⁷. At any rate it would appear that Macdonald was not overly grieved when Greenway came to power. He had come to the conclusion that the Manitoba provincial government, whether Conservative or Liberal, must be treated in much the same way. Both had demonstrated their unwillingness to adhere to the National Policy and had to be dealt with accordingly.

67. Aikins to Macdonald, January 17, 1888; Macdonald Papers, Vol. 328, p. 148467.

Chapter VI.

The Greenway Government and the End of Disallowance, 1888.

The new government of Thomas Greenway, formed on January 19, 1888, after the resignation of Dr. Harrison's government, entered its first test of strength in the ministerial by-elections necessitated by the change of government. These by-elections, set for February 16, 1888, were fought largely on an anti-disallowance and anti-Macdonald platform. The voters endorsed the Greenway governments unequivocal demand that disallowance and monopoly end at once, and all the new cabinet ministers were returned by fairly comfortable majorities. These by-elections demonstrated that the anti-disallowance forces under Thomas Greenway had indeed captured the provincial legislature, ousting the sometimes conciliatory Norquay regime.

This change of government considerably clarified the whole federal provincial conflict. The provincial government as well as the voters had in effect given notice of their intentions of directly challenging an integral part of the National Policy. Macdonald, on the other hand, now knew that instead of dealing with professed friends who, through their independence, perhaps even treachery, had been an embarrassment and a liability to federal Conservatism but who, due to their professed friendship could not be dealt with too harshly, he now had to do battle with his outspoken foes - the Grits. This was the sort of conflict that Macdonald understood much better and could wage much more successfully and realistically.

The change of government did not, however, immediately induce Macdonald to change his own policy. In a letter to Daly he outlined how he intended to deal with the government.

"If the Manitoba Gov't. with the sanctions of its legislature should refrain from passing other railway acts until the first of May

1891, I don't think there would be any difficulty in inducing the Federal Government with the consent of Parliament not to exercise the power of disallowance on the sole ground of the railway running to the frontier...So long as Manitoba is recalcitrant and threatening violent and illegal action the Parliament at Ottawa cannot well be asked for pecuniary assistance but if some understanding were arrived at, I think a good vote could be obtained for the improvement of the Red River and perhaps other assistance given."1.

In other words Macdonald was willing to offer Greenway the same '91 "compromise" that had already been rejected by the Harrison government. It was clearly a solution of the disallowance difficulty which Greenway was not likely to regard as satisfactory, and a direct clash between the two governments over the construction and operation of the R. R. V. R., to which the Greenway government had committed itself, seemed imminent.

There were, however, increasing pressures brought to bear on Macdonald from a number of sources outside of the provincial government which led Macdonald to considerably soften his stand on disallowance. Perhaps the most significant single factor in this regard was the action and policy of Sir George Stephen after May of 1887. Stephen, who had always been one of the staunchest defenders of the monopoly provision, found his company in serious financial difficulty in the summer months of 1887, and was eager to float a new bond issue in London to meet maturing C. P. R. obligations. The monopoly agitation in Manitoba, however, shook the confidence of investors in London, particularly after actual construction on the R. R. V. R. had begun. The increasing probability that the agitators would soon succeed in obtaining American rail connections, in fact were already building just such a line, reminded financiers of Stephen's earlier predictions of ruin if American competition were permitted to enter western Canada. The financiers

1. Macdonald to Daly, January 31, 1888; Macdonald Papers, Vol. 527, p. 400.

took fright, C. P. R. shares fell throughout the summer and fall of 1887 making a new issue quite impossible, while the railway was nearing a financial crisis and its president was driven to desperation. The following excerpt from a letter of Stephen's dated September 20, 1887, is typical of the kind he was writing at that time.

"C. P. R. shares today $49\frac{1}{2}$ against 75 last year. The shrinkage is more than Winnipeg is worth with all the people in it thrown in, and what the result will be is beyond me."2.

To keep the C. P. R. solvent and to enable it meet its obligations in 1888 Stephen felt that the Manitoba agitation must be ended quickly and C. P. R. credit in London restored by a demonstration of the company's ability to compete with the American roads which, it seemed, could no longer be kept out of western Canada. This was the long range solution. To help the company out of its immediate financial difficulties Stephen felt some form of direct government assistance would be required. He soon linked the surrender of clause 15 with a proposal for immediate government assistance, and advised Macdonald in no uncertain terms.

"The monopoly clause must in the interests of the Co. as well as in the interests of the peace of the North West be cancelled and given up, and I see no way of settling the question and saving Co. from the wreck to the verge of which this disallowance agitation has bro't it except for the Co. to cancel the monopoly clause of the contract, and in consideration therefore the Gov't to guarantee 4% land grant bonds of the Co. to an amount not exceeding \$1.20 per acre on the 15,000,000 acres unsold land of the Co. This would restore the credit of the Company and enable it to perfect the line and put it into a thoroughly efficient state for conducting the business properly and economically, so as to hold its own against the competition of the American transcontinental lines."3.

Thus Stephen, in asking for the elimination of clause 15 of the C. P. R. charter, was in effect, although for entirely different reasons, lending his support to anti-disallowance and anti-monopoly agitation.

2. Stephen to Macdonald, September 20, 1887; Ibid., Vol. 270, p. 123662.

3. Stephen to Macdonald, Oct. 19, 1887; Ibid., Vol. 270, pp. 123721-123722.

Macdonald was not at first disposed to consider Stephen's newly discovered arguments and petitions against disallowance very favourably. The main reason for disallowance was, after all, not only the existence of clause 15 but simply the federal policy of building up a transcontinental Canadian economy and of preventing the diversion of Canadian trade to American channels. The C. P. R. monopoly itself was only a manifestation of the Conservative National Policy, the roots of which were firmly established in economic and political nationalism. Thus Macdonald informed Stephen,

"The Dominion disallows the Provincial acts not out of regard to the C. P. R. but because it thinks those acts divert our trade into foreign channels and is injurious to Canada. Such being the case Canada would not give up the power of disallowance even at the request of the C. P. R."⁴.

Such an attitude on Macdonald's part, of course, did nothing to help Stephen and the C. P. R. out of their financial difficulty. When Macdonald proposed to end disallowance in 1891 it so obviously failed to meet the immediate and pressing needs of the C. P. R. that it is not surprising that Stephen opposed it and Van Horne, in Macdonald's words, "openly denounced the proposition as nonsense."⁵ Nevertheless, the impending crisis in the C. P. R.'s finances, coupled with Stephen's insistent requests for a cancellation of clause 15 and a federal guarantee for a new C. P. R. bond issue, served to wear down Macdonald's resistance and played a vital part in bringing about the end of disallowance in 1888.⁶

There were, however, also others who sought to convince Macdonald that disallowance was proving harmful and should be ended. Three of his own back-

4. Macdonald to Stephen, July 2, 1887; Stephen Papers, p. 194.

5. Macdonald to Stephen, November 7, 1888; Stephen Papers, p. 270.

6. The voluminous letters from Stephen to Macdonald during this period are contained in Macdonald Papers, Vols. 270 and 271.

benchers from Manitoba, Scarth, Daly and Ross, who had all promised to oppose disallowance when seeking re-election in 1887, kept Macdonald informed about the progress of events and the unpopularity of disallowance in Manitoba, strongly suggesting that disallowance must cease. Daly, for example, wrote Macdonald on August 17, 1887, as follows,

"C. P. R. or no C. P. R., trade policy or not, you have got to make your mind up to it that if at the next general election you expect one supporter of your Conservative Gov't to be returned, disallowance of Railway charters in old Manitoba must be discontinued, promises will not prevail but acts alone."⁷.

These Manitoba M. P.s knew well that whoever could claim credit for persuading the federal government to discontinue disallowance would ensure his place in Manitoba politics and, particularly after Greenway came to power, they were fearful that somehow the Grits would get credit for ending the monopoly. Thus they kept writing to Macdonald and asking that, if a settlement was contemplated, they be given some credit.

In addition to the Manitoba M. P.s there was at least one member of Macdonald's cabinet, Thomas White, who was known to be opposed to disallowance. White was evidently sincere in the statements he made during his visit to Winnipeg early in 1886.⁸ Various other cabinet ministers were also thought to be in sympathy with Manitoba's demands and for a time rumours of serious disagreements within the cabinet were current. While such rumours should probably be discounted somewhat there can be little doubt that Thomas White and J. A. Chapleau, and probably J. H. Pope, the Minister of Railways and Canals who heard most of Stephen's lamentations when Sir John was not available, exerted some pressure on Macdonald to bring about the end of disallowance.

7. T. M. Daly to Macdonald, August 17, 1888; Macdonald Papers, Vol. 131, pp. 54264-54265.

8. See Thomas White to Macdonald, July 28, 1887; Ibid., Vol. 270, pp. 123592-123597.

Early in 1888 Lieutenant Governor Aikins, whose term of office was expiring, visited Ottawa and had several conferences with Macdonald. Aikins had already made it plain to Macdonald that he considered the continuation of disallowance a mistake, and it takes little originality to imagine what he might have told Macdonald. Aikins has, in fact, usually been given considerable credit for persuading Macdonald to end disallowance. Begg, for example, states,

"Lieutenant Governor Aikins visited the capital just at the critical period and his counsel could not have failed to carry weight with the Cabinet of which he had been a valued member."⁹

This, it would seem, is somewhat of an overestimation of Aikins' role. The circumstances under which he left the cabinet, particularly his differences with Mackenzie Bowell about tariffs, both before and after his resignation, and the course of his conduct in Manitoba were not of the sort that would incline Macdonald to pay particular attention to Aikins advice. Macdonald was clearly dissatisfied with the Manitoba Lieutenant Governor when he wrote, "I don't think you have acted the Lt. Gov. over these ministers of yours sufficiently,"¹⁰. Aikins, in Macdonald's opinion, had not controlled or restrained his ministers, in fact, had not even withheld his assent to very dubious legislation, some of which had already once met with federal disallowance. He had allowed himself to be deceived and duped by his ministers and had not really been a successful Lieutenant Governor. After Aikins' retirement Macdonald wrote, "He (Schultz) will be as firm as Aikins was weak."¹¹. This certainly was no commendation for Aikins but even so his advice on Manitoba affairs must have carried some weight in cabinet.

9. Alexander Begg, A History of the North West, Vol. III, Toronto, 1895 p. 304.

10. Macdonald to Aikins, September 15, 1887; Macdonald Papers, Vol. 527, p. 228.

11. Macdonald to Stephen, July 7, 1888; Stephen Papers, p. 244.

Doubtlessly more significant, however, was the pressure that Lord Lansdowne, the Governor General, was allegedly beginning to exert against disallowance. Lansdowne on several occasions had been obliged to suppress his own free-trade and laissez-faire English Liberalism while in Canada when accepting the advice of his constitutional advisors, the proponents of the National Policy in which protection figured so prominently. No doubt the most serious clash between Lansdowne and the Canadian Government came as a result of Lansdowne's confidential despatch of October which fell into the hands of Sir Charles Tupper in Washington where Tupper, as a member of the Imperial delegation, was helping in negotiating the Washington Treaty. The despatch, written mainly because Lansdowne anticipated that the Americans would make an offer of freer trade at Washington, was sent to the negotiators for their information by the Colonial Office. It is doubtful that the Colonial Office had thought of Tupper's position in the Canadian government when it enclosed Lansdowne's despatch in the diplomatic mail bag, and Tupper got to see a document which Lansdowne at least never intended for Canadian readers.

In this despatch Lansdowne discussed the whole proposal of "Commercial Union" or "Continental Union", a proposal for complete free trade with the United States which was vehemently opposed by Macdonald's government. While not openly supporting the proposal Lansdowne heavily discounted several of the most weighty arguments against it. Specifically Lansdowne did not seem to think that the destruction of many of the Canadian tariff fostered industries, or the prospect of tariff discrimination against British products as opposed to free trade American ones, was particularly disconcerting or evil. In effect Lansdowne warned the British negotiators against opposing American free trade proposals which might be made at Washington and which he believed would be

popular in Canada.

"This at any rate may be said that if such an offer were made it would be for the interests of the party now in power to throw the responsibility for its rejection upon the Imperial Government rather than to assume that responsibility itself. If such an offer were to be so rejected and it became possible for the advocates of commercial union to make it appear that that offer had been put on one side by the representatives of Great Britain merely because it was regarded as detrimental to the interests of the United Kingdom the feeling which already exists in favour of the change would receive an immense accession of strength."¹².

The entire despatch reflected Lansdowne's free trade thinking, and indirectly his distaste for several of the most important aspects of the National Policy. Tupper sent a copy of the despatch to Macdonald and for a time this incident threatened to disrupt the usually friendly relations between the Governor General and the Canadian Government. In the end, however, it merely elicited a sharp reply from Tupper.¹³.

The significant point in connection with the Manitoba disallowance question is that the arguments against "Commercial Union" which Lansdowne seemed to belittle were the same as those against the admission of American railway competition in western Canada. The arguments in favour of freer trade between Canada and the United States applied with equal strength in favour of freer trade across the Manitoba-Minnesota border, and there is some evidence to suggest that Lansdowne was not really in favour of the disallowance policy. He only accepted the recommendations for disallowance hesitatingly and wanted an opportunity to study them personally, as is evidenced by his letter of March 23, 1887,

"I signed the order disallowing the Manitoba Railway Acts last night. It would, however, have been more satisfactory to me if the

12. Lansdowne to Sir Henry Holland, October 31, 1887. A copy of this despatch is contained in Macdonald Papers, Vol. 44, pp. 17365-17381.

13. Tupper to Lansdowne, January 10, 1888; Tupper Papers, Subject File No. 468.

papers had reached me at an earlier date. The question involved is a very important one, and under the circumstances your advice should if possible be given before the twelfth hour."14.

Lansdowne definitely considered the disallowance policy to be only a short term expedient rather than a permanently useful policy. In one of his official despatches he wrote,

"I am quite disposed to admit that the Province would have good ground for complaint were there to be any prospect that it would be permanently debarred from the exercise of a right which belongs to it under the terms of its constitution, or if its interest were to be for all time subordinated in this matter to those of the older Provinces. It is not, however, the case that any such intention is entertained by the Canadian Gov't...I am able to assure you that the question is one which will obtain the most anxious consideration at the hands of my Government, and that it desires, at the earliest possible opportunity, to meet the wishes of the people of Manitoba in so far as these wishes can be gratified without injustice or breach of faith with others."15.

Lansdowne did not question the constitutionality of disallowance, as a constitutional power of the executive branch of the federal government. Precisely what advice he might have offered in conversation with Macdonald is difficult to determine, but the settlement agreed upon in March of 1888 was very satisfactory to him and he did everything he could, as will be mentioned later, to facilitate the settlement. There can be no doubt that Lansdowne was eager to see the problem settled amicably and that he was at least somewhat sympathetic to Manitoban complaints.

Lansdowne could not, however, act independently or refuse further disallowances even if he had wished to do so. In a series of despatches during the 1870's the Colonial Office had, for a time, argued that under particular circumstances the Governor General might act on his own discretion, even contrary to the advice of his cabinet on a question of disallowance of provincial legislation. By this means the Colonial Office had hoped to safeguard

14. Lansdowne to Macdonald, March 23, 1887; Macdonald Papers, Vol. 87, pp. 34024-34025.

15. Confidential Despatch from Lansdowne to Sir Henry Holland, August 30, 1887; Governor General's Office Records, R. G. 7, G. 21, Vol. 92, File No. 191.

provincial rights and establish an impartial supervision over provincial legislation. The Canadian Government, led by the then Minister of Justice, Edward Blake, had, however, successfully challenged the Colonial Office's interpretation of the powers of the Governor General as opposed to the Governor General in Council on this point. In the end it was admitted that the Governor General must not do any important act of State except as his Ministers advise.¹⁶ Thus it was obvious that Lansdowne could not act independently on the question of Manitoba disallowance. Whatever influence he might have exercised in the Manitoba disallowances of necessity had to be channelled through the Governor General in Council.

In additions to pressures being exerted upon Macdonald in Ottawa to end disallowance the Manitoba agitation continued, in fact increased, engulfing not only provincial Liberals but Conservatives as well. Petitions coming in from Manitoba were unanimously opposed to disallowance, regardless of the political affiliations of the petitioners. The resolution passed by the Liberal-Conservative Association of Winnipeg on February 21, 1888, is indicative of the opinions current even among men who were ordinarily Macdonald's supporters.

"The time is past when mere personal or political friendship or party sentiment can cover or smother the real state of public feeling in Manitoba and the Northwest, in respect to the power, assumed or otherwise, exercised by the Governor General in Council, of disallowing Railway charters granted by the Legislature of this Province. We declare we will not submit to struggle any longer under a burden that is crushing the country to death. We therefore demand the discontinuance of disallowance, and that thus the Province of Manitoba be placed in the same position in regard to railways as are all the other Provinces forming the Dominion of Canada."¹⁷

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16. For an excellent treatment of the disagreement between the Colonial Office and the Canadian Government on the disallowance of provincial acts see D. M. L. Farr, The Colonial Office and Canada, Toronto, 1955, pp. 107-132.
 17. Resolution of the Liberal-Conservative Association of Winnipeg, (47 signatures), February 21, 1888; Macdonald Papers, Vol. 327, p. 147855.

In the fall and winter of 1887 yet another Manitoban grievance appeared and served to increase the agitation for an end of disallowance. This was the so called "grain blockade." Macdonald had always been of the opinion that most of the Manitoba troubles were due to the hard times that had come upon Manitoba as a result of the collapse of the "boom", of drought, grasshoppers and early frosts. A good crop, he was confident, would go a long way to solving the difficulties and allaying discontent. The crop of 1887 was in fact such a crop, the best Manitoba had yet had. Unfortunately the bounties of nature only compounded the provincial problems since it quickly became evident that the C. P. R. had neither the rail facilities nor the rolling stock to handle the increased volume of trade. Farmers who brought their grain to the various stations along the mainline of the C. P. R. found that it could not be shipped that fall due to shortage of railway cars. They had to pile their grain in long piles along the railway hoping that it would survive the winter without serious damage. Again the monopoly was blamed for this unhappy state of affairs, and the "grain blockade", which prevented the Manitoba farmer from marketing much of his first good crop in several years, made monopoly and disallowance even more unpopular in Manitoba. It was in fact one of the main reasons given later by the federal government for the abandonment of disallowance.

Thus it seems clear that a great deal of pressure from various quarters was being brought to bear on Macdonald to reconsider the policy of disallowance early in 1888. And above all this there was the threat of precipitous action on Greenway's part which might result in violence and perhaps international complications if either the United States or the Imperial Privy Council should come to espouse Manitoba's cause. It seemed absolutely essential that the

matter be settled somehow, and it is perhaps not surprising that overtures were made to Greenway almost as soon as he assumed office. Although Macdonald at this time was still hopeful that the '91 compromise might be the way out of the difficulty he was nevertheless eager to enter into direct negotiations with Greenway.

As soon as Greenway had safely won the ministerial by-elections Macdonald began making friendly overtures towards the new government, soon culminating in an invitation for Greenway to come to Ottawa to discuss the railway problem. These overtures were made through W. F. Alloway, a friend of Greenway's who evidently also enjoyed the confidence of several prominent provincial Conservatives and who had somehow managed to gain a hearing with Macdonald. As a result of his audience with Macdonald Alloway relayed verbatim a message from Macdonald to Greenway which read as follows,

"I desire to repeat that the Gov't here is desirous of having all matters between the Dominion and Manitoba, including the disallowance question discussed, and if possible arranged. As verbal communication is more likely to produce satisfactory results than lengthened correspondence I would suggest that Mr. Greenway should visit Ottawa at an early date. I shall take care that a representative of the C. P. R. shall be in Ottawa at the time of Mr. Greenway's visit."18.

In a second cable of the same day Alloway wired,

"Had satisfactory interview with frank leading member of Government. Think an arrangement will be arrived at whereby we will reach the boundary...Stephen sent for."19.

Greenway was somewhat wary of these invitations since he felt he really had nothing to negotiate. He would accept nothing less than the immediate end of disallowance, which he claimed as a provincial right for which he need not give anything in return in the negotiations. He consulted with Robert Watson,

18. Alloway to Greenway, February 29, 1888; Greenway Papers, Folio No. 249.

19. Alloway to Greenway, February 29, 1888; Ibid., Folio No. 250.

Manitoba's lone Liberal Member of Parliament, who obtained an interview with Macdonald on the question and wired back, "Have seen Sir John. Would advise you to act on Alloway's message of yesterday."²⁰.

Following receipt of this message Greenway decided that a visit to Ottawa might well prove useful. Thus, when the legislature met on March 1, 1888, after the adjournment to facilitate the ministerial by-elections, it was immediately adjourned again until March 16, 1888, to enable Greenway and Joseph Martin, the new Commissioner of Railways, to go to Ottawa to meet with Sir John.

The provincial delegates arrived in Ottawa on March 6, and immediately requested a conference with the federal government, stating clearly what they considered the purpose of their visit to Ottawa. A little later, in discussing the purpose of their visit, they wrote,

"The presence of the undersigned and his colleague at Ottawa is due solely to their great desire to meet the Government of Canada in an accomodating and conciliatory spirit, and must not be construed as an indication of their yielding to the Government of the Dominion those inalienable rights possessed by the Province of Manitoba in common with the other Provinces constituting the Dominion of Canada."²¹.

On the 8th of March Greenway and Martin had a preliminary interview with a cabinet committee at which time they presented their case. Greenway later described this meeting as being, "in the nature of a preliminary meeting and yielding no indication of the intention of the Dominion Government as to settlement of the leading question at issue."²².

After this meeting the two heard nothing for several days. Then Macdonald briefly suggested that they ask for a further adjournment of the provincial legislature "in order that full time might be allowed for the deliberation of the Dominion Government."²³. Meanwhile Greenway and Martin were left to while

20. Robert Watson and W. F. Alloway to Greenway, March 1, 1888; *Ibid.*, Folio No. 259.

21. P. C. No. 577 of 1888, (Dormants) Final Memorandum respecting the visit of the delegation of the Manitoba Government in reference to the Disallowance of Provincial Legislation.

22. P. C. No. 514 of 1888, (Dormants) Memorandum respecting the visit of the delegation of the Manitoba Government in reference to the Disallowance of Provincial Legislation.

23. *Loc. cit.*

the time away in their hotel rooms, fearing to venture out lest they be away when the Cabinet might be ready for them, thus giving Macdonald an additional pretext for postponements. After several days of waiting the two delegates became impatient and on March 13 drew up a memorandum which they sent to the Governor General in Council and in which they stated their position and asked for an immediate interview since it was necessary for them to leave on the 16th if they were to meet the legislature on March 22nd when the additional postponement would expire.²⁴ On March 14, however, Macdonald asked Greenway to ask for yet a further postponement of the Manitoba legislature, this time until March 25th. Greenway consented to do this only on the assurance that before the expiry of that time some definite assurance on the disallowance question would be given him. When nothing further developed for several days Greenway and Martin despatched a second memorandum on March 16, 1888.²⁵ Receiving no response to this memorandum other than an official acknowledgement of receipt from the Governor General's office Greenway and Martin delivered themselves of a final memorandum on March 19, 1888.²⁶ In this memorandum Greenway clearly stated that he was not a "suppliant for favours at the hands of the Government of the Dominion."²⁷ Rather he regarded himself "simply as the vehicle by which is conveyed to the Government of Canada the determined intention of the Government and people of Manitoba to oppose any further infringement of the constitutional rights guaranteed to that Province by an Act of the Imperial Parliament."²⁸

24. P. C. No. 553 of 1888, (Dormants), Supplementary Memorandum respecting the visit of the delegation of the Government of Manitoba with reference to the Disallowance of Provincial Legislation.

25. Loc. cit.

26. P. C. No. 577 of 1888, (Dormants), Final memorandum respecting the visit of the delegation of the Manitoba Government in reference to the disallowance of Provincial Legislation.

27. Loc. cit.

28. Loc. cit.

He then went on to state,

"That the undersigned and his colleague do not consider it compatible with their position and the dignity of the Province which they represent, to further delay their departure from Ottawa, the more especially so, as, up to the present time, no indication has been received from the Government of the Dominion of a recognition of their presence as a delegation from the Government of Manitoba specially invited to confer with the Government of the Dominion with reference to the leading question at issue."²⁹.

Finally, absolving themselves of responsibility for any unfortunate results which might result due to the failure to reach an agreement, Greenway and Martin left Ottawa on March 20, 1888, for Winnipeg via Toronto and Chicago. Greenway was determined not to appear as a beggar in Ottawa and unwilling to wait indefinitely for Macdonald's convenience.

The main reason for the federal government's delay and inaction which tested Greenway's patience to the breaking point centered around federal negotiations with the C. P. R. for the surrender of the monopoly clause. While the C. P. R. was certainly eager at this time to get rid of the monopoly clause Stephen was determined to hold out for immediate and substantial government assistance to the railway as the price for the surrender of clause 15. Stephen was asking for a federal guarantee on the principal and 4% interest of a \$15,000,000 bond which the company proposed to float in order to get it over its immediate financial difficulties and "to put the line into a thoroughly efficient state for doing its work well and economically and with equipment and appurtenances sufficient to make its inherent power felt by opponents when unfairly attacked."³⁰. Macdonald offered to guarantee 3% interest only and it was this inability of Stephen and Macdonald to agree on the extent of federal assistance to the C. P. R. as a price for the surrender of the monopoly which kept Greenway and Martin waiting in their rooms at Russell House.

29. Loc. cit.

30. Stephen to Macdonald, Nov. 11, 1887; Macdonald Papers, Vol. 270, p. 123747.

Greenway's apparently unexpected departure on March 20, allegedly to go to Chicago to enlist financial support for the R. R. V. R., however, forced the federal government to act immediately. Greenway's final memorandum had been delivered to Governor General Lansdowne by Greenway's emissary, Lieutenant Colonel Scoble, and it was Lansdowne who was the first to act. He requested that Scoble, who had intended to follow Greenway to Chicago on the 21st, delay his departure in view of the fact that negotiations were still in progress.^{31.} Scoble complied with Lansdowne's request writing to Greenway, among other things,

"Wainwright came up this morning and saw Chapleau this p. m. Chapleau told him that nothing was settled, owing to the excessive demands of the C. P. R., but that the matter must be finally settled in a few days...I am sorry the message from His Ex. has disturbed our plans, but I am sure you will wish me to remain."^{32.}

The plans Scoble spoke of here were probably those of meeting Greenway in Chicago on the 23rd.

Greenway's final memorandum and his departure also had an immediate effect on the cabinet. Scoble wrote as follows in this regard,

"Your letter and Memorandum to the Government was mailed last night as Chapleau was not in the House. It must have produced some effect, as Chapleau went at once to Sir John with it this a. m. and they were closeted at Earncliffe till afternoon. A cabinet council was called immediately after, and the question must have been considered."^{33.}

The immediate action of the federal government was that on March 21st, 1888, Macdonald wired Greenway and Martin asking that they return to Ottawa and promising that a settlement of the dispute was definitely in sight. On the strength of this message from Macdonald the two returned. These developments had not, however, done anything to bring the differences between the C. P. R. and the federal

31. Lansdowne to Lt. Col. Scoble, March 20, 1888; Macdonald Papers, Vol. 88, p. 34489.

32. Scoble to Greenway, March 20, 1888; Greenway Papers, Folio 283.

33. Scoble to Greenway, March 20, 1888; Ibid., Folio No. 283.

government into harmony. In fact the two seemed completely unable to agree on the terms of the proposed federal guarantee of C. P. R. Bonds. As a result the provincial delegates were once again left unmolested at Russell House. As Greenway once again became restless Macdonald decided to force the issue with the C. P. R., and on March 30, 1888, he sent Greenway a letter which read in part,

"The great and unexpected harvest of last season and the increased area proposed to be sown this year prove that additional facilities for the transport eastward of the agricultural products of the North-West will be required, and while I have reasons to believe that the Canadian Pacific Railway Company will make large expenditures to enable it to handle this increased traffic the administration will not advise the disallowance of a bill similar in principle to the Act for the construction of the Red River Valley Railway."³⁴

This in effect marked the end of the C. P. R. monopoly and the federal policy of disallowance of Manitoba railway charters. Stephen now had little choice but to accept Macdonald's latest offer of a federal guarantee of $3\frac{1}{2}\%$ on the interest only of a \$15,000,000 bond issue. Thus, although Stephen was still grumbling loudly on March 30,³⁵ there was little difficulty with the C. P. R. thereafter about the surrender of the monopoly clause.

It was, of course, well known that the elimination of the C. P. R. monopoly and the end of disallowance would be extremely popular in Manitoba and Manitoba politicians of all political persuasions were eager to claim credit for the settlement of the difficulty. In this regard the Conservative Members of Parliament from Manitoba became particularly irritated when their advice was not sought by Macdonald during the negotiations with Greenway. A letter from Thomas Mayne Daly, Member of Parliament for Brandon, is fairly typical of the feeling of Manitoba Conservatives

34. Macdonald to Greenway, March 30, 1888; Macdonald Papers, Vol. 527, p. 458. It is no doubt significant that this letter had been drafted in advance by Thomas White, a known critic of the monopoly, and on March 30 it needed little more than Macdonald's signature. Thomas White's draft of the letter to Greenway on disallowance can be found in Ibid., Vol. 119, p. 48594.

35. Stephen to Macdonald, March 30, 1888; Ibid., Vol. 271, p. 123892.

at this time. Daly wrote to Macdonald,

"As neither myself or colleagues have been consulted in reference to the mode of settling the difficulty...I would like to place my views on record. I would urge upon you that myself and my colleagues, Ross, Scarth and Royal should be permitted to meet the same committee of the Privy Council that Greenway and Martin met, and that we should be allowed to place our views before this committee."³⁶.

This request was not granted, doubtlessly because Macdonald did not consider the problem to be of a local nature only. Rather, he looked upon it within the context of the larger National Policy about which he felt no need to consult with the Manitoba Conservatives who simply wanted the monopoly ended because it was becoming very unpopular in their constituencies. Consequently the Manitoba M. P.s got very little credit for the final settlement of the difficulty and could only hope with Daly, "that the people of Manitoba will appreciate the efforts of myself and colleagues on this side of the House in connection with this matter."³⁷.

The provincial Conservatives under Norquay also tried to claim some credit with the claim that their resistance in 1887, rather than Greenway's negotiations in 1888, had brought about the end of disallowance. Nevertheless, the Conservatives of Manitoba, both federal and provincial, went away empty handed receiving little or no credit for the settlement for which they too had been agitating for years. Understandably the Conservative reaction was one of irritation, well described by Macdonald when he wrote,

"By the way, I hear that the Winnipeg Conservatives who have been most clamorous for the removal of monopoly are now so irritated because it has been removed while Greenway was Premier that they resolve to show their gratitude by opposing any ministerial candidate that may offer in Provencher in Royal's stead."³⁸.

36. Daly to Macdonald, March 21, 1888; Ibid., Vol. 131, p. 54290.

37. Debates of the House of Commons, 1888, p. 1346, T. M. Daly on May 11, 1888.

38. Macdonald to Schultz, Aug. 2, 1888; Macdonald Papers, Vol. 528, p. 106. The Provencher by-election was brought on by Royal's proposed appointment as Lt. Gov. of the North West Territories.

The ending of the disallowance policy was clearly a victory for Premier Greenway and his provincial Liberal party and a serious setback for Conservative prospects in the province. Defiance had triumphed where conciliation has obviously failed and Greenway, when he returned to Manitoba, was loudly praised and lauded by the citizens of the province. He proudly reported his success in Ottawa to the local legislature and introduced a new bill for the construction of the R. R. V. R. as a public work of the Province, but with the provision that it might be sold or leased as deemed suitable. Having done this Greenway dissolved the legislature and called a general election for July 11, 1888. He campaigned mainly on the strength of the broken monopoly and won a sweeping victory. 33 Liberals and 5 Conservatives were elected, Norquay himself retaining his seat in Kildonan by the slim majority of two.³⁹.

Macdonald, for his part, by no means regretted these reverses of the provincial Conservatives under Norquay's leadership. Writing about the election results Macdonald merely remarked to Stephen, "I am glad that Greenway, since he was bound to succeed has got a large majority."⁴⁰—Tupper probably expressed the federal government's attitude very accurately when he wrote,

"I dont think the result in Manitoba is to be regretted. A new and improved conservative party is indispensable there and I would have been glad if Norquay had gone with the rest."⁴¹.

Thus it was obvious that the federal government was prepared to try and work with Greenway who had just received a clear mandate from the provincial voters for his policy of railway competition in Manitoba. Macdonald had clearly had enough

39. Watson to Laurier, July 14, 1888; Laurier Papers, Vol. 737, pp. 208234-208245.

40. Macdonald to Stephen, July 17, 1888; Stephen Papers, pp. 241-242.

41. Tupper to Macdonald, August 1, 1888; Macdonald Papers, Vol. 284, pp. 130485-130488.

of Norquay of whom he wrote, "Until Norquay is finally squelched we can have no Conservative party in Manitoba."⁴². This feeling was fully shared by the new Lieutenant Governor, John C. Schultz, whose "Canadian" party had been denied political power in 1871 by Norquay's entry into and support of the racially moderate government of Premier Davis. As long as Norquay was leader of the opposition Greenway could be certain that Macdonald and Schultz would not be too eager to see the new Liberal government defeated. Thus it was clearly up to Greenway to show what he could do in the way of obtaining railway competition in Manitoba.

The first step in obtaining such competition seemed to be the speedy completion and operation of the R. R. V. R. After March of 1888, however, a new possibility presented itself. Now that the hostile border connection was a certainty the C. P. R., which already had two lines of railway running from Winnipeg to the Minnesota border, began to think that these lines would henceforth be of very little value to the Company. Thus, while Greenway was still in Ottawa, the C. P. R. offered to lease its Emerson line to the Province, provided that full running rights be given to all railway companies that might apply, and the R. R. V. R. be left uncompleted. Premier Greenway was not unwilling to consider this offer, but the \$50,000 rental that the C. P. R. was asking was too high. In the words of H. H. Smith,

"Mr Greenway considered \$35,000 too much, as it is equivalent to the interest of \$700,000, whereas the Government estimate they can construct and equip their road with rolling stock for \$600,000. I think, therefore, an offer, to receive consideration would require less than that figure."⁴³.

Stephen never did make a definite offer for less than \$35,000 and, perhaps also due to the latent hostility toward the C. P. R. in the province, Greenway did not lease the Emerson line. He was thus committed to the building of the R. R. V. R.

This left the provincial government with two alternatives. It could either

42. Macdonald to Stephen, July 7, 1888; Stephen Papers, p. 244.

43. H. H. Smith to Macdonald, June 30, 1888; Macdonald Papers, Vol. 131, p. 54364.

build and operate the R. R. V. R. as a provincial undertaking, granting running rights to the various railway companies which might wish to use the provincial road, or it could turn over the construction and operation of the R. R. V. R. to a private company with suitable provisions to ensure competition.

Greenway and his Railway Commissioner, Joseph Martin, had never been particularly enthusiastic about government involvement in the operation of railways, except as an expedient whereby to thwart the federal disallowance policy. Thus, with disallowance ended, the Greenway Government began making exploratory offers to American railway companies for the construction of the R. R. V. R., and for its operation in competition with the C. P. R. It had always been assumed that American railways, particularly the Northern Pacific, were very much interested in gaining a foothold in Manitoba. The Northern Pacific had certainly displayed a keen interest in things Canadian in 1870-1873 and it had never occurred to anyone that this interest might have abated somewhat in the meantime. Thus it was perhaps natural that Greenway should enter first into negotiations with the Northern Pacific. When, after some delays, Northern Pacific negotiators finally responded to Greenway's invitation to come to Winnipeg to enter into negotiations with the provincial government it soon became obvious that Manitobans had been overly optimistic about American interest in the Canadian west. The prolonged depression in Canada after 1873, the disillusioning experiences of American railways in prairie operations where profits were considerably slower in coming than had been expected, the actions and policies of Henry Villard who helped deflect Northern Pacific interests from Canada to his more southerly Oregon transportation enterprises during his presidency of the company, and the rising strength of J. J. Hill's St. Paul Minneapolis and Manitoba Railway as well as the obvious support of the C. P. R. by the Canadian government had all helped to lessen Northern Pacific interest in Canada. There seems little doubt that this loss of

interest in things Canadian by the N. P. stemmed from Villard's presidency and the lessons of his failure in making the prairie section of the N. P. a profitable operation. Villard's attempts to make Portland rather than a Puget Sound port the western terminus of the Northern Pacific implied directly the abandonment of earlier N. P. ambitions in the Canadian west. Villard himself was not particularly interested in the Canadian west as is evidenced by the fact that his biographer never directly mentions Canada or the Canadian Pacific except when he refers to J. J. Hill's rather than Villard's attempts to get into Canada.⁴⁴ The rising fortunes of J. J. Hill and his St. Paul, Minneapolis and Manitoba Railway Company also served to deflect Northern Pacific interest from Canada. The St. P. M. & M. became an effective buffer between the N. P. and Canada, and Villard's successors soon showed far more interest in fighting the St. P. M. & M. than in launching out on speculative adventures in the sparsely settled Canadian west. The fact of the matter was, as the Manitoba government soon learned, that the N. P. was not particularly eager to risk any of its own money in Canada and demanded substantial inducements before undertaking the construction and operation of the R. R. V. R. Their initial proposal to the provincial government drew the following response,

"Referring to our several conversations on railway matters, and your offer to take over and operate the R. R. V. R. on its completion on certain conditions, I beg to say that while the Gov't are willing to offer any reasonable inducements to the company you represent to come into the province, we cannot possibly entertain the proposition submitted to us by yourself and Mr. Kendrick. It is our intention to proceed with the construction of the line as rapidly as possible and failing to make some reasonable arrangement with your people we shall be compelled to turn our attention to other quarters."⁴⁵

While this letter still sounded fairly optimistic the provincial government began to have serious misgivings about the hearings they might receive in other

44. James B. Hedges, Henry Villard and the Railways of the Northwest, New York, 1930.

45. Copy of letter to N. P. Solicitor, c. July, 1888; Greenway Papers, Folio 302.

American railway quarters and, failing to come to an agreement with some American railway system to the east, whether they might not be stranded with a railway to the border with no connection if the R. R. V. R. was built as a provincial undertaking. Thus they were not willing to break off negotiations with the N. P. and Schultz wrote of the first unsuccessful negotiations with the N. P.,

"The negotiations which have been going on here between the Northern Pacific's St. Paul counsel, McNaught, and others with the local government, culminated yesterday in failure to agree...They have requested and Mr. Greenway has consented to go to Chicago to meet Oakes, V. Pres. of N. P., and he Greenway, thinks he may have to go to New York."46.

A detailed discussion of the points of difference between the N. P. and the provincial government is beyond the scope of this thesis. Suffice it to say that Greenway accepted the invitation to come to Chicago and later also went to New York to negotiate. At these meetings the provincial government virtually gave in to all the N. P. demands, thus facilitating the signing of the Northern Pacific and Manitoba agreement, whereby the N. P., with the promise of considerable government support, undertook to complete and operate the R. R. V. R. as well as several other branch lines to which the Greenway government was committed. The provincial government retained the right, under specified conditions, to control and regulate freight rates on the railway. The new Northern Pacific and Manitoba Railway Co. which was the result of this agreement undertook to enter into no agreements with, or extend running rights and other privileges to the C. P. R. and its affiliates or to the St. P. M. & M.

The Northern Pacific and Manitoba railway agreement symbolized the victory of the province over unpopular national railway policies and federal disallowance. It was, in its general terms, the very thing Manitobans had been agitating for² for

46. Schultz to Macdonald, July 18, 1888; Macdonal Papers, Vol. 131, pp. 54367-54368.

seven years. But there was something disconcerting about the whole affair. The Northern Pacific had not shown nearly the enthusiasm that Manitobans had expected, and had in fact insisted on a pretty hard bargain before agreeing to come into the Province at all. The agreement with the Northern Pacific that Greenway had signed obviously fell far short of the transportation utopias that the province had naively assumed would follow the introduction of American railway competition into the province. It was, of course, easy to find fault with Greenway and Martin, in fact even accuse them of incompetence and treachery, but basically the reason for dissatisfaction in 1888 came because both the Manitoba agitators and the federal government had deceived themselves about the eagerness of the American railways to get into Canada. The days were obviously past, if indeed they ever existed, when American railroads would be willing to pay the western farmer to ship over their lines rather than over the C. P. R. as Macdonald alleged they would during the debate on the C. P. R. charter. Thus Manitoba's moment of victory proved somewhat disillusioning, and the popularity of Greenway's government suffered as a consequence.

Even before the agreement was signed Greenway was well aware that he would have to face severe criticism, much of it from his own followers, for the deal he had made with the Northern Pacific. It was probably the best that could be gotten from the N. P., but fell short of provincial expectations and ran contrary to a number of powerful interests and political forces in the province.

The most serious opposition doubtlessly came from the Manitoba Free Press, the powerful organ of the Liberal party which had, in recent years, done a great deal to bring the Greenway Government into office. The Free Press was opposed to any arrangement which would permit any one Company to own and operate the R. R. V. R., charging that the result of this arrangement would simply be that instead of monopoly the province would now have a duopoly. The Free Press was rather

suspicious of all railway companies, believing that each would take just as much as they could get, and that the only way to get lower freight rates and competition was to get several railway companies into a vigorous competition and freight rate war. The best way to achieve this, the Free Press believed, was to operate the R. R. V. R. as a provincial highway, allowing all comers equal running rights on the road. Thus the company offering the lowest rates would obviously get the business. The Free Press soon accused Greenway of selling out to the Northern Pacific and alleged that graft and corruption were at the bottom of the whole agreement.⁴⁷.

It was obvious that if the Free Press proposals had been adopted the provincial government would have had to operate the R. R. V. R. itself, probably at a loss if C. P. R. rates were to be substantially undercut, leasing it to the various companies that might wish to use it. The Free Press proposals offered no guarantee that American railroads would offer connections with the R. R. V. R. at the border, and several Conservatives, particularly Daly, found a considerable source of merriment in conjuring up visions of a provincially sponsored R. R. V. R. simply running out of track at the 49th parallel of latitude.⁴⁸ Although it must be admitted that much of this was wishful thinking on Daly's part there was no doubt that an agreement binding one of the large American railway companies to the success of the R. R. V. R. had definite advantages. Furthermore Manitoba could have expected even less rail construction in Manitoba by the Northern Pacific if the agreement had not been made, and the provincial government would have been obliged to finance or at least support any independent branch lines. Nevertheless, the deal with the Northern Pacific, on what the Free Press felt were unnecessarily favourable terms, brought Greenway the opposition of that paper.

47. W. L. Morton, Manitoba, A History, 1957, Toronto, p. 236.

48. See for example the letters from Daly to Macdonald in Macdonald Papers, Vol. 131.

A second source of opposition and trouble arose from the Manitoba Central Railway, whose charter had been passed in the session of 1887, only to be disallowed by the federal government. Shortly after approving the charter of the Manitoba Central Railway in 1887, however, the Norquay government had entered into an agreement whereby the Manitoba government undertook to,

"Lease to the Company (Manitoba Central Railway Co.) the said Red River Valley Railway or other railway which may be constructed by the Government ...for a term of ninety-nine years from the time the Road is so leased by the Company at a yearly rental of Forty-five thousand dollars based upon five per cent per annum interest upon the nine hundred thousand dollars being the estimated cost of the said Railway."⁴⁹.

If the Manitoba Central Railway desired they could also, according to the agreement, buy the R. R. V. R. for seven hundred and fifty thousand dollars. The government, however, was to reserve the right to grant running rights to other companies and to regulate freight rates. Since the Manitoba Central Railway charter had been disallowed and the agreement had been entered into by the Norquay government there seemed little reason, either legal or moral, why the Greenway government should feel bound by it. Nevertheless, the Manitoba Central Railway had on its board of directors and as its promoters several prominent and powerful provincial politicians, the most notable of which were Duncan MacArthur and R. P. Roblin. Both of these men, as well as other promoters of the Manitoba Central had supported Greenway and the Liberal party in the 1888 provincial election campaign and claimed that Greenway had definitely promised them that the new government, if elected, would complete the R. R. V. R. and, in accordance with the abovementioned agreement, turn that road over to the Manitoba Central. Living up to at least some of the alleged election promises Greenway allowed a charter of the Manitoba Central to be passed shortly after his election victory.⁵⁰

49. A copy of this agreement, together with a petition from Duncan MacArthur on behalf of the Manitoba Central Railway were submitted to the Governor General in Council and can be found in P. C. No. 2345, 1888 (Dormants).

50. Statutes of Manitoba, 51 Vict., chap. 51, 1888.

Greenway later denied having promised anything to the Manitoba Central. Whether such promises were actually made or not seems somewhat irrelevant since the Northern Pacific and Manitoba agreement was sufficiently contradictory to Manitoba Central interests that the latter company would have opposed the Northern Pacific agreement in any case. While it was no doubt prudent of Greenway to get a commitment from even a subsidiary of the well established Northern Pacific for the construction and operation of railways from the border to Winnipeg and local lines to Brandon and Portage la Prairie to which his government was committed rather than trusting the untried ability of the Manitoba Central it did, nevertheless, bring him the opposition of the Manitoba Central and particularly of R. P. Roblin, later Conservative Premier of Manitoba.

The St. Paul, Minneapolis and Manitoba railway under J. J. Hill also managed to make things more difficult for Greenway. As has already been pointed out, the Northern Pacific and Manitoba agreement contained a clause specifically forbidding the new Company from making any traffic arrangements with or selling any of its stocks to the C. P. R., the St. P. M. & M. and other companies which were controlled by or co-operated with the C. P. R. Thus St. P. M. & M. opposition to the agreement was hardly surprising. Although the St. P. M. & M. and the C. P. R. had at one time co-operated closely the building of the C. P. R. line north of Lake Superior and the movement of traffic along this route rather than via the St. P. M. & M. had strained the relations between the two companies. Thus, in 1888, Hill was prepared to submit an alternative offer to the Manitoba government whereby the St. P. M. & M. would undertake to do all that the Northern Pacific had promised, and at a much more reasonable price. This offer was submitted shortly before the N. P. & M. agreement was signed.

Since, in the eyes of Manitobans, the St. P. M. & M. was inseparably bound up with the C. P. R. there was virtually no prospect that this offer would be

accepted. Furthermore Greenway had received numerous warnings from many sources, including one from R. J. Cartwright and another from Robert Watson, both Liberal Members of Parliament, warning,

"I might state to you in strict confidence that I have heard that there is a proposition working between the C. P. R. and the St. P. M. & M. to get control of the R. R. V. R."⁵¹.

As a result Greenway, in the words of George Stephen, "seems to be so suspicious that it is hardly possible to have anything to do with him"⁵². Although there is no evidence to prove that there had been close consultation between the C. P. R. and the St. P. M. & M. before the latter made their offer to the provincial government, it seems likely that, had the offer been accepted, the two companies might still have found it convenient to co-operate.

There is some doubt whether the whole offer of the St. P. M. & M. was in fact a sincere one or whether the Company, knowing that Greenway could not accept an offer from a company so closely associated with the C. P. R. and itself by no means popular in Manitoba, submitted the offer undercutting the Northern Pacific terms simply to embarrass the provincial government. Greenway at least viewed the whole offer as insincere and a plot of the C. P. R. and refused to even submit the offer to the legislature for consideration. The essential terms of the offer did, however, become known and helped to embarrass Greenway, not because he had refused the offer but because, by comparison, he had made such a poor deal with the Northern Pacific. The offer served to convince several of Greenway's followers that he had been weak in his negotiations with the Northern Pacific. This weakness seemed even more apparent in late August when parties representing the N. P. which had promised to meet the provincial government to establish a guarantee of maximum freight rates to Duluth failed to appear at the appointed time. Greenway set so great faith in the maximum freight rate provision and

51. Watson to Greenway, April 19, 1888; Greenway Papers, Folio 365. See also Cartwright to Greenway, April 17, 1888; Ibid., Folio 356.

52. Stephen to Macdonald, July 15, 1888; Macdonald Papers, Vol. 271, p. 123980.

provincial control of rates that when the N. P. negotiators failed to show up he was so upset that the Lieutenant Governor could write,

"He promised me today that if by tomorrow the N. P. parties have not come he will not meet the legislature till after harvest and mean time will sound his colleagues on the matter."⁵³.

Although the negotiators finally did come, and after several delays and concessions the matter was satisfactorily settled, it was becoming more and more obvious that the Northern Pacific was not really very enthusiastic about entering into stiff competition with the Canadian Pacific and a number of Greenway's followers became quite disgruntled. The impression that Greenway had somehow sold out to the N. P. and was now dependent on their whims and fancies continued to circulate. Since both the Manitoba Free Press and the Manitoba Central Railway alleged that their proposals would have given Manitoba a better deal, and the St. P. M. & M. offer actually seemed to offer a much better alternative, the criticism of the N. P. & M. agreement cut deep into Greenway's own support and the agreement turned out to be something less than a political triumph for Greenway. Shortly before the final agreement was brought up for debate and a vote in the legislature Greenway called a caucus meeting of which the Lieutenant Governor wrote,

"The caucus lasted from 4 p. m. yesterday to 6 this morning and it would seem that while the rural kickers have been persuaded that the contract is the best that can be made, yet Fisher and Isaac Campbell and two or three others of considerable debating power have not acquiesced. Meantime Luxton managed to make a strong case and the Board of Trade (Winnipeg) pronounced against it. Jones (the Provincial Treasurer) is said to be willing at any time to join Isaac Campbell and Fisher in the overthrow of the existing administration."⁵⁴.

Although the agreement was finally passed by a vote of 28 to 10,⁵⁵ the incident left deep scars and seriously weakened the Greenway administration. The

53. Schultz to Macdonald, Aug. 20, 1888; Ibid., Vol. 131, pp. 54420-54421.

54. Schultz to Macdonald, Aug. 20, 1888; Ibid., Vol. 131, pp. 54425-54427.

55. Schultz to Macdonald, Aug. 21, 1888; Ibid., Vol. 131, pp. 54492-54493.

agreement was a disappointment to Greenway as well as to most Manitobans since it fell so far short of accomplishing or promising to accomplish what had fondly been expected once the C. P. R. monopoly were removed. Manitoba now did have, it was true, railway competition but the N. P. did not promise to be nearly as enthusiastic a competitor as had been expected.

If Manitobans suffered disillusionment as a result of the N. P. & M. agreement the C. P. R. and its supporters were pleasantly surprised. They soon found that the C. P. R. could quite easily cop with American railway competition in western Canada, even at a time when the people and government of Manitoba were definitely hostile to the company. None of the evil results that Macdonald and Stephen had been speaking of for years seemed to materialize with the N. P. entry into Canada. In fact the C. P. R. soon showed a remarkable competitive strength. This competitive strength was due in large part to two factors which greatly helped the company to solidify the already strong position it held early in 1888.

The first of these was the ability of the C. P. R. to put itself in a strong financial position as a result of the federal guarantee on the interest of the \$15,000,000 land bond. This enabled the company to obtain the money necessary to put the railway, in Stephens words,

"into the highest state of efficiency in order to secure for the time to come the lions share of the business which is being so steadily developed in that growing country and carry it through British territory instead of allowing it to be diverted through the states."⁵⁶

In 1888, as at other times, an ample supply of funds proved a most effective instrument of competitive strength.

In addition to this the C. P. R. had successfully obtained control of several important lines running ^{to} Sault Ste Marie. This control of the "Soo" line helped the C. P. R. a great deal in its dealings with American competitors. Stephen had often

56. Stephen to Macdonald, Feb. 25, 1888; Ibid., Vol. 271, pp. 123843-123845.

mentioned the essentially unprofitable nature of the line north of Lake Superior.

In 1887 he stated categorically,

"The moment the C. P. R. is placed under the control of the G. T. R. and its American connections it ceases to be a true C. P. R. line and the Co. will have to make the most of its property by working with the American lines, leaving the through line to rot and a monument of Canadian folly."57.

In gaining control over two lines of railway running to Sault Ste Marie the C. P. R. had in fact established a second transcontinental C. P. R. route, the old international route south of Lake Superior that had been so frequently mentioned in Canadian railway history. In a tight fight the C. P. R. could now abandon, temporarily, the more costly Lake Superior line which had no local traffic to help pay operating costs as the "Soo" line did, and meet competitive rates on the Soo line. Stephen described the C. P. R.'s newly acquired control over the Soo line as follows,

"Our having in the interest of Canada secured control of the "Soo" line, it places the C. P. R. in a position to compel the Northern Pacific and Jim Hill both to observe good neighbourhood in Manitoba and the North West. The control we now have of the "Soo" extension from Minneapolis to Bismarck places us in a position (strategically) to compel them to play fair, and in securing this position, I think I have done more to secure the traffic of the Canadian Nor. West to the C. P. R. for all time to come, than anything I have yet done for it. I consider this if my last my greatest service to the maintenance of the power and independence of the national highway."58.

As a third means of protecting itself the C. P. R., for a time, attempted to obstruct, both legally and physically, the construction of the R. R. V. R., now renamed the Northern Pacific and Manitoba Railway Company. The C. P. R. charged that the charter incorporating the N. P. & M. was ultra vires the province since it in effect incorporated a railway that would run to points beyond the provincial boundaries, or at least make connections with its American counterparts to points beyond the province. Specifically the C. P. R. took out injunctions against the

57. Stephen to Macdonald, May 21, 1887; Ibid., Vol. 270, p. 123478.

58. Stephen to Macdonald, April 22, 1888; Ibid., Vol. 271, pp. 123911-123914.

N. P. & M. to prevent it from crossing C. P. R. lines in the province. It backed these injunctions up by a show of force when it derailed a dead locomotive in the path of the N. P. & M. and stationed a crew of men at the intended crossing point. Since public sentiment in Manitoba was almost unanimously on the side of the N. P. & M. open hostilities for a time seemed imminent, particularly when C. P. R. crews tore up work N. P. & M. crews had been doing secretly under cover of night. It seems that open hostilities were only prevented by Greenway who, at Lt. Gov. Schultz' instigations, exercised a very moderating influence over the more excitable provincial Railway Commissioner, Joseph Martin.

As a result of these tactics by the C. P. R. Joseph Martin applied to the federal Railway Committee of the House of Commons for permission to make the crossing. The Railway Committee carefully avoided any suggestions of the Act being ultra vires and therefore deserving of disallowance as the C. P. R. contended and instead applied to the Supreme Court of Canada for a ruling on a test case. The Supreme Court, again avoiding any mention of possible disallowance, simply handed down a decision to the effect that the Railway Committee had authority to grant Martin permission for the railway crossing in Manitoba. The Court avoided giving a decision on the legality of the provincial Act by means of a technicality, thereby ensuring that the act incorporating the N. P. & M. would stand. Macdonald wrote of the Supreme Court decision,

"The judgement or rather the answer of the Supreme Court was expected by both the Minister of Justice and myself, but the point raised by the C. P. R. was too important to be decided by the Railway Committee composed principally of laymen. The answer is unsatisfactory in as much as the Court has really left the matter in question where it was. It is, however, sufficient to enable the Committee to hear Martin as to the Crossing and to decide whether the plans are satisfactory."59.

After the decision of the Supreme Court the decision of the parliamentary Railway Committee was hardly in doubt, and the N. P. & M. became an established

59. Macdonald to Schultz, Jan. 2, 1889; Ibid., Vol. 528, p. 309.

fact. Macdonald and the federal government were now determined not to become involved in further disputes with the province, and wrote, "I am not sure that the C. P. R. are wise in fighting the thing to the bitter end, but it is their funeral, not ours."⁶⁰ It is, however, clear that the C. P. R.'s obstructive tactics in the so called "Whyte Crossing case", named after C. P. R. Superintendent Whyte at Winnipeg, did nothing to enhance the company's popularity in Manitoba, or to prevent the entry of the Northern Pacific into Manitoba.

Fortunately for the C. P. R. much of the provincial hostility against it was by one means or another short-circuited by the new Lieutenant Governor, John C. Schultz. Schultz proved himself an excellent defender of the C. P. R. and federal interests in Manitoba, and on a number of occasions was able to deflect or soften some provincial proposals that might have hurt the C. P. R. or the federal government, although he had no definite policy to follow. Schultz always remained in very close communication with Macdonald, on occasion writing as many as three letters or telegrams in one day.⁶¹ Yet he also enjoyed the confidence of Greenway, largely because it was well known that Schultz had absolutely no use for Norquay, the leader of the opposition. Greenway quite openly confided his troubles to the Lieutenant Governor and frequently asked for and accepted Schultz' advice. All this was, of course, relayed to Macdonald, who could write with truth,

"Governor Schultz fully understands my policy and will be as firm as Aikins was weak...Schultz is a clever man and I expect him by degrees to get hold of Greenway and steer him."⁶²

Schultz discharged his duties entirely to Macdonald's satisfaction as is shown by Macdonald's remark to John Thompson. "What a true fellow Schultz is."⁶³ Schultz

60. Loc. cit.

61. This happened on Oct. 20, 1888, when the "Whyte" railway crossing difficulty was at its height.

62. Macdonald to Stephen, July 7, 1888; Stephen Papers, pp. 243-244.

63. Macdonald to Thompson, Nov. 22, 1888; Thompson Papers, Vol. 65, p. 8642.

obviously could not prevent the N. P. & M. agreement altogether but he did help to make it as innocuous to C. P. R. and federal interests as possible. If Macdonald and Stephen had reconciled themselves to the fact that, for the time being, they would have to tolerate and get along with Greenway Schultz made this much easier.

By the end of 1888 several things were becoming increasingly obvious. The C. P. R. would be able to hold its own against American competition, and Manitobans had been generally over optimistic about the ease with which they would be able to obtain a vigorous competition in their railway system. Although the N. P. had gained entry into the province and was ostensibly competing with the C. P. R. things seemed to go rather badly for the N. P. & M. Shortly after the N. P. & M. inaugurated its service to Winnipeg Schultz wrote,

"The N. P. & M. are running a splendidly appointed daily train of N. P. cars and yesterday took out three passengers and their general ticket agent says that since the 15th Oct. he has sold 40 tickets. No freight comes or goes but their freight shed is still going on."⁶⁴.

Such a state of business was hardly encouraging to the N. P., to whom it was as obvious as it was to the C. P. R. that there was not yet sufficient traffic in Manitoba and the North West to support two extensive railway systems. Furthermore the N. P. quickly saw that the C. P. R. was in a good position to defend itself and retain most of the Canadian traffic. Thus the N. P. did all that was required of it by the N. P. & M. agreement but exercised little initiative in carrying the fight into the camp of the C. P. R., and a rather informal working arrangement between the N. P. and the C. P. R. seemed to be in existence after 1889. In the 1890's the N. P. sold the N. P. & M. to Mackenzie and Mann, retaining some running rights etc, but in effect again moving out of Canada.

The fact Manitobans had to face in 1888 was that, although they had succeeded

64. Schultz to Macdonald, October 30, 1888; Macdonald Papers, Vol. 264, pp. 120109-120110.

in breaking the C. P. R. monopoly and the exercise of federal disallowance, they had not yet achieved a really competitive railway system. It took the increased settlement and development of the West during the great "Wheat Boom" period after 1896, and the rise and expansion of new railway companies such as the Canadian Northern, the Grand Trunk Pacific, and the Great Northern, to bring true railway competition to Manitoba. It is, of course, impossible to prove that competition could not have come to Manitoba earlier than the 1890's had the C. P. R. never received the monopoly clause or if Greenway had signed a different agreement in 1888; but it seems unlikely. It is more probably that, had there been no monopoly clause, Manitoba would have had a St. P. M. & M. - C. P. R., or perhaps a N. P. monopoly rather than simply the C. P. R. monopoly. At best there might have been some competition between the two American companies, but it is doubtful if the C. P. R. could have come through its early years without some kind of protection or, failing that, a heavier reliance on the St. P. M. & M. In 1888 the C. P. R. obviously did not need the protection of clause 15 any more, but it is probably impossible to determine just when the company outgrew its need for protection such as clause 15 offered.

Conclusion.

The issue of "provincial rights" was certainly the most important aspect of the clash between the railway policies of Manitoba and those of the federal government in the 1880's. The biggest single issue was simply whether the federal government had the right to disallow provincial legislation that was within the competence of the provincial legislatures simply on that grounds that it conflicted with the general policy of the federal government. Did the province in fact have any "exclusive" powers which the power of federal disallowance could not interfere with? Macdonald analysed the situation very clearly when he wrote to Sir George Stephen,

"Winnipeg cries out against Canada disallowing acts which Manitoba has a right constitutionally to pass and which the C. P. R. has no right to object to."¹.

The C. P. R. monopoly entered into this conflict between the provincial and federal railway policies only as a manifestation of federal policies. It became unpopular because it was often thought that the monopoly itself was the reason for federal disallowance, and because it was well known that the C. P. R., for obvious reasons, favoured disallowance. Yet, it is clear that disallowance was not the immediate result of the C. P. R. monopoly but rather of the National Policy enunciated by Macdonald. It is significant that Macdonald defended the C. P. R. monopoly and federal disallowance even after the C. P. R. asked to be relieved of the monopoly. Macdonald informed Stephen very plainly of the reasons for disallowance when he wrote,

"The Dominion disallows the Provincial acts not out of regard to the C. P. R. but because it thinks those acts divert our trade into foreign channels and is injurious to Canada."².

It was never really established whether the disallowed Manitoba railway

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1. Macdonald to Stephen, July 2, 1887; Stephen Papers, p. 193.
 2. Loc. cit.

charters were within the competence of the province or not, but it is clear that this was not the basic issue at stake. If, as appears evident, the basic point of dispute was whether the federal government had the power to disallow provincial legislation intra vires the province, then it would seem that the federal government did not lose any of its constitutional powers in 1888 as a result of the conflict with Manitoba. The federal government did not relinquish the power, it merely promised not to exercise it against Manitoba railway charters in the future. The federal government's right to disallow all provincial legislation was clearly upheld by Lord Knutsford, the Secretary of State for the Colonies who declined to refer the Manitoba petition to the Imperial Privy Council, explaining his actions as follows,

"After careful consideration of this question I have been unable to advise Her Majesty to refer the Petition to the Privy Council inasmuch as the disallowances of the various Acts and Charters in question appear to have been based upon the general and undisputed power vested by Statute in the Governor General, acting under the advice of his constitutional Ministers, and further because the question which it is sought to have argued before Her Majesty in Council is not one of constitutional law, but is in truth one of policy over which the Privy Council has no jurisdiction."³.

Thus it would seem that from a legal and constitutional point of view the federal government retained its power to disallow provincial legislation for reasons of general policy, even if, for political reasons, it had to refrain from using this power against Manitoba railway charters after 1888. Since, however, politics is defined as the art of the possible the Manitoba agitation might nonetheless be considered as more than a provincial victory on a single point. It demonstrated that it was politically, if not constitutionally, impossible to continue the exercise of disallowance against a province fully roused and determined to have its own way. This, it should be noted, happened in Manitoba, a small province whose support Macdonald could presumably afford to forfeit if necessary.

3. Knutsford to Lansdowne, April 19, 1888; Governor General's Papers, R. G. 7, G. 21, Vol. 92, File No. 191.

The lessons ^{to} learned from the Manitoba agitation applied, in a proportionately greater extent, to the more populous and politically powerful provinces who might make their weight felt much more easily. The federal government in 1888 did not really lose one of its constitutional powers. But it did learn the limitations of that power, and it is significant that after 1888 the federal government, when recommending disallowance, laid less stress on the 4th of Macdonald's four reasons for disallowance, as enunciated in his famous 1868 report to the Governor General in Council, and gave more emphasis to the first two reasons listed.

There will no doubt always be divergent opinions as to just how much the C. P. R. monopoly specifically and the federal governments National Policy which sought to create an east-west Canadian trade pattern, cost the Province of Manitoba. Judging only from the results of the Northern Pacific and Manitoba agreement it would seem that in 1888 at least the monopoly was not nearly as oppressive as Manitobans imagined. Several of the specific complaints, such as the "elevator monopoly," the "grain blockade", etc. might not have developed but, on the other hand, only by means of such policies as its elevator policies could the C. P. R. build up a favourable market for Manitoba grain which certainly stood the province in good stead in the years after 1896. As for the numerous other grievances of the province against the federal government it would certainly appear that Manitoba was sometimes treated as something less than a full fledged and equal province. But, had it not been for the troubles of 1870, Manitoba would not have been a province at all and, perhaps wisely, but much to Manitobans chagrin, the federal government in some instances acted as if the Manitoba Act had never been passed. This is particularly true as regards the control of public lands. It is of course impossible to say whether this worked toward the long term advantage or disadvantage of Manitoba.

One of the most remarkable aspects of the agitation was the absence of outspoken pro-American annexationist sentiment. The only time such sentiments came to the fore was during the time the Farmers' Union was at its height, but then

the annexationist sentiments of some of the Farmers' Union leaders were a handicap and definitely helped to defeat the Union; an indication of public sentiment. Greenway and his fellow Liberals were careful not to allow the stigma of pro-Americanism to be attached to them. In his memoranda to the Governor General in Council Greenway was careful to state,

"The undersigned and his colleague, as delegates from the Government and people of Manitoba, desire to place on record their unaltered and unswerving loyalty and allegiance to Her Most Gracious Majesty the Queen."⁴

It is certainly significant that Manitoba's dissatisfaction with federal policies did not find expression in annexationist or secessionist petitions and resolutions but rather in an appeal to the Imperial Privy Council.

After 1888 several provincial Conservatives spent a good deal of effort in trying to goad Joseph Martin, who they thought harboured annexationist sentiments, into expressing these sentiments. This, they hoped, would ruin Martin's ^{and provide an} opportunity for a Conservative coalition with Greenway. In this Martin did not oblige them, but it is significant that the Conservatives set such great store in the potential damage that annexationist statements by Martin would do the Liberal party. In short, it would seem, the disallowance agitation was not inspired by annexationist or even secessionist sentiments.

In discussing the personal relations between the several individuals involved it is clear that Norquay was the one who suffered most severely. His attempts to work with the federal government and to seek conciliatory paths in cases of disagreement ultimately placed him and his party in an untenable position. When he tried to extricate himself from this predicament by open defiance of the federal government Macdonald did not hesitate to destroy both Norquay and his

4. Canada, Orders in Council, No. 577, 1888, Filed with Dormants, Final Memorandum respecting the visit of the delegation of the Manitoba Government in reference to the disallowance of Provincial Legislation, March 19, 1888.

party. It is no doubt true that Norquay, in following his no-party provincial policies, was never really a completely acceptable "John A" man, and Macdonald had little sympathy for his type of provincial independence. It is clear that, whether Macdonald actively connived to bring Norquay down in December 1887 or not, Macdonald's actions and policies were the real reason for Norquay's fall.

After returning to the leadership of the provincial Conservative party in 1888 Norquay, at the age of 47, was really a spent force politically. Surprisingly he made concerted efforts to seek a reconciliation with Macdonald, apparently in the hope of a federal appointment, either as a Senator or as Indian Commissioner. But Macdonald refused to have anything further to do with Norquay, and despite a recommendation from Schultz suggesting that an appointment for Norquay would get him out of the Province, Macdonald refused.⁵

Once out of office, Norquay, who had spent most of his life in politics, found it hard to make a living. He tried law for a time but failed to attract any lucrative business and finally ended up selling life insurance. Lieutenant Governor Schultz described his position as follows,

"Norquay has given up Law and has now gone down to Life Insurance Agent without Office, is despised by the Grits and distrusted by Conservatives. He is a "dead duck."⁶

Macdonald evidently had little sympathy for Norquay. His comments about the provincial Conservative leader were uniformly hostile. Thus he wrote to H. H. Smith in 1889,

"I understand that Norquay is beyond doubt the leader of the Conservative Party and will continue to be so until otherwise disposed of. How that can be done I do not see."⁷

5. Schultz to Macdonald, May 6, 1889; Macdonald Papers, Vol. 264, pp. 120156-120157.

6. Schultz to Macdonald, Jan. 17, 1889; Ibid., Vol. 264, p. 120131.

7. Macdonald to Smith, July 5, 1889; H. H. Smith Papers.

On the same day that Macdonald wrote that note Norquay, at the age of 48, died suddenly of acute appendicitis. To show how deeply he had come to dislike Norquay Macdonald, despite entreaties from the provincial Conservatives, refused to go through the regular form of condolence. Instead H. H. Smith got a letter once more enumerating Norquay's misdeeds.⁸

The other participants in the conflict fared considerably better. Lariviere, despite some reservations on Macdonald's part, was nominated and elected Conservative Member of Parliament for Provencher in an 1889 by-election and held the seat until 1904. Other Conservatives in the province found very lean fare for several years but the addition of men like R. P. Roblin, I. Campbell and J. Fisher, coupled with the controversial handling of several issues by the Liberals eventually restored them to political power.

Sir George Stephen, who retired from the presidency of the C. P. R. in August of 1888, continued to write plaintive letters to Macdonald and to worry about the future of the C. P. R., while his successor, W. C. Van Horne, guided the affairs of the company through the remaining years of the economic depression and saw the C. P. R. blossom out into new prosperity in the western "wheat boom" which developed after 1896. Whether the C. P. R. owed its latter successes to the protection it had received in its early years is difficult to demonstrate conclusively. It is, however, easy to demonstrate that this protection, as a part of the larger National Policy of the Conservative party of Sir John A. Macdonald, was most unpopular in Manitoba, severely straining the relations between Manitoba and the federal government, and proved exceedingly costly to the provincial Conservative party and its leader, John Norquay.

8. Macdonald to Smith, July 17, 1889; Ibid.,

Bibliographical Note.

This study is based almost entirely on documentary or primary source materials to be found at the Public Archives of Canada. By far the most useful single documentary source consulted was the collection of private papers of Sir John A. Macdonald. This extensive collection, occupying 123 lineal feet, contains voluminous correspondence and other documentary evidence on nearly all important Canadian political issues during the time of Sir John's prime ministership. References to the Manitoba railway problem are scattered through the collection but individual volumes such as those containing the correspondence of men like George Stephen, J. C. Aikins, Joseph Royal, T. M. Daly, and others, as well as volumes relating to specific subjects such as Railways and Canals, the North West Territories, Manitoba politics, and one volume relating directly to the Manitoba disallowances were found to be particularly useful.

The private papers of later Canadian prime ministers who were already prominent in Canadian politics during the 1880's were of more limited but nevertheless substantial usefulness. Thus the papers of Alexander Mackenzie, John Thompson, Mackenzie Bowell, Charles Tupper, and Wilfrid Laurier all yielded useful information, particularly in determining the attitudes of these men towards disallowance. The main impression that emerges from these papers is that, on the disallowance question at least, Macdonald's senior cabinet ministers followed his lead without criticism. The Manitoba railway difficulties were, however, only too often influenced and determined by broader considerations of Canada's whole trade policy. This, it seems, applies in equal measure to Liberal as well as to Conservative politicians. Mackenzie, and later Laurier, while attacking the Manitoba disallowances as it was the role of the opposition to do, were also more concerned about general trade policies, and Canada's overall commercial relations

with the United States. Before 1888 Blake was still party leader and Unrestricted Reciprocity, even across the international boundary in Manitoba, was not yet official Liberal policy. Liberal criticism of the disallowance policy was also, to some extent, blunted by the fact they themselves had effectively established the right and responsibility of the Governor General in Council to disallow provincial legislation during the dispute on this question with the Colonial Office in the 1870's. Thus they could hardly support appeals to the Governor General or the Imperial Privy Council for intervention. Nevertheless, the Liberals were quite willing to sympathize with Manitobans complaining about the evils of Conservative rule. They promised to do better by Manitoba, usually without being too specific.

The papers of a number of other political figures were also very useful. They contain much to supplement the materials found in the Macdonald Papers, and are described in detail in the attached bibliography. With the exception of the Greenway Papers and the Van Horne Letterbooks all the primary source materials used are to be found at the Public Archives of Canada. The Greenway Papers were consulted at the Public Archives of Manitoba while the Van Horne Letterbooks were temporarily loaned to the Public Archives of Canada by the C. P. R. for selection of significant letters. Copies of these letters are being prepared for retention at the Public Archives of Canada. The original Letterbooks will be retained in Montreal by the C. P. R.

The records of Government Departments such as those of the Departments of Interior, Secretary of State, the Privy Council Office, and the Governor General's office provided another valuable source of information. Similarly contemporary published sources such as Sessional Papers, Journals, Debates and Statutes contained much useful information. These sources are discussed in greater detail in the attached bibliography.

Contemporary pamphlets were a further source of information. Here the excellent collection of Pamphlets at the Public Archives of Canada, together with the Catalogue of Pamphlets in the Public Archives of Canada, 1878-1931, Vol. 2, prepared by Magdalen Casey and published by the Queen's Printer in 1932 were of great help. In addition to those pamphlets listed in the attached bibliography there are a large number of pamphlets containing speeches of prominent politicians made in the Debates of the House of Commons. Since these also appear in the Debates themselves they are not listed. Similarly the very numerous pamphlets relating to the general subject of Canadian-American relations, and particularly to Commercial Union, Continental Union, Unrestricted Reciprocity, and Imperial Federation have been omitted. Also the numerous pamphlets and brochures issued to attract settlers to the Canadian West are not listed. All of these pamphlets were of some marginal value but it was felt their inclusion would make the bibliography too cumbersome while adding very little of value.

The only secondary source material relating exclusively to the Manitoba railway problem is James A. Jackson's M. A. Thesis, which has already been discussed in the Introduction of this thesis. Other secondary sources, to a greater or lesser degree, provided valuable background information and often shed some new light on the Manitoba railway problem. Of these Alexander Begg's three volume History of the North West, published in 1893-1895, is probably the most outstanding. Begg gives what must be considered the best eyewitness account of events occurring in Manitoba in the 1880's and as such his work is invaluable. Since Begg served as an immigration agent for the C. P. R. he was inclined to support the cause of the Company although, as immigration agent, he did have a deep sympathy for the problems of the settlers. His greatest concern throughout the dispute seemed to be the effect the agitation might have on immigration and on the future of Manitoba and the Canadian Pacific Railway.

In addition to Begg's work three other sources merit special mention. G. P. de T. Glazebrook's A History of Transportation in Canada is beyond doubt one of the best studies of the economic and political implications and inter-relations of Canada's transportation problems. Unfortunately the section on the railway monopoly in the 1880's is all too short, covering only eleven pages. There is, however, much additional background material in other sections of the book, and Glazebrook does present a penetrating analysis of the Manitoba railway situation and was the first to use effectively the Macdonald-Stephen correspondence in the Macdonald Papers. W. L. Morton's Manitoba: A History, the second source of considerable value in the preparation of this thesis, is both the latest and most complete history of that province available. Morton is probably the only outstanding historian who staunchly defends Premier Norquay's integrity and honesty. He nevertheless refrains from attacking the federal policies of Macdonald. On the whole Morton does not add anything substantially new to what is covered by Glazebrook and Begg on the Manitoba railway monopoly, although the book does make a greater insight into the problem possible by providing a more detailed, thorough and scholarly coverage of the history and background out of which the problem arose than was possible in the earlier works. The third source, Donald Creighton's biography of Sir John A. Macdonald, was found to be very useful in providing the background and atmosphere which prevailed in Ottawa at the time of the disallowance difficulties. Professor Creighton gives a lucid and penetrating explanation of Macdonald's National Policy, and of the necessity of disallowance if the National Policy were to be maintained in tact. The book gives a rather less satisfactory account of the Manitoba point of view, and its usefulness exists primarily in its able and lucid expression of Macdonald's and the federal government's point of view.

Other secondary sources, too numerous to discuss in detail, provided much additional background information. These are simply listed in the attached bibliography. Standard reference works such as encyclopedias, biographical dictionaries, annual reviews, etc., are not listed.

Bibliography.

I. Primary Sources.

A. Prime Minister's Papers.

1. Macdonald Papers, 1868-1889.¹

The political correspondence in the Macdonald Papers is arranged into several series. In the first series the volumes are arranged by subject. Of particular relevance to this thesis topic were the volumes relating to Governors-Generals Correspondence (Vols. 74-90), the North West Territories (Vols. 104-113), the Manitoba provincial government (Vol. 119), Railways (Vols. 120-143) and specifically to Manitoba Disallowances (Vol. 131). In the second series the volumes are arranged by the name of the correspondent. The correspondence of J.C. Aikins (Vol. 186), C.J. Bridges (Vol. 191), G.W. Burbidge (Vol. 192), Alexander Campbell (Vols. 194-198), E. Dewdney (Vols. 210-214), Joseph Hickson (Vol. 223), A. Morris (Vol. 252), J.H. Pope (Vol. 256), John Rose (Vols. 258-259), Joseph Royal (Vol. 260), W.B. Scarth (Vols. 261-263), John Schultz (Vol. 264), George Stephen (Vols. 267-272), John Thompson (Vol. 273), Charles Tupper (Vols. 281-285), William Van Horne (Vol. 288) and Thomas White (Vol. 296), contained references to the Manitoba railway problem. The last two series of the political correspondence in the Macdonald Papers, consisting of Miscellaneous Correspondence and General Letters are arranged chronologically. Vols. 307-329 and 364-467 relate to the period 1880-1889, and contain some references to the Manitoba Disallowances.

In addition the Macdonald Letterbooks, containing letterpress copies of letters written by Macdonald, were found to be very useful. The letters written during the period 1878-1889 are contained in Vols. 523-528 of the Macdonald Papers.

2. Mackenzie Papers, 1873-1889.

The papers of Alexander Mackenzie, Prime Minister of Canada from 1873 to 1878, relate largely to the period prior to 1880. They were, however, useful in showing Mackenzie's western and railway policies during his period in office when, as Minister of Public Works, Mackenzie was also responsible for Railways and Canals. Also revealed are Mackenzie's later fears of continental union and American encroachments in the west generally which largely prevented him from very actively championing Manitoba's cause in the House of Commons.

3. Thompson Papers, 1885-1889.

Sir John Thompson was Minister of Justice from 1885 to 1894 and thus carried a great deal of the responsibility in recommending or not recommending disallowance. During the critical period from 1887 to 1888, however, Thompson was actively engaged in the negotiations of the abortive fisheries treaty with the United States. Thus several of the 1887 reports on Manitoba Railway Legislation were written not by Thompson but by Macdonald. It is, however,

1. Note: The outside dates given after references to the papers of private individuals and politicians do not refer to the outside dates of the papers themselves. They refer simply to the outside dates of the papers that were consulted in the preparation of this thesis.

A. Prime Minister's Papers (Continued)

clear that Thompson was inclined to be somewhat hesitant to recommend disallowance simply on the ground of conflict with the general policies of the federal government. Instead Thompson was inclined to refer controversial legislation to the courts and, if necessary, recommend disallowance on legal grounds. This became particularly evident after 1888, as, for example, in the C. P. R. appeal in the "Whyte Crossing Case", and, more significantly, in the Manitoba Schools Legislation of the 1890's.

4. Bowell Papers, 1878-1889.

The papers of Mackenzie Bowell contain very few references to the Manitoba railway problem. As Minister of Customs from 1878 to 1892, however, Bowell was largely responsible for recommending and enforcing tariff legislation. The tariffs imposed by the Conservative Government during this period were a constant source of complaint and dissatisfaction in Manitoba, and the main impression to be gained from the Bowell Papers in this regard is that he was not particularly sympathetic or accomodating toward western complaints against the operations of the tariff, even if these complaints came from sources as high up as the Lieutenant Governor of Manitoba.

5. Tupper Papers, 1879-1889.

Sir Charles Tupper was Minister of Railways and Canals from 1879 to 1884 and High Commissioner for Canada in the United Kingdom for the years 1884 to 1896, except for a brief period in 1887-1888 when he was Minister of Finance in the Canadian government. He did not become prime minister until 1896. Of most immediate usefulness in the preparation of this thesis was the correspondence that passed between Macdonald, Tupper and the Colonial Office when rumours became current that Macdonald might appeal for Imperial troops to prevent the building of the Red River Valley Railway. Also of great interest were Tupper's actions and his letter to Lansdowne relative to Lansdowne's confidential despatch on Continental Union, and to Tupper's reaction to Norquay's defeat in Manitoba in 1888.

6. Laurier Papers, 1887-1889.

The Laurier papers contain relatively few references to the Manitoba railway difficulties; some correspondence with Robert Watson and a draft of one of Laurier's 1887 speeches relating to disallowance being the most significant. Of considerable interest to the problems considered in this thesis, however, were also the numerous letters received by Laurier relating to Canadian-American relations generally, and particularly to Unrestricted Reciprocity or free trade with the United States.

B. Papers of Political Figures at the Public Archives of Canada.

1. John Binney Papers, 1884, 3 pages.

These papers consist of one letter from Sir John A. Macdonald to John Binney of New York city discussing discontent in Manitoba.

B. Papers of Political Figures (Continued)

2. George T. Blackstock Papers, 1883-1891, 9 pages.

George T. Blackstock was the official Conservative candidate in West Durham, Edward Blake's constituency, in the federal elections of 1887 and 1891. His papers consist of four letters from Sir John A. Macdonald regarding these election campaigns.

3. Edward Blake Papers, 1880-1889, Microfilm.

Blake was the leader of the Canadian Liberal party and leader of the Liberal Opposition in the Canadian House of Commons from 1880-1887. His papers were useful for the light they shed on Blake's attitude toward threatened American encroachments in the West. There are only relatively few letters relating directly to Manitoba railways, and these usually stress Conservative bungling more than directly attacking the underlying reasons for disallowance. Blake's correspondence with Laurier in regard to Unrestricted Reciprocity and Blake's West Durham letter was most interesting.

4. Sir Alexander Campbell Papers, 1881-1889, Microfilm.

Sir Alexander Campbell was Minister of Justice from 1881 to 1885, and as such wrote the early Department of Justice reports recommending the disallowance of Manitoba railway charters. The letters in the Campbell Papers relating to this subject, however, throw little additional light on the railway difficulty that is not provided by the Macdonald Papers.

5. Thomas Mayne Daly Papers, 1886, 6 pages.

T. M. Daly was a Conservative Member of Parliament for Selkirk from 1887 to 1896. The Daly Papers consist of one letter from Sir John A. Macdonald, dated July 27, 1886, regarding Manitoba politics. Similar letters from Macdonald to Daly can be found in the Macdonald Letterbooks.

6. Lorne Papers, 1879-1884, 2 inches.

The Marquess of Lorne was Governor General of Canada from 1878 to 1883. That portion of his papers available at the Public Archives of Canada consists of one bound volume of approximately 125 letters from Sir John A. Macdonald to Lorne in which most of the significant events during Lorne's term of office are discussed. Most of these letters do not appear in the Macdonald Letterbooks. Several of them relate directly to the early phases of the Manitoba railway difficulty.

7. H. H. Smith Papers, 1878-1891, 2 inches.

H. H. Smith was federal Land Commissioner and Conservative party organizer in Manitoba from 1884 to 1891. His papers consist of seventy letters from Sir John A. Macdonald regarding political affairs in Ontario from 1878 to 1884, and in Manitoba from 1884 to 1891.

8. Sir George Stephen Papers, 1878-1891, 1 inch.

The papers of Sir George Stephen, President of the C. P. R. from 1881 to 1891, consist of 135 private and confidential letters from Sir John A. Macdonald. A number of these letters relate to the railway situation in Manitoba.

B. Papers of Political Figures (Continued)

9. James Wickes Taylor Papers, 1878-1889, Microfilm.

James W. Taylor was United States Consul at Winnipeg from 1870 to 1893, and was usually considered one of the most ardent annexationists. He took an active interest in and reported upon the discontent in Manitoba and seemed very sympathetic to the aims and activities of the Farmers' Union. These papers reveal the Manitoba situation as it appeared through the eyes of an American annexationist.

C. Records of Government Departments at the Public Archives of Canada.

1. Privy Council Office Records, 1867-1943.

The records of the Privy Council Office that were found useful in the preparation of this thesis fall into four main categories. First, the Minutes and Orders of Council, including all the Orders in Council whereby disallowance was enacted, were found to be most useful. Second, the "records" of the Privy Council office, consisting of memoranda, correspondence, petitions, reports and other miscellaneous documents supporting the actual Orders in Council contained much useful information. Third, the "dormants" consisting of memoranda, correspondence, petitions, reports and miscellaneous documents submitted to the Privy Council but which did not result in the production of a minute or order in council contained the several memoranda submitted by Premier Greenway in 1888 as well as the report of Royal Commission on Railways (Galt) which submitted its report in 1888. Finally, the Privy Council "despatches" contain occasional references to the Manitoba railway problem.

2. Department of the Secretary of State Records, 1867-1919.

The general correspondence series of the Secretary of State contains several petitions relating to the Manitoba railway problem, as well as orders in council transmitted to the Secretary of State, relating to the same problem. There is also some correspondence relating to the several other grievances, notably Dominion lands policy, in Manitoba.

3. Records of the Governor General's Office, 1784-1939.

The Governor General's numbered subject files filed under the G. 21 series and consisting of despatches, correspondence, and reports, contained several files relating directly or indirectly to the railway situation in Manitoba. Of particular interest in this regard was File No. 191, containing many of Lord Lansdowne's Confidential Despatches to the Colonial Office on the dissatisfaction and agitation in Manitoba. This file at one and the same time both gives a good account of federal actions and policies in regard to disallowance and also gives some indication that Lansdowne was eager to see the difficulty settled amicably as soon as possible.

4. Department of Interior, Dominion Lands Branch files, 1871-1931.

The Dominion Lands Branch files contain much useful information on every aspect of land administration, sale and settlement. A number of files containing western protests against Dominion lands and railway policies, including a memorial from the Farmers' Union of Manitoba are included in this series.

D. Manuscript Materials in Repositories other than the Public Archives of Canada.

1. Public Archives of Manitoba, The Greenway Papers.

The Greenway Papers contain very few materials dated prior to 1888, or the time when Greenway became Premier. They do, however, contain considerable material relating to the final settlement of the disallowance difficulty in 1888, as well as the agreement and subsequent difficulties of the Manitoba government with the Northern Pacific and Manitoba Railway Company.

2. The Archives of the Canadian Pacific Railway. The Letterbooks of W. C. Van Horne.

The Letterbooks of W. C. Van Horne, General Manager and later President of the C. P. R. were temporarily loaned to the Public Archives for selection of the more significant letters. During the period under consideration in this thesis Van Horne was General Manager later Vice-President of the Company, and his letters contain frequent references to the state of affairs in Manitoba. Furthermore, the Van Horne Letterbooks frequently offer plausible explanations for actions of the Company, such as the alleged Elevator Monopoly, which were being loudly denounced in Manitoba.

II. Contemporary Published Sources and Pamphlets.

A. Official Published Sources.

1. Parliamentary Debates on Confederation of British North American Provinces, Third Session, Provincial Parliament of Canada, Quebec, 1865, Ottawa, Photographic reproduction, 1951.

The potentialities and problems of the West and the West's proposed position within the Canadian Confederation, as viewed by the Fathers of Confederation, are well outlined in the Confederation Debates.

2. Debates of the House of Commons, 1880 to 1888, Ottawa, 1880-1888.

The Manitoba railway difficulty and the C. P. R. monopoly came up repeatedly during the Debates of the House of Commons throughout the 1880's.

3. Journals of the House of Commons, 1880-1888.

The Journals contain a great deal of useful information to supplement that contained in the Debates of the House of Commons.

4. Sessional Papers of Canada, 1880-1881.

Of particular interest for the purposes of this study were:

Sessional Paper No. 141, 1882, entitled, "Return to an Address of the House of Commons, dated 13th February, 1882, For a Return of all Provincial Acts passed by the Local Legislatures of the several Provinces of the Dominion disallowed by the Government of the Dominion since 1st July, 1867, with reasons for such disallowance set forth in full; also of all Provincial Acts which, though not disallowed, have been amended in conformity

A. Official Published Sources (Continued)

with the request of the Dominion Government, with the reasons for such amendments set forth in full; also of all Provincial Acts which, although not disallowed, have been declared ultra vires by Her Majesty's Privy Council or by any Court of competent jurisdiction."

Sessional Paper No. 29, 1885, entitled, "Return to an Address of copies of all Orders in Council, Reports and Correspondence not already brought down, in reference to the exercise of non-exercise of the power of Disallowance as to any Provincial Acts, with a statement of the dates of Prorogation of each of the Provincial Assemblies, and of the dates at which the Acts of the Session were received at Ottawa, and copy of the Despatches addressed to the Lieutenant Governors on the subject of the transmission to the Government of Canada of such Acts."

Sessional Paper No. 81, 1886, entitled, "Return to an Address of the House of Commons, dated 19th April, 1886; For copies of all petitions, despatches, and correspondence, Reports to Council and Orders in Council, touching upon and relating to the disallowance of Railway Charters in Manitoba, not already brought down."

Sessional Paper, No. 21, 1888, entitled, "Correspondence, Reports of the Minister of Justice, and Orders in Council upon the subject of Provincial Legislation, 1884 to 1887."

Sessional Paper, No. 58B, 1888, entitled, "Return to an Address of the House of Commons, dated the 9th April, 1888; For Copies of all Correspondence exchanged with the Imperial Government concerning the disallowance of the Railway Acts of Manitoba."

A number of other Sessional Papers were found to be of marginal value in this study while others, which would have been most valuable were not printed and are apparently no longer available.

5. Statutes of Manitoba, 1881-1888.

The Acts and Statutes of Manitoba, containing copies of all the railway charters passed by the local legislature were found to be valuable in providing specific information about the wording and purpose of the various pieces of provincial legislation.

6. Journals and Sessional Papers of Manitoba, 1881-1888.

A great deal about the precise procedures and also statements of intention of the provincial government has been documented in the provincial Journals and Sessional Papers. Unfortunately some of the most interesting Sessional Papers, at least for the purpose of this study, were not printed and many of them are apparently no longer available.

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2. The Canadian North West. Speech delivered at Winnipeg by His Excellency the Marquis of Lorne, Governor General of Canada, after his tour through Manitoba and the North West during the summer of 1881. Ottawa, 1881. 22 pages. P. A. C. No. 289.
3. Edward Blake and Liberal Principles, Anti-Monopoly and Provincial Rights. Pamphlet No. 2: Hon. Edward Blake's Address. The Trade Question. Special Duties -- Sugar, Coal etc. The Treaty-making power, 1882, 34 pages. P. A. C. No. 443.
4. Edward Blake and Liberal Principles, Anti-Monopoly and Provincial Rights. Pamphlet No. 3: Hon. Edward Blake's Address. The Ontario Boundarier. Provincial Rights. Toronto, 1882, 18 pages. P. A. C. No. 444.
5. Edward Blake and Liberal Principles, Anti-Monopoly and Provincial Rights. Pamphlet No. 4: Hon. Edward Blake's Address, Public Expenditure. 1882, 18 pages. P. A. C. No. 445.
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16. Circular Letter to the Shareholders of the Canadian Pacific Railway Company, from President George Stephen, September 1, 1887, 8 pages. P. A. C. No. 1059.
17. An Open Letter to the Shareholders of the Canadian Pacific Railway Co. Being an answer to the circular letter of Sir George Stephen, President of the Company, addressed to the Shareholders on the subject of the Disallowance, by the Dominion Government, of Railway Charters granted by the Legislature of Manitoba, Oct. 1, 1887. Issued by the authority of Winnipeg Board of Trade and the Brandon Board of Trade. 17 pages. P. A. C. No. 1060.
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