THE ESQUIMALT AND NANAIMO RAILWAY:
A problem in British Columbia politics.

by

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This study of the Esquimalt and Nanaimo Railway as a problem in British Columbia politics, has, as far as possible been based upon primary sources. The manuscripts and printed materials used are to be found in the Archives of British Columbia, Public Archives at Ottawa, the Provincial Library, and the Library of the University of British Columbia.

The thesis has been prepared under the able guidance of Dr. W.N. Sage. For this supervision and for his time which he so freely gave I express my sincere thanks, To Miss M. Ormsby the writer owes a debt of gratitude for copies of letters from the Archives of Ottawa.

J.R.
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Chapter One.

"The background of the Island Railway."

The struggle and the negotiations carried out in an effort to secure the construction of the Esquimalt and Nanaimo Railway added many exciting chapters to the history of British Columbian politics. It is the purport of this thesis to examine these negotiations which were made between the governments of British Columbia and the Dominion of Canada. However, a clear understanding of the Island Railway problem cannot be grasped, unless one takes into consideration the attitude which was held by the people of Vancouver Island and the mainland in regard to the Island Railway. Therefore, a brief sketch of the social, economic, and political history of Vancouver Island prior to Confederation will be given.

Vancouver Island had become a colony with the crown grant to the Hudson's Bay Company on January 13, 1849, the latter receiving a charter, "to establish upon the said island a settlement or settlements of resident colonists emigrants from the United Kingdom of Great Britain and Ireland or from other of our Dominions." The main basis of the grant was an understanding that the Company would encourage settlement.

1. This attitude was the result of sectional jealousy developed between the island and the mainland.
To advance this project land was to be sold at a fair price and the money received was to be used (after deducting ten per cent for its services) for the civil and military expenses (except during war-time) of the government and for public improvements. A land reserve was also to be provided for civil establishments and a naval station.

If the Hudson's Bay Company had followed these terms conscientiously and carried them out in their true spirit, it is a fair conjecture that there would have been a thriving colony in a few years. However, settlement suffered at the expense of the Company's self-interest. It is not surprising, therefore, that few immigrated to Vancouver Island. As a result, the colony was lacking in the type of citizen which provides the foundation of any frontier settlement - the independent farmer and secondly, the middle-class merchant or trader. The Company itself did bring out some settlers to work on its farms, and in the coal mines, but they were, in most cases mere mouthpieces of it.

1. The Crown reserved the right to revoke the grant in five years if there was no settlement and at the time of expiration of the Company's license of exclusive trade in 1859, the island could be recovered on the payment to the Company of the money actually expended by it for the upkeep of the colony.


3. Captain C. Grant who arrived on Vancouver Island in June 1849, said in a paper read before the Royal Geographical Society in 1857, "From that day to this not a single independent colonist has come out from the Old Country to settle in the island. All other individuals, who have taken up land, having been in the employ of the Company and brought out to the country at its expense," Scholefield, E.O.S., op. cit., p. 125.
Consequently there grew up on the island a society fostered under the wing of a Monopoly which was interested only in fur trade and not at all in independent settlement, except as a corollary of the fur trade. All officials of the colony including those of the council and bench were in some way connected with the Company. This society bore all the earmarks of an oligarchy, based not on aristocratic tradition but on Company influence and position. There was little evidence of that active citizenship which should take an interest and have a voice in the lawmaking of a new country. This period of Vancouver Island history has been termed as the rule of the "Family-Company-Compact".1

This situation was not to continue for long because with the discovery of gold on the Fraser in 1858 the tranquil life of the island was definitely shattered. Victoria now rose into prominence as the stepping-off place for the goldfields. Overnight the scene was changed, the halcyon days of '49 appeared to have come again, and fresh dreams of wealth floated through the minds of a people perpetually coming and going. It is here that sectional jealousy between the mainland and the island had its roots for the former had the mines and the burdens while the latter, that is, Victoria enjoyed the benefits. Animosity arose between the two contiguous areas grounded in petty jealousies and differences. They became mutually distrustful and hostile and the mere fact that a plan was supported by the island was sufficient reason for opposition to it on the part of the mainland, especially the Fraser valley.

and vice versa.

Places of business gradually appeared to meet the growing needs of the country which inevitably led to a penetration of the monopoly barrier of the Company. The greater part of the merchants was Americans, who were to provide the more permanent part of the population. As long as they could carry on and make money in comparative security they were not interested in the development of representative government so much as they were in strong government.

Other immigrants included Canadians and Maritimers, men who had been raised in an atmosphere of struggle for responsible government. These were the men who were to make possible the evolution of responsible government; men who had pushed their way across the continent carrying with them British tradition of responsible government. Among these was Amor De Cosmos, who came from Windsor, Nova Scotia. Eratic but able he became the champion of reformed government and directed his attacks at Sir James Douglas. By his training and background Douglas was not the man to guide the colony through a period of constitutional reform to the satisfaction of all concerned.

He was a fur trader who through unforeseen circumstances became a Colonial Governor. He did not resemble in his training the great "pro-consults", the British Colonial Governors, who like Sir George Gray spent their lives in administering the affairs of one colony after another. When he became Governor, Douglas knew little about Colonial administration. I

The Fraser River Gold rush led to the establishment on the mainland in the spring of 1858 of the new colony

of British Columbia. Douglas after dropping all connections with the Hudson's Bay and Puget Sound Agricultural Companies ruled the two colonies from 1858 to 1864. On the retirement of Douglas separate governors were appointed for the two colonies. The colony of Vancouver Island and that of British Columbia tended to grow apart from each other, their outlooks rarely transcending their geographical boundaries. Both colonies experienced adverse financial conditions and in 1866 with the total debt of the two colonies amounting to $1,300,000.00 and a steadily declining population a solution for the difficulties was sought in the union of the two colonies under one government.

The two colonies were merged in the summer of 1866 under Governor Seymour who it was thought would put the combined colonies on a sound basis. Unhappily Governor Seymour was not the man to cope with the situation and when it came to applying the economy knife his sympathetic temperament got the better of him. As a result the colony was forced to support an establishment far beyond its impoverished means.

Sectional rivalry was engendered between Victoria and New Westminster over the choice of the capital city for the combined colonies. When it should have been essential to display harmonious relationship for progressive development between two contiguous communities such as these,

3. Ibid.
there always crept in feelings of sectional jealousy which had its roots in incidents such as this.

The years 1866-1871 were critical in the history of British Columbia. To continue as a colony on the Pacific coast with an increasing debt seemed impractical. To join the Dominion of Canada would mean an intervening mountain and prairie wilderness of two thousand miles. The only other solution to her difficulties appeared in annexation with the United States.

In Victoria it was not an uncommon sight to see American flags displayed freely and many of the business houses closed in honour of the national holidays of the United States. The British Colonist of Victoria devoted many of its news columns to American affairs, and the political situation in the United States was followed closely. Washington and Oregon were as much her next door neighbours as was the mainland and there was a regular steamship communication with California where the larger part of Victoria's business was transacted.

The annexation movement proved itself popular in Victoria with Americans and those British Subjects who could see little advantage in retaining the British connection. A petition was prepared in Victoria and addressed to Her Majesty's Government. "All our commercial and business relations are so intimate with the neighboring American population that we can see no other feasible help out of our present difficulties than by being united with them." It is rather a wonder that it was not  

1. The petition is given in the New Westminster British Columbian for May 18, 1869.
stronger and did not make more progress.

Eastern statesmen were aware of this annexation sentiment for Sir Charles Tupper writes in his "Recollections of Sixty Years in Canada".

How could it (British Columbia) have been expected to remain British when it had no community of interest with the rest of Canada from which its people were separated by two ranges of mountains and the vast prairie? Under the existing circumstances it had no means of advancement except by throwing in its lot with the great nation to the south, with which it had constant communication both by land and sea.1

About this time however, the Confederationists came to the public front to take the place of the Annexationists. Prominent among the Confederationists were Amor De Cosmos, John Robson, J.F. McCreight, Robert Beaven, George A. Walkem, Alfred Waddington and J. Spencer Thompson.2 The first move towards union with Canada came in March 1867, when De Cosmos introduced into the legislative council a motion favouring confederation, but due to the opposition of Seymour and his council the matter remained in the air for a considerable length of time. Governor Seymour frankly stated; "That he regarded it as the expression of a disheartened community looking for a change."3 It was not until the death of Seymour in 1869 and the appointment of Anthony Musgrave, whose energetic personality was the exact opposite of that of the willowy Seymour; a man who had been an ardent supporter

3. Howay, F.W., British Columbia's entry into Confederation, Canadian Historical Association Report, May 1927, p.69.
of confederation in Newfoundland, did British Columbia's entry into Confederation become a fairer prospect.\textsuperscript{1}

The debate on the proposed terms of union, with Canada, commenced on March 9, 1870. This was followed by the appointment of a delegation to Ottawa composed of J. Trutch, J.S. Helmcken, and W. Carrall, to discuss terms of union with the Dominion Government. British Columbia's proposals were adopted with some alteration and addition by the Committee of the Privy Council of Canada.\textsuperscript{2}

In view of future developments it is interesting to note the evidences of sectional feeling between the island and the mainland which entered into the debate on the subject of Confederation with Canada. In opening the debate no greater plea for the development of a united interest to promote the benefit of all concerned could have been made than that by Attorney General Crease.

And I honestly hope that our minds and best energies may be bent to a task which will tax all our patriotism, all our forbearance, all our abnegation of self, and selfish aims, to combine all our individual powers into one great effort for the common good.\textsuperscript{4}

\textsuperscript{1}Musgrave’s appointment was part of Sir John A. Macdonald’s process of “putting the screws on Vancouver Island”. Cf. Howay, F.W. op. cit. p.71.

\textsuperscript{2}These terms were drafted by Governor Musgrave, who of course knew the mind of the authorities at Ottawa. They passed the council with a few slight changes after a protracted debate. See, Debate on Subject of Confederation with Canada, Government Gazette; March 9, 1870. For Helmcken’s appointment see, B.C. Despatches to Downing Street, Musgrave to Lisgar, April 5, 1870.

\textsuperscript{3}Standing Orders of the Legislative Assembly of British Columbia, 1930, pp.149-154.

\textsuperscript{4}Government Gazette, 1870, p.1.
In the proposed terms by British Columbia clause 8 in part stated:

And shall further engage to use all means in her power to complete such Railway communication at the earliest practical date, and that surveys to determine the proper line for such railway shall be at once commenced; and that a sum of not less than one million dollars shall be expended in every year, from and after three years from the date of Union, in actually constructing the initial sections of such Railway from the Seaboard of British Columbia, to connect with the Railway system of Canada.1

The route of this railway was from all appearances to be determined by its builders. However, local interests desired satisfaction. Early in the debate on this clause De Cosmos pinned the following query to the word seaboard. "What is the Seaboard. Does it mean Barclay Sound?"2 Later, when speaking of the probable cost of the railway De Cosmos assumes that Victoria would not only be the terminus of the transcontinental line but the actual point where construction of the British Columbia section would start. "It will cost $100,000,000 to construct it (the railway) to Lake Superior from Victoria."3 Trutch interrupted to explain (and at the same time to give his own idea as to the route which the railway would follow) the intention of this clause.

That (the route of the railway) is what we have purposely left open. We have purposely generalized and left it for those who undertake the work to determine for themselves.... It does not attempt to define the line the road should

2. Ibid. p.15.
3. Ibid.
take.... The line may come down the valley of the Fraser as in my opinion will be the best or it may come through to Bute Inlet or Ben-tick Arm.1

In debating the adoption of the clause pertaining to the Marine Hospital and Lunatic Asylum, the question arose as to the situation of these two public buildings. Mr. H. Holbrook took the opportunity to remind the assembled members that "We have had our complaints on the mainland, and we considered the removal of the Capital and the centralization of business at Victoria, an injustice to the rest of the colony."

Expectations of a solution for the economic and political troubles of the province from a union with Canada undoubtedly held in check the differences in the point of view of mainland and island. "It would assume our public debt.... It would give us a railroad across the continent and a quick and easy access to Ottawa, New York and London." With such assurances in sight it would have been a folly to display any lack of unity within the ranks. It might presage events in the future too much, an indication of the way in which the receivers of the reward might fall to quarrelling amongst themselves over the division of the receipts.

Other provinces had unloaded their debts upon the Dominion. The light from the east offered immediate relief. De Cosmos aptly expressed the possibilities for de-

1. Ibid.
2. Ibid., p. 21. Mr. Holbrook was a member for New Westminster.  
3. Ibid., p. 2.
velopment once the province was free from debt when he said, "Sir, I believe in the old adage that, money makes the mare go." Victorians eagerly anticipated the day when British Columbia would enter Confederation. It was strictly a business proposition with them. "With Confederation we expect surplus cash, an overland railway, a Graving Dock, and a large addition to our population."

The possibility of securing rail communication was an appealing incentive and many opinions were voiced along this line. "This Colony would be just as much isolated as ever after a paper union without a railway as one of the conditions." Speaking of the railway and Sir John A. Macdonald's part in confederation, R.E. Gosnell says,

He had an inside knowledge of what might lead to annexation to the United States, and there was more danger in the situation than people imagined then or now. Again, at that very time a group of capitalists associated with the Northern Pacific had planned to extend that railway through Manitoba and through the Middle West and British Columbia to and into Alaska (purchased by the United States from Russia in 1867) Sir John realized the danger of such an enterprise in view of the long-dreamed-of Canadian trans-continental railway, and he lost no time in the 'rounding out of Confederation' in order to forestall any inroads from the United States. The best circumstantial proof of that is that when the delegates from British Columbia arrived at Ottawa, not withstanding that a railway was considered by them as out of the

1. Ibid. p. 16.
2. Standard, April 22, 1871.
question, and had they been authorized to ask simply for a wagon-road, much to their sur­prise they were met by a fully matured pro­posal for a railway. No wonder the people of British Columbia rejoiced at the unexpected boon to be conferred upon them.1.

We cannot but help admire Sir John A. Macdonald's scheme of 'rounding out Confederation' but had the final proposal, as embodied in clause 11 of the Terms of Union, not been so premature in regard to the time specified for the beginning of railway construction, there might not have been recorded in the history of Canada the political dodges between Ottawa and Victoria which had their repercussions in regard to railway affairs up to 1930.2.

"Governor Musgrave's Delegates" as they were termed by the British Colonist telegraphed the news of settlement of terms. Great were the rejoicings. Those terms were so mag­nanimous that an easterner of that time could only contemplate them with wonder. "We are compelled to say that the terms on which the Ministry has determined to bring British Columbia into the Union are monstrous and unparalleled in the history of Canadian legislation." The spirit in which they were offered seems almost as exotic in Canadian politics as the tales of the gold rushes.

"The Terminal of the Canadian Pacific Railway at stake."

Following the announcement of the agreed terms of union with Canada, De Cosmos pointed out that clause 11 of the terms did not define the terminus which he thought should be Victoria.

The Government of the Dominion undertakes to secure the commencement simultaneously, within two years from the date of Union, of the construction of a railway from the Pacific towards the Rocky Mountains, and from such point as may be selected, east of the Rocky Mountains, towards the Pacific, to connect the seaboard of British Columbia with the Railway system of Canada, and, further, to secure the completion of such railway within ten years from the date of the Union.¹

"Shall the terminus of the railway be at Victoria and Esquimalt? To this we unhesitatingly answer yes. No other place will suit Victorians or the people of Vancouver Island." After castigating the British Columbia delegates to Ottawa for neglecting this important matter De Cosmos assumed:

To get the matter settled in our favor we have to take the question in hand at the city and district elections.... It is not question with us of engineers or money to construct the railway. Canada has to build it, if she wishes to get this country. So let her find the means but let us find the terminus.²

From this evolved the election cry in Victoria of "No ter-

¹. Standing Orders of the Legislative Assembly of British Columbia, 1930, p. 152.
². Standard, October 17, 1870. De Cosmos was the editor of the Standard at this time.
³. Ibid.
As another alternative to securing the terminus, De Cosmos suggested that a Victoria to Nanaimo Railway should be provided for in the terms of union to connect with the transcontinental railway. "Vancouver Island represents one-half of the civilized population and two-thirds of the realized wealth of the Colony. She has, therefore, a legitimate a well founded right to demand that due consideration be given in the construction of the trans-continental railway."

The matter of the railway terminus was of great importance to Victoria. For Victorians the terminus meant a position as a first-class city, without it nothing was more obvious than her position as a second-class city - she would cease to be the chief commercial city of British Columbia.

The citizens of Victoria met at the City Hall on October 25, 1870, with Mayor Trimble occupying the chair. The Mayor told the gathering that "It ought to be embodied in the resolution that the railway shall cross Johnson Straits, if found practicable, and it ought to be made a sine qua non in the terms of Confederation." Other speakers expressed their favour of a railroad connecting this city with the trans-continental railway, by building a line from

1. Standard, October 26, 1870.
2. Ibid.
3. Ibid.
4. Ibid.
Victoria to Nanaimo." The entire audience felt that "If this part of the country is left out in the cold, it will be fatal to our interests."

At a later meeting on October 29, 1870, the citizens of Victoria endorsed the following resolution:

That although we are on the whole, well satisfied with the liberal spirit evinced in the Terms of Confederation, as proposed by the Dominion Government, and while we highly appreciate the advantages of our forming part of the British Nation... it is, in the opinion of this meeting, most desirable, in order to permanently settle so important a question, that the location of the terminus of the Canadian trans-continental railway, on the seashore of British Columbia—to be considered in this connection as the southeastern coast of Vancouver Island—should be soon and finally determined upon.

That the well sheltered harbour of Esquimalt, easily accessible as it is at all seasons by day or night, with its unsurpassed anchorage... has pre-eminent and indisputable superiority over any other point in the colony, as the site of the Western Terminus of the British North American Trans-Continental Railway.

Sectional rivalry now sprang up between the mainland and the island. The mainlanders denounced the assertions that Victoria should be the terminus of the Canadian Pacific Railway. New Westminster had already suffered a loss to Victoria's political influence and domination in the removal of the capital and now that the terminus was apparently at stake, the mainlanders were determined not to let it slip through their hands. At a public meeting held in

1. Standard, October 26, 1870.
2. Ibid.
4. Supra, p. 5.
New Westminster, November 14, 1870, the following resolutions were passed:

1. That this meeting of the inhabitants of the City of New Westminster, most strongly deprecate the agitation at present carried on by the people and press of Victoria, regarding the terminus or route of the trans-continental railway, believing that same to be hurtful to the cause of Confederation, and tending to create sectional feeling which at this important epoch in the history of the colony ought to stop.

2. That the action of the press and of the people of Victoria, in assuming that Victoria or Esquimalt should be the terminus of the trans-continental railway, is not justified by either her geographical or commercial position or sustained by the people of the colony generally.

3. That we are perfectly satisfied with the Terms of Confederation as arranged by our delegates, feeling sure that the natural advantages of the Fraser as the route of the trans-continental railway will not be overlooked.

4. That although this meeting would willingly forward the construction of any railway likely to be beneficial to the interests of any portion of the colony, yet they must respectfully but strongly urge upon His Excellency the Governor not to sanction the action of the people of Victoria, as, if successfully, it would, in the opinion of this meeting, tend to delay Confederation and misrepresent the feelings and opinions of the colony generally.

5. That this meeting strongly urges upon the people of the Mainland to assist, by public meetings in deprecating the agitation at present carried on in Victoria regarding the terminus or route of the railway believing the same to be hurtful to the cause of Confederation and injurious to the interests of the mainland.

Whilst deprecating the moves of the Victorians to secure the terminus, the mainlanders undoubtedly made a bid for it themselves. The vigorousness of their attack can be attributed to the fact that at that time Victoria had a

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1. Mainland Guardian, November 15, 1870.
larger number of white inhabitants, together with the dominant wealth and influence of the province.

On December 1, 1870, a group of Victoria's citizens presented Governor Musgrave with a petition which embodied the resolutions passed at the meeting of October 29, 1870. The Governor was asked to transmit this petition with a favourable recommendation to the Dominion Government. To the first request he consented but as it was not from the entire colony he would not endorse it.

Expectations of Victorians to include a railway from Nanaimo to Victoria in the terms of union were somewhat dampened when the following letter was received by Musgrave in answer to his communication concerning the Victoria petition.

Your dispatch of the 5th, inst., covering petition as to the Railway Terminus from certain inhabitants of Vancouver Island. The route of the Pacific Railway can only be settled after Confederation, and after exploration and survey by the Dominion Parliament in which British Columbia will be represented. I have no doubt that the interest of the whole Dominion and of Vancouver Island as a part thereof, will be fully considered in the decision. The construction of a Branch Railway on Vancouver Island, as asked for, can only then be properly considered.

(Signed) Lisgar.

It is evident from this letter that Lisgar did not consider a Victoria to Nanaimo Railway as part of the proposed trans-

1. Standard, November 30, 1870. The deputation was made up of the following men; Dr. Tuzo, Dr. W.F. Tolmie, J.H. Turner, H. Natham, F. Franklin, F. Fell, J.D. Pemberton and J.G. Norris.
2. Standard, December 3, 1870. In the meantime the citizens of New Westminster had sent a petition to Musgrave pointing out that the Victoria petition did not represent the viewpoint of the entire colony. See Appendix A.
continental line, for he refers to the petitioned line as a 'Branch Railway'. This was the stand to be taken later by the Dominion Government in the ensuing negotiations with the province.

In September of 1871, H. Langevin, Minister of Public Works in the Federal Cabinet, arrived in Victoria on an inspection tour. At a banquet given by the citizens of Victoria in his honour, he dropped the following words from his speech. "If the line could be brought to your door, to Esquimalt, to Barclay Sound or Bute Inlet, be sure we would be most happy to do so." This must have been received with enthusiasm by the anxious-waiting Victorians whose sentiments were no doubt much like the following. "By the spring of 1873 we shall see the navies at work, and before the succeeding fall, hear the whistle of the iron horse starting from the terminus of Esquimalt."

At the session of the Dominion Government for the year 1872 De Cosmos continued his efforts to locate the Pacific terminus of the railway at Esquimalt. The vital question of the Canadian Pacific Railway came up for consideration in May. During the course of the debate De Cosmos asked what the Dominion Government intended to do about the terminus. Langevin pointed out that if the route to Esquimalt was

1. Standard, September 2, 1871.
2. Standard, October 4, 1871.
4. De Cosmos was elected in the first federal election in British Columbia as a representative from Victoria.
5. De Cosmos admitted in 1878 that he owned considerable land sections around Bute Inlet. Standard, Sept. 16, 1878.
practicable the Dominion Government intended to use that as a terminus. De Cosmos thought that under any circumstances a railway should be built from Victoria to Nanaimo. Langevin in his reply stated: "Should the railway be carried to Burrard's Inlet, a ferry will be established and a line will be carried to Esquimalt as a part of the railway."  

Langevin's reply in view of the fact that survey parties had not up to then ascertained the final route of the Canadian Pacific was rather premature. His pronouncements only increased the sectional feeling between the island and the mainland. The paper which had virulently supported Esquimalt as the terminus, came forth with the following. "We are aware that our New Westminster neighbors are troubled with a kind of chronic jealousy towards Victoria, and hence they look with a feeling of undisguised envy at the certain prospect of Esquimalt being made the terminus of the Canadian Pacific line." To this the Mainland Guardian replied: "Why are the Islanders - the Victorians in particular so pertinaciously making themselves disagreeable to Dominion Statesmen by asking an almost impossibility, so far as practicableness is concerned."  

In October of 1872, De Cosmos accompanied Sir Sanford Fleming on an inspection tour of Bute Inlet. Speaking of the fact that the San Juan award had been lost, De Cosmos thought that both on military and commercial grounds Esquimalt should be the terminus. It is doubtful if this suggestion
carried any weight with Fleming because he makes no mention of it in his survey reports.

Returning to Ottawa, the intrepid De Cosmos again-pressed the question of the western terminus, to which Sir John A. Macdonald replied that the pledge of the Government last session to make Esquimalt the Pacific Terminus, would be rigidly carried out. Prior to his return to Victoria, De Cosmos telegraphed the Standard that an order-in-council had been issued, fixing Esquimalt as the terminus of the Canadian Pacific Railway. The order-in-council read as follows:

Report of a Committee of the Honourable the Privy Council, approved by His Excellency the Governor-General in Council on the 7th, June, 1873.

The Committee of the Council having had before them the memorandum of the 29th, May last, from the Chief Engineer of the Canadian Pacific Railway, ...beg leave to recommend to Your Excellency that Esquimalt, in Vancouver Island, be fixed as the Terminus of the Canadian Pacific Railway; and that a line of Railway be located between the Harbour of Esquimalt and Seymour Narrows, on the said Island.

The Committee further recommend that application be made, ... for the conveyance to the Dominion Government, in trust, according to the 11th, paragraph of the Terms of Agreement of Union, of a strip of land, Twenty Miles in width, ...

An Order of the Lieutenant-Governor of British Columbia, ... will be necessary, in order to operate as a sufficient conveyance and reservation of the said land to and form the Dominion Government.

(Signed) W.A. Himsworth,
Clerk,
Privy Council.

1. Fleming, S., op. cit. pp.5-44. Appendix A.
2. Standard, April 5, 1873. The Debates of the Dominion House of Commons are not published for the two sessions of 1873 and the one of 1874.
3. Standard, June 19, 1873
The fight for the terminus had apparently been achieved. It was a great triumph for Victoria with such a prize at stake, a prize which to Victorians meant the city's undoubted supremacy as the Queen City of Western Canada. In this atmosphere of excitement, unbounded enthusiasm, and intense sectional rivalry the thought of bridging Seymour Narrows was dwindled to insignificant proportions. Victorians were then living in an age when railroad engineering in the United States was performing mechanical feats unheard and untold of fifty years before.

De Cosmos, who returned to Victoria with Marcus Smith, was the recipient of many congratulations. There was much excitement and speculation as to the date and precise spot, when by a formal ceremony Esquimalt would be declared the terminus. On the morning of the long and most anxiously looked for day nobody knew, what was what, or, who was who. On the afternoon of July 17, 1875, Marcus Smith accompanied by H.D. Tiedman, C.E. drove the first stake of the location survey for the Island section of the Canadian Pacific Railway. The whole thing was so unknown to the public that many Victorians spent the day climbing over the rocks of Esquimalt Harbour in search of the officials who were in charge of the ceremony. The same secrecy shrouded the day when the first sod was to be turned, which was on July 19, 1873, the ceremony being performed by the same officials. The Standard, in rather a disappointed

1. Marcus Smith was in charge of the Western Division of the Canadian Pacific Surveys.
2. Standard, July 18, 1873.
3. Ibid.
the same officials. The Standard in rather a disappointed tone reported: "It is much regretted that no public demonstration was made to celebrate an event of such great magnitude."

Declaring Esquimalt as the terminus appears as a mere formality on the part of Macdonald's government to meet technical obligations as to the specified time on which railway construction was to start in British Columbia. Many people on the island at that time did believe that the railway could be brought across Seymour Narrows and there is some possibility that Macdonald might likewise have shared this conception, and if so his action was sincere. On the other hand the line from Bute Inlet to Seymour Narrows had not been thoroughly surveyed, the feasibility of bridges across the straits had not been ascertained and Bute Inlet on the mainland was a poor harbour. Taking these important details into consideration Macdonald's action is wholly indefensible. In placing the terminus at Esquimalt he had satisfied the people of Victoria, who at that time controlled the political influence of the province, and it is almost a certainty that he did not want the province of British Columbia accusing his government of a breach of the terms of union, when he was becoming involved in the Pacific Scandal. The order-in-council of June 7, 1873, was an unwise commitment for British Columbia now possessed substantial ground upon which to base agitation against Ottawa in the very near future.

2. Ibid.
3. July 20, 1873, is the interpretation of "two years from the date of Union."
4. Mr. John Coburn, Churchill Street, Vancouver, was living on the island during the construction period of the E&N. He said that this was a prevalent conception of the islanders.
Chapter Three

"The Carnarvon Terms of 1874, about which surged the political battles of the next decade"

Previous to the passing of the order-in-council of June 7, 1873, the problem of securing a railway on Vancouver Island was taken up by the people of Victoria, led by Amor De Cosmos. The government of British Columbia up to this time, as we have seen, had little to do with the Island Railway question. However, once the above order-in-council was issued, the problem of securing a railway from Esquimalt to Nanaimo moved into the field of British Columbian politics.

The sequel to the Pacific Scandal was the overthrow of the Macdonald administration, Mackenzie inheriting the rather unenviable and embarrassing problem of the Pacific Railway in which the Esquimalt and Nanaimo Railway featured to a large extent. Despite the overwhelming victory of the Liberal party in the general elections the government was handicapped in many ways. In opposition the Liberals had not evolved a definite programme upon which all members could agree. The only bond which held the party together was a common distrust of Macdonald. Mackenzie who had assumed the duties of head of the department of public works soon became so engrossed in the

1. Early in the session of 1873, L.S. Huntington, a Liberal member from Shefford, Quebec, rose dramatically from his seat in the Commons and announced that he had damaging evidence against the government to the effect that Allan and the United States capitalists associated with him had contributed huge sums to the Conservative party coffers in order to influence the election of 1872. On November 5, 1873, Macdonald resigned; two days later the personnel of the Mackenzie government was announced. Then followed the elections. Leggo, W., History of the Administration of the Earl of Dufferin in Canada, Montreal, Lovell Co., 1878. pp. 119-22.
in the attempt to administer the manifold duties of his department efficiently and honestly that he neglected to keep in touch with the currents of public opinion. Finally, the Liberals had the misfortune to assume office when Canada was suffering from a severe economic depression, beginning in 1873.

We have already seen the circumstances by which Esquimalt was made the terminus of the Pacific Railway by the order-in-council of June 7, 1873, which also stated:

The Committee further recommend that application immediately be made, by Despatch to the Lieutenant-Governor of British Columbia, for the conveyance to the Dominion Government in trust, according to the 11th paragraph of the Terms of Agreement of Union, of a strip of land, Twenty Miles in width, along the Eastern Coast of Vancouver Island, between Seymour Narrows and the Harbour of Esquimalt.

An Order of the Lieutenant-Governor of British Columbia in Council appropriating this tract of land, in furtherance of the construction of the said Railway, will be necessary, in order to operate as a sufficient conveyance and reservation of the said land to and for the Dominion Government.1

The government of British Columbia did not comply with this part of the order-in-council. The Attorney-General for the local government, George A. Walkem, brought his forensic training to bear on the wording of the order-in-council of June 7, 1873. He pointed out that according to clause 11, of the terms of union, the land to be appropriated by the Dominion Government for railway purposes was to be selected for twenty miles on each side of the railway. As no railway line had been surveyed on Vancouver Island, Walkem contends that such a conveyance of land as the Dominion Government asked for was impossible. This report was sent to the Dominion Government.

The Dominion Government replied:

The Privy Council have read with great attention, the report of the Executive Council of British Columbia...and beg to submit, that so long as the land which is referred to is not alienated from the Crown, but held under reservation,...the object of the Dominion Government will be obtained, that object being singly that when the Railway shall come to be constructed, the land in question shall be at the disposition of the Government of the Dominion, for the purposes laid down in the 11th. Section of the Terms of Union with British Columbia.1

Apparently British Columbia was trying to force the Dominion Government into carrying out a survey of a line of railway on Vancouver Island, for on receiving the above despatch which avoided the necessity of a railway survey, the local government asked "that the Dominion Government be respectfully urged to at once define, by survey, the land they propose claiming on the East Coast of Vancouver Island". If British Columbia could have secured a railway survey on the island and conveyed the land in question outright, that act would have bound the Dominion Government to the construction of this railway as an essential part of the terms, and from a legal interpretation, any failure in constructing the line between Esquimalt and Seymour Narrows would have entitled the province of British Columbia to a substantial compensation for damages.

2. Ibid.
3. Gosnell, R.E., op. cit. p.65. states: "Had the government actually conveyed the land in question to the Dominion, that act would have constituted a firm contract," But a railway survey had not yet been made and such a conveyance as Gosnell describes, would not have been in accordance with clause 11 of the terms of union, from which it follows that a mere conveyance of the land would not have constituted a 'firm contract'.
To this early indication of railway trouble was added the "other bugbear of early provincial politics", the Graving Dock. To give effect to an arrangement whereby De Cosmos had secured financial arrangements for the Graving Dock which were different to those provided for in the terms of union, Walkem gave notice on February 5, 1874, of a bill to amend articles two and twelve of the terms of union. Humphreys, seconded by McCreight, moved that "in the opinion of this House it is neither expedient or wise to alter the terms of union without a direct reference to the people." At once public opinion was stirred, so afraid were the people that any legislation in this direction might weaken the binding effect of clause 11, of the terms of union. Even the insertion of a drastic saving clause in the act, which provided that the act should not have any force unless a saving clause in the same words were inserted in the corresponding Dominion statute, did not quiet them.

Victorians, ever politically alert, assembled at a public meeting. Among those present were such influential men as Dr. J.S. Helmcken, Dr. W.F. Tolmie, Senator Macdonald, Mr. T. Drake, and many others. The meeting passed the following resolution.

This meeting deems it unadvisable to enter into any negotiations for capitalizing the Dry Dock guarantee or to borrow money from the Dominion Government until the scheme of the Mackenzie Ministry for the relaxation

of the Terms of Union shall be made known. And further, that it is distinctly opposed to the Provincial Government interfering in any manner with the Terms, or agreeing to any new terms offered by the Mackenzie Government until the same shall have been submitted to the people for adoption.  

The cause for this incident was the knowledge on the part of the people that Mackenzie was seeking a relaxation of the terms of union. This was to them bad enough, but added to this was the fact that Mackenzie had as yet not come forward with any definite statements in regard to the above. The tension of the Islanders was rapidly assuming an antagonistic attitude to the new leader of the Canadian government. What would happen to the Island Railway?

The first public announcement of Mackenzie's Pacific Railway policy was made in a speech at Sarnia late in November, 1873. Although vague, it made clear what was certainly unavoidable, that he intended to seek a modification of the terms of union. This was clearly expressed shortly after in a speech of Mackenzie's to the electors of Lambton.

We will endeavour to arrange with British Columbia for such a relaxation of the terms as may give time for the completion of the surveys and the acquisition of information necessary to the location of the line.

British Columbia now became suspicious rather than confiding.

Such was the feeling, a feeling inimical to any

2. Globe, Toronto, November 26, 1873.
successful diplomatic undertaking, when Mackenzie desiring to avoid tedious and possibly unsatisfactory correspondence appointed on February 19, 1874, Mr. J.D. Edgar of Toronto to act as a trusted agent to the province:

Edgar was furnished with letters of introduction, one to the Lieutenant-Governor and the other to Walkem, the leader of the provincial government. Edgar's instructions in regard to the island railway were as follows:

You will remember that the Dominion is bound to reach the 'seaboard of the Pacific' only, not Victoria or Esquimalt,... You will take special care not to admit it in any way that we are bound to build the railway to Esquimalt or any other place on the Island; and while you do not at all threaten not to build it there, to let them understand that this is wholly and purely a concession and that its construction must be contingent on a reasonable course being pursued regarding other parts of the scheme.

Edgar's contact with Walkem commenced on March 9, 1874, Walkem introducing Edgar to his colleagues "as the representative of the Canadian Government." Edgar at once started to feel out the opinion of the government in regard to changes in the railway clause of the terms, but he soon became aware that a profound anxiety was manifested by Walkem

2. This letter was never delivered. Mackenzie was aware of this on March 24, 1874, as can be seen from his statement of this date in the House of Commons, Cf. Canadian Parliamentary Debates, 1875, p. 1002.
5. Ibid.
and his colleagues to ascertain if the Canadian Ministry would propose to Parliament to adopt the words of the proviso passed by the local legislature in regard to the Dry Dock.

When I sought to get from them some proposals or suggestions as to their terms of concessions that should be made to British Columbia, in consideration of a change in the railway clause, I was continually met by an urgent inquiry as to what was to be done about the Dry Dock arrangement.

The Dominion Government replied that they would not adopt the language of the Dry Dock clause, at which the local ministers appeared more obstructive. Local exigencies alone were apparently determining Walkem's course in these negotiations.

The people were well aware that Edgar was feeling the pulse of British Columbia with a view to ascertaining the precise amount of relaxation she would stand. A great deal of conjecture was made as to what Edgar was seeking to bring about, consequent on inquiries made by him, and remarks dropped. The mystery surrounding the negotiations was not appreciated. "This policy of reticence and abstention is really becoming intolerable." To the people it seemed impossible to tell which thimble the pea was under.

1. Leggo, W., op. cit., p. 334.
2. Ibid.
3. It should be noted here that although British Columbia had entered Confederation, the local governments at this time did not assume any definite party alignments. There were no clear cut party platforms and members were elected more on a personal principle basis. The formation of a ministry was one of personal liking rather than a definite programme. It can be readily seen that the stability of such a government could be easily shaken by the withdrawal of any member who might form an opposition or oppositions. Hence the short life of the early British Columbia governments. The formation of party governments in British Columbia dates from the Sir R. McBride government, 1903.
4. British Colonist, April 15, 1874.
Further attempts by Edgar to gain the views of the local ministry on the railway question met with little success. The ministry persisted that next year, or some future time, should be awaited for the making of any such propositions, and they were particularly careful to avoid saying what concessions in their opinion would be acceptable to the Province in lieu of the original terms. Acting on the advice of MacKenzie, Edgar submitted in writing a long document to the government of British Columbia, offering the immediate construction of the Esquimalt and Nanaimo Railway, the location, as soon as possible of the line on the mainland. Walkem refused to put this proposal before his government.

I am not in a position to advise His Excellency the Lieutenant-Governor in Council to treat such proposals officially, nor can I tender such advice until I shall have been informed that you have been specially accredited to act in this matter as the Agent of the General Government, and that they will consider your acts or negotiations in this matter binding upon them.

This was a peculiar communication on Walkem's part and displayed a complete volte face after he had recognized Edgar as a Dominion agent for two months. Edgar replied to this letter as follows: "You have, however, done me the honour of assuming that my statement was incorrect and that I am acting without authority and without instructions." To the Provincial inquiry as to whether Edgar's proposals could be con-

2. Ibid.
4. Ibid.
5. Ibid.
sidered as binding on the part of the Dominion Government,
the Lieutenant-Governor was informed by Mackenzie as follows:
1
"I refer Ministry to my letter to Mr. Edgar, which sufficiently
indicated his mission, and which they recognized. He is now
recalled, and I await his return and reports." The Edgar
mission had failed, that is, if its object was to secure a def-
inite relaxation of clause 11 of the terms.

Both Mackenzie and Walkem seemed to be satisfied with the impasse which had been reached. Mackenzie had
taken the initial step to solve the railway difficulty, but it
had failed. After knocking at the door of British Columbia he
had been refused. He could now wait, a situation most advan-
tageous to him. Walkem on his part had sidetracked an awkward
position, for had he accepted or rejected the proposals, he
would have imperilled his government which, though strong in
the house, was not nearly so strong in the country."They (the
ministry) are afraid of an appeal to the people." This was
the kernel of Walkem's position. It was Walkem's turn to knock
at the door of either the Dominion or Imperial Government. He
chose to approach the latter.

It is useless to enquire minutely into the
reasons for the fiasco, but before leaving this incident an

2. Ibid.
4. British Colonist, May 12, 1874. On March 2, a resolution
was passed in the House declaring that any change in the
terms would have to be ratified by the people. Walkem
knew that the time was not propitious for his government
to go to the country.
5. "Mr. Edgar showed conclusively on this occasion that he was
never intended for a diplomatist." Stewart, G., Canada under
the Administration of the Earl of Dufferin, Toronto, Rose-
examination of Mackenzie's instructions to Edgar do not appear very definite in regard to time limits. "To commence construction from Esquimalt to Nanaimo immediately, and to push that portion of Railway on to completion, with the utmost vigor, and in the shortest time practicable." The wording in one part almost approaches intimidation.

You will take special care not to admit that we are bound to build the railway to Esquimalt, ... and while you do not at all threaten not to build it there, to let them understand that this is wholly and purely a concession and its construction must be contingent on a reasonable course being pursued regarding other parts of the scheme.

What right had Mackenzie, who had repudiated all liability to construct the Esquimalt and Nanaimo Railway, to offer the people on Vancouver Island a railway? The following comment contains the answer. "The offer to construct a line of railway between Esquimalt and Nanaimo was simply intended as a bait to secure the acquiescence of Vancouver Islanders."

Mackenzie's position which had been strengthened by Walkem's conduct was now destroyed in an unexpected manner. Walkem, forced to move, was appointed to make an appeal to the Imperial Government for rectification of the grievances of his province. The tradition of ne-

1. "However prepotent 'the shortest time practicable' may sound we confess that we should prefer to have a specified period for completion." Colonist, May 11, 1874. This was an important consideration for the Islanders.
gotiation with Downing Street, for settlement of extra-provincial questions was still strong in all the provincial capitals, for the Dominion was less than seven years old. Moreover, Lord Carnarvon was not a man to break with this tradition, for he was a convinced Imperialist, who possessed a large fund of knowledge about the Canadian Pacific Railway.

It was well known that the Islanders favoured the Bute Inlet route for the Pacific Railway, and if that route had been certain of adoption, agitation for the Esquimalt and Nanaimo Railway would have been without meaning. But of course there was no certainty, and the Esquimalt and Nanaimo Railway was urged because its construction would, so to speak, commit the Dominion to the Bute Inlet route. And even if it did not - even if Burrard Inlet should become the terminus - the Islanders would at least have had the Esquimalt and Nanaimo line instead of receiving as its portion only a ferry service between the mainland and Victoria. In all the arguments the order-in-council of June 7, 1873, was assumed to contain a promise as binding as clause 11 of the terms of union itself.

Before Walkem left for England the local government drew up a lengthy memorial to the Queen. It set forth in great detail the history of the difficulty arising out of section 11 of the terms of union. The selection of Esquimalt as

2. Fleming, S., op. cit., p. 73.
3. Ibid.
4. It is evident at this point that the efforts of the British Columbia government to secure a railway from Esquimalt to Nanaimo were influenced by political pressure from the Islanders. The Cariboo members of the government also gave their support to such a measure, for if the railway was to cross Seymour Narrows, it would have to pass through their country.
the terminus was mentioned and the reservation at the request of the Dominion of a strip of valuable land twenty miles in width, containing about thirty-two hundred square miles. The various protests made and the scant courtesy they had received were then detailed. The history of Edgar's mission followed. It was submitted that the province had fulfilled her part of the agreement, but that the Dominion had not attempted to live up to her part of the bargain. Before this petition had reached Carnarvon and without any preliminary consultation with the Dominion Government, the Colonial Secretary offered his services as an arbitrator, on condition that his decision "whatever it may be, shall be accepted without any question or demur."

Mackenzie, wired at once in words which Carnarvon characterized as curt, that there were "no differences to submit to arbitration." Apparently from the outset, Carnarvon's arbitration was not welcomed by Mackenzie. Acceptance of arbitration would take control of the negotiations out of the hands of his ministry. It did not seem proper that a secretary of state should enter into a quarrel between the Federal and Provincial Governments. What about the constitutional position of the new Dominion?

On his way to London, Walkem visited Ottawa

2. British Columbia Sessional Papers, 1875, p. 528. W. Maxwell thinks that Dufferin inspired this action although he could find no direct evidence to prove it. However G.M. Sproat, the agent for British Columbia in London, wrote able letters on June 16, 1874, to Carnarvon suggesting his intervention.
3. Carnarvon to Dufferin, June 18, 1874. Message 12.
in order to receive credentials to take to England. While wait­ing for these credentials, Walkem made certain overtures to Mackenzie, of which the following is an account of what trans­pired.

You called on me on Monday morning, 13th. instant (July), and informed me that you proposed leaving that day for England. You told me you would be very glad not to go to England at all, and if the Government would only consent to commence the construction of the railway on Vancouver Island you would at once return to British Columbia. I remarked to you that I had already proposed to do what you suggested through Edgar, and it had been declined, whereupon you said that there were evident reasons for that which I could easily understand. I then asked you if you had any representations to make, to submit them in the shape of a formal proposition in writing. You stated that you would make a written proposition, to the effect that if the road on the Island were commenced and prosecuted immediately you had no doubt that the people of British Columbia would be satisfied, and you would not go on your mission to England. I then said that you had better send me the formal proposition at once, and I would consult my colleagues and communicate with you immediately. You withdrew at once, for the purpose of preparing your proposition, which proposition you have not yet submitted.

Apparently Walkem was not so belligerent now and his conduct in this instance probably strengthened Mackenzie's belief that the Edgar mission had failed because of political exigencies in British Columbia. The overtures led nowhere and Walkem left for England.

In a memorial to Carnarvon, which did not express a maximum of thought in a minimum of words, Walkem pre-

1. Always cautious, Mackenzie had probably been made doubly so by his distrust of Walkem.
sented the case for his province and while he could clearly demonstrate that the Dominion had fallen short of its promises, yet, being held down by the resolution of his government, he could not state what terms would be acceptable to British Columbia.

The Dominion Government replied to the accusations of British Columbia "that nothing is being done by the Dominion Government towards commencing and pushing on a railway from Esquimalt to Nanaimo" by stating that "the Dominion has no engagement to build such a railway, and therefore there can be no just complaint that it is not commenced. The construction of such a railway was offered only as compensation." It is rather difficult to understand on what basis Mackenzie could offer the Islanders a railway as compensation for delay of the line on the mainland. If as he asserted there was no obligation to build a line on the island then why did he offer the local government this line as compensation?

Lord Carnarvon, after devoting a great deal of time and careful investigation to the questions at issue between British Columbia and the Dominion, arrived at the following conclusion in regard to the Esquimalt and Nanaimo Railway, "That the section of the railway from Esquimalt to Nanaimo should be begun at once." British Columbia objected that no

5. While Mackenzie is usually regarded as a man of downright honesty, his policy in this instance was much like that of Macdonald's, who played politics consistently. The offer of the Esquimalt and Nanaimo Railway was made to the Islanders in an effort to secure their acquiescence.
definite provision was made for the extension of the railway beyond Esquimalt to Nanaimo, and there was no time limit fixed for its construction. On November 17, 1874, Carnarvon wrote Dufferin the following settlement. "That the railway from Esquimalt to Nanaimo shall be commenced as soon as possible."  

The Dominion Government had been assembled for a month when Mackenzie gave a statement about the Pacific Railway, touching briefly on the Carnarvon negotiations. The only portion of the Carnarvon terms which Mackenzie proposed to submit to parliament for specific action had to do with the Esquimalt and Nanaimo Railway. On March 19, 1875, Mackenzie asked leave to introduce a bill entitled: "An Act to provide for the construction of a line of railway from Esquimalt to Nanaimo, in British Columbia." He explained that the necessity of introducing this bill arose from the fact that parliament had no authority to construct this line as part of the Canadian Pacific Railway. On March 29, Mackenzie moved "that the Bill be now read a second time," whereupon Mr. Wallace moved in amendment "that the word 'now' be left out, and the words

2. Debates, House of Commons, 1875, p. 513.
3. Yet on March 5, 1875, Mackenzie had said: "I have nothing to ask from Parliament," Ibid. p. 511. It may be that the decision to submit the Esquimalt and Nanaimo bill was an after thought.
4. The bill proposed a governmental aid of $10,000.00 and of 20,000 acres of land per mile, as well as a guarantee of interest at 4% for 25 years upon the additional expenses of construction. Estimates ran about $20-40,000 per mile. Debates, House of Commons, 1875. p. 793.
5. Yet Mr. J, Hunter and Mr. J. Trutch had been ordered to start a survey from Esquimalt northward to locate a line of railway on Vancouver Island, Standard, March 6, 1875.
'this day three months' added at the end thereof."1 Mackenzie pointed out that it would not be necessary to submit the contracts for this work to parliament.2 This met with a great deal of opposition from the Conservatives who pointed out that this was a digression from the accepted Liberal policy but when this was put to the house in the form of an amendment it was defeated.4 Nobody thought that the bill would fail in the Senate. Although that body was Conservative, the Conservatives were as much committed to the Esquimalt and Nanaimo Railway as was the government. It came, therefore, as a surprise when, on the eve of prorogation the Senate defeated the bill by a vote of 24 to 21.5

One might expect that Mackenzie's government would not have been embarrassed. The Senate was Conservative, the great bulk of the votes cast against the defeated bill was Conservative, and the blame would seem then to rest unequivocally upon the Conservative party. Nothing like this happened. The Senate's assertion of its independence injured Mackenzie rather than Macdonald. It was declared that Mackenzie had connived at the defeat of the bill in the Senate. This seems doubtful from Mackenzie's character, but that this notion was credited on Vancouver Island cannot be doubted.

2. Debates, House of Commons, 1875, p. 949.  
3. Ibid. Most of the protest came from Tupper.  
4. Journals, House of Commons, 1875, p. 298. The bill passed the third reading on a division of 91 to 64. Cunningham and Dewdney, Liberal members for the mainland, voted against the bill. Ibid.  
5. Journals, Senate, 1875, p. 293.  
6. "I (Lord Dufferin) saw Mr. Mackenzie the next day (after the defeat of the bill) and I have seldom seen a man more annoyed." Leggo, W., op. cit. p. 539.
The telegram published in yesterday's Standard to the effect that the Canadian Senate has rejected the Esquimalt and Nanaimo Railway bill has caused very considerable sensation throughout the city and districts where read and very naturally.1

There was still a more serious charge against the Mackenzie administration. A year and a half later Lord Dufferin declared that the handling of the Esquimalt and Nanaimo Railway bill in the Senate was disgraceful.2 The measure had, so he charged, been introduced in a languid and perfunctory way by W. Scott, the leader of the government in the Senate, who actually said that the bill was being conceded "through the interference of the Imperial Government." Mismanagement and carelessness on the part of Scott there certainly was, and this was a reflection of the positive distaste with which many Liberals viewed the bill.3

The defeat of the Esquimalt and Nanaimo Railway bill marks a definite stage in the position of Mackenzie as leader of his party. "I very much doubt whether he (Mackenzie) could have succeeded in carrying it (the Esquimalt and Nanaimo Railway bill) a second time even in the House of Commons." Mackenzie's hold on his party had been weakened by his British Columbia policy and the defeat of the above bill was in effect, a victory for the Blake wing.4

1. Standard, April 10, 1875.
3. Debates of the Senate, 1875, p. 738.
4. Ibid.
5. "The improvident and reckless promise made on behalf of this country of building a line on Vancouver Island." Ibid.
7. The difficulty blocking Blake's entry into the cabinet was the policy of the government towards British Columbia.
Blake knew that Liberal opinion against the Esquimalt and Nanaimo Railway and, indeed, the Carnarvon terms had crystallized, and that Mackenzie's plan of going on would meet with sharp opposition. He therefore asked Mackenzie to consult the most influential Liberals, who had supported the government on the Island Railway bill, as to what the future policy toward British Columbia should be. Mackenzie consented. Apparently his eyes were opened in the interview and as a practical politician he bowed to the inevitable. On May 19, 1875, Blake entered the cabinet as Minister of Justice and he did so on terms which were to bring the ministry into sharp dispute with the Governor-General. The letter explaining this agreement deserves quotation.

The result of our discussion of this morning is that I agree to join your Government on the understanding as to the general policy arrived at when I was last in Ottawa, and on the understanding as to the Columbia terms reached this morning - namely that the Government should negotiate with Columbia for the payment of a cash subsidy in lieu of the agreement to construct the Vancouver Island railway.... It is understood that in case British Columbia or England should raise any difficulty as to these provisions, the Government will notwithstanding proceed to carry them out in good faith.2

The new policy of the Dominion Government toward British Columbia was formulated by an order-in-council of September 20, 1875. After tracing the railway difficulty arising from the Terms of Union, the document came to the

1. The Islanders looked askance at Blake's appointment. "So far as we are concerned Mr. Blake's acceptance of office will be anything but a matter for rejoicing. As to what we may expect as the result of his being one of the ministry it is difficult to say," Nanaimo Free Press, June 26, 1875.
following conclusion in regard to the Esquimalt and Nanaimo Railway.

The proposed railway from Esquimalt to Nanaimo does not form a portion of the Canadian Pacific Railway as defined by the Act; it was intended to benefit local interests and was proposed as compensation for disappointment experienced by the unavoidable delay in constructing the railway across the continent. The work is essentially a local one, and there are obvious reasons against the Canadian Government under ordinary circumstances undertaking the construction of such works and in favour of there being if at all, by virtue of Provincial action.

The Bill which the Government introduced into the House of Commons to provide for building this railway, evoked a considerable degree of opposition in that House and in the country, and, although passed by the House of Commons, it was afterwards rejected in the Senate, and thus there is imposed upon the Government the duty of considering some other method of meeting all just expectations of the people of British Columbia, whose Government has not suggested to this Government any solution.

It would seem reasonable that the people of British Columbia should construct this work themselves, or if they think other public works more advantageous, should in lieu of this themselves undertake such other local works and that the compensation to be given them by Canada for any delays which may take place in the construction of the Pacific Railway should be in the form of a cash bonus to be applied towards the local railway or such other local works as the Legislature of British Columbia may undertake, Canada also surrendering any claim to lands which may have been reserved in Vancouver Island for railway purposes.

The sum of $750,000 would appear to the committee to be a liberal compensation, and the committee advise that the Government of British Columbia be informed that this Government is prepared to propose to Parliament at its next session the legislation necessary to carry out the views contained in this minute.

Walkem's government received this order—

1, British Columbia Sessional Papers, 1876, p. 567.
in-council on November 29, 1875. On December 6, 1875, a report from the Executive Council advised "that the proposals contained in the Minute be unhesitatingly but respectfully declined."  

A further report of the Executive Council for January 4, 1876, commented at some length on the proposals of the Dominion Government. The Edgar proposals, it was pointed out did not mention the Esquimalt and Nanaimo Railway as a "compensation for the disappointment experienced." The other feature was the cash bonus of $750,000 to be given to British Columbia. At the outset it may be asked for what was this bonus a compensation. Many people interpreted it to be in lieu of the promise to build the Esquimalt and Nanaimo Railway, "and to give us $750,000 as compensation for surrendering the Island Railway," and the reasons for this are clear enough. But the order-in-council was definitely ambiguous. The sentence, which introduced the idea of a cash bonus, began by expressing the opinion that the Esquimalt and Nanaimo Railway should be built by British Columbia, and then mid-way passed to the question of compensation. But the compensation was not, as one might expect, for the Esquimalt and Nanaimo Railway; it was "for any delays which may take place in the construction of the Pacific Railway." The alternative interpretation assumed by Walkem was that the $750,000 was to be compensation for future

2. British Columbia Sessional Papers, 1876, p. 568.
5. British Columbia Sessional Papers, 1876, p. 567.
and indefinite delays in the construction of the Canadian Pacific Railway. Which interpretation is correct no one can say.

The order-in-council of September 20, 1875, was wholly unfortunate. Lord Dufferin later declared that it was a deliberate trap, set to catch the people of British Columbia. At any event, recrimination about that had no point because, if there was a trap, British Columbia never came close to falling into it.

The controversy which Carnarvon had hoped to quiet, now flared up once more. British Columbia appealed to Carnarvon to hold the Dominion to its promises and Carnarvon again proved willing to act as an arbitrator. He was no doubt displeased with the course of events.

I shall have course great difficulty in believing that a Government which only a year ago had undertaken specific obligations, could contemplate any departure from, much less amendment of them... The undertaking was of a tri-partite character, and I cannot of course suppose that the Canadian Government could consider itself absolved from any engagement into which it had entered with British Columbia except in so far as that engagement might be modified after reference to and communication with me... But consider the position of Mackenzie. If Carnarvon's action had been unwelcome in 1874, it was doubly so in 1876 after his

1. British Columbia Sessional Papers, 1876, p. 570.
2. In conversation with Dufferin, Mackenzie seemed to accept the second interpretation. Mackenzie Letter Book, 1, 790. An order-in-council of March 13, 1876, leans to the first "as a substituted compensation." B.C. Sessional Papers, 1876, p. 643. In the Senate, Scott said that "the $750,000 was compensation for the defeat of the E & N bill." Debates of the Senate, 1876, p. 222.
5. Ibid, p. 637.
promise to Blake. Further intervention of Carnarvon at this
time was definitely rejected by Mackenzie. Instead it was de-
cided that Lord Dufferin, Governor General of Canada, should
visit "British Columbia for the purpose of gathering information
"which might lead to an amicable settlement of the whole con-
troversy."

1. Mackenzie to Dufferin, May 29, 1876, Mackenzie Papers, II,
461. Apparently Dufferin suggested to the government that
he should go to British Columbia. "I (Carnarvon) have learnt
with sincere pleasure that you have proposed and that your
Ministers have concurred in the proposal that you should
yourself visit British Columbia." Carnarvon to Dufferin,
May 4, 1876, Blake Papers.
Chapter Four

"British Columbia secures a railway for Vancouver Island"

Lord Dufferin arrived in British Columbia on August 16, 1876, and during the month which followed he did his best to secure an accurate opinion about the Esquimalt and Nanaimo Railway situation. It is needless to resuscitate the details of his visit which has been the theme of numerous histories. The speech he made at Victoria on September 14, 1876, has been credited with checking a dangerous agitation for secession on Vancouver Island. There is little doubt that the speech was predicated upon the belief that the Carnarvon Terms had to be implemented or a satisfactory equivalent offered, a belief which showed either that Dufferin had not understood, or that he was prepared to oppose, the change of front which Mackenzie had announced.

Lord Dufferin had very definite opinions of his own as to how a settlement of the dispute ought to be reached. Before leaving for British Columbia he had asked Mackenzie that he might be allowed to announce the foundation of a satisfactory arrangement in regard to the Esquimalt and Nanaimo Railway controversy.

1. Leggo, W., op. cit. p. 442. The reception was probably the most unusual ever tendered to a Governor General of Canada. The people thought that Dufferin was appearing in the role of a political agent.
2. Ibid. pp. 455-73.
4. This seems to have been the prevailing idea of the Islanders also. Carnarvon's proposals by this time were a dead issue.
From Nanaimo Dufferin sent the following telegram to Mackenzie.

The case as it stands will present itself to English opinion thus. At the instigation of the Imperial Government, and under pressure which as a Crown Colony it would not pretend to resist, British Columbia entered into a treaty with a powerful neighbour, under which she surrendered her autonomy in consideration of obtaining certain strictly specified advantages. Of course Canada says, and perhaps with justice that what she has proffered in lieu of the un­filled stipulation, ought to have given satisfaction, but in common justice it would be admitted that if two independent parties enter into a contract which one of them is unable to fulfil, the defaulter cannot claim the right of determining his own mere 'ipse dixit.' The natural and obvious course would be for the litigants again to resort to the assistance of the arbitrator who had already intervened in the dispute; and if one of them be stronger than the other, and at the same time the defaulter in question, it is obvious that his refusal to have the matter decided except in accordance with his own personal arbitrament, would expose him to the reproach of acting in a high-handed and imperious manner, and that the general sympathies of the public will lean toward the weaker litigant who has been disappointed in his legitimate expectation.

This telegram clearly shows the effort which Dufferin was making to have Carnarvon acting again as an arbitrator in the dispute between the Federal and Provincial Governments over the Esquimalt and Nanaimo Railway. Undoubtedly Dufferin felt that Mackenzie had not dealt fairly with the railway situation on Vancouver Island.

Dufferin, on his return to Ottawa, drafted

a long despatch on British Columbia affairs, which he proposed to send to Carnarvon. In this despatch Dufferin argued that the Dominion Government ought to state explicitly that the $750, 600 cash bonus was offered in lieu of the Esquimalt and Nanaimo Railway, and for nothing else. He sent this draft to Mackenzie and Blake for examination, and on November 18, 1876, an interview was held, attended by the above gentlemen.

During the interview Dufferin characterized the order-in-council of September 20, 1875, and the one of March 16, 1876, as deceitful and most disgraceful. He said that if he had understood the orders-in-council as they had been carried out, he would not have given his assent to them. "I (Dufferin) call you to tell me distinctly what you meant by compensation for delays in your minutes referring to the Island Railway." Dufferin then declared that Mackenzie had tried to carry the Senate. Mackenzie denied this statement, but to the other questions and charges he remained silent. The interview ended with Dufferin leaving in rather an unpleasant mood. "Well after that, there is no use having any further discussion. I feel ashamed of it."

Dufferin's best efforts to secure support for British Columbia in London were lost when Carnarvon wrote Dufferin, that the objections of the province against the course taken by the Dominion were "couched in more severe and ex-

2. Ibid.
3. Appendix B.
4. Ibid.
5. Ibid.
6. Ibid. In drafting the report, which led to the above interview, it would appear from the contents of the report that Dufferin went beyond the limits of his office.
agger-ate a language than a fair estimate of the peculiar embarrassments and difficulties of the case would seem to justify." This, after a silence of seven months was Carnarvon's answer to the appeal of British Columbia. Dufferin had tried to make a very good job of a difficult job, but all his plausible eloquence failed to convince the people of Vancouver Island that they were being treated fairly.

Affairs on Vancouver Island are anything but serene. The inhabitants of the Island are dissatisfied with the treatment they have received at the hands of the Dominion Government, and not even Lord Dufferin's cheery presence and genial speeches have been able to remove the unfavourable impression.

At this time the Carnarvon Club, which was growing more influential, began to make things uncomfortable for the Elliot administration. The club which had been formed in Victoria to see that the Carnarvon Terms were carried out by the Dominion Government, forced Mr. J.C. Brown, President of the Council, to resign on September 10, 1876. Lieutenant-Governor Richards had said on the mainland that his ministers "did not sympathize with the view that separation must follow as a result of the non-commencement of the Island Railway."

The Carnarvon Club demanded a statement from Mr. A.C. Elliot to the effect that Richard's statement was not the policy of the existing government. Elliot's position became more pre-

3. Brown had said to the people of the mainland, "We are unanimous in the feeling of pleasure with which we regard the setting aside of the Carnarvon Terms." Standard, Sept. 14.
5. Walkem's government had been defeated on a motion of T.B. Humphreys respecting the financial policy of the government. The Elliot administration commenced on February 1, 1876.
on March 3, 1877, when the Carnarvon Club demanded his resignation "as a member for the City of Victoria." However, the Elliot government paved the way for its defeat when it introduced a loan bill designed to borrow $150,000. Struggling through the session, after receiving an adverse vote in the House, an unsuccessful appeal was made to the electorate. Walkem was returned and with the formation of his government, a fight Canada policy was adopted.

By now the question of the terminus had been reduced to a choice of either Burrard or Bute Inlet for the Canadian Pacific Railway, and shortly after Fleming told parliament that "the line to Vancouver Island for the present be rejected and that the Government select the route by the Rivers Thompson and Fraser to Burrard Inlet." Fleming's suggestion was carried out by an order-in-council of the Dominion Government on May 23, 1878. The order-in-council also cancelled the one of June 7, 1873, which had designated Esquimalt as the terminus of the Canadian Pacific Railway.

The islanders were stronger than ever in their denunciations of Mackenzie's railway policy. Walkem's government was urged to take action to justify the grievances of the people on Vancouver Island. It was pointed out that the reservation of railway lands on the island had proved a serious hindrance to settlement.

Our rights must be respected, or means must be taken to enforce them. If the repudiating policy is to continue and become con-

4. Supra p. 20.
firmed, we shall be better without the connection and the sooner it is severed the better.\textsuperscript{1}

However, the flood-tide of discontent, which was marked by the passage of a secession memorial to the Queen on August 22, 1878, soon receded.

Macdonald, who had been defeated in his own constituency of Kingston, Ontario, in the general election of 1878, had accepted Victoria's offer to be her representative in the Dominion Parliament.\textsuperscript{2} The future on Vancouver Island appeared brighter.

For the future Premier of Canada to be a representative of this constituency, whose long struggle for the recognition of the rights of the Province by the Government of the Dominion is a matter of history, will ensure as a necessary consequence that every obligation entered into by the Government towards this Province will be fully and squarely met. The immediate commencement and energetic prosecution of the railway from its terminus at Esquimalt, the building of the Dry Dock, the outlay on public works wherever needed, are all of them events that may be calculated on with the most absolute certainty.\textsuperscript{3}

The first indication of railway action by Macdonald's government in British Columbia was made known in Victoria on May 3, 1879, when an announcement came from Ottawa to the effect that one hundred miles of railway would be built that year in British Columbia. Coming from the Macdonald ad-

\textsuperscript{1} Standard, June 17, 1878.
\textsuperscript{2} Marquette, Manitoba, also offered Macdonald a seat, but he accepted Victoria's offer. His choice of Victoria was made, no doubt, on the grounds of political expediency aimed at bringing about an amicable settlement of the relations between British Columbia and the Dominion. His elected colleague for the city of Victoria was Amor De Cosmos. Standard, October 22, 1878.
\textsuperscript{3} Standard, September 21, 1878.
\textsuperscript{4} Standard May 3, 1879.
ministration, Victorians readily assumed that "the building of one hundred miles of the line will create an amount of business that will produce brisk times on Vancouver Island...it is highly probable that the railway will be completed as far as Comox by this time next year." Shortly after Macdonald announced that Esquimalt was again fixed as the terminus of the Canadian Pacific Railway. The order-in-council confirming this statement was issued on April 22, 1879, and read as follows:

On a memorandum dated 16th. April, 1879, from the Honourable the Minister of Public Works representing that on a memorandum from the Chief Engineer of the Canadian Pacific Railway, dated May 23rd, 1873, an Order-in-Council was passed June 7th, 1873, fixing Esquimalt on Vancouver Island as the terminus of the Railway in British Columbia. That subsequently, March 25th, 1875, an Order-in-Council was passed authorizing the Dominion Government to notify the Government of British Columbia that it would be necessary that the Legislature of that Province, then in session, should pass an act setting apart such extent of Public Lands along the line of Railway in Vancouver Island in the manner set forth by the 11th. paragraph of the terms of agreement of the Union.

That on May 23rd, 1878, the late Government had another order passed cancelling that of June 7th, 1873, but no reason appears to have been given for their action in the matter, nor is there any mention made of the Order-in-Council of March 25th, 1875, which provides for the appropriation of the necessary land in Vancouver Island. The Minister therefore recommends that in the absence of satisfactory reasons having been given for cancelling the Order-in-Council of June 7th, 1873, that the Order-in-Council of May 23rd, 1878, cancelling it be annulled and that of June 7th, 1873, be revived.2

Victorians felt sure that Macdonald was acting as their proven

friend.

The above order-in-council by no means made Esquimalt the western terminus of the Canadian Pacific Railway, even though the people of Vancouver Island chose to regard it as such. On June 7, 1879, Macdonald pointed out that

The Dominion Government recommends that the Government of British Columbia be informed that the object of the Order-in-Council of the 22nd, April, 1879, was simply to rescind the Order-in-Council of the 23rd, May, 1878, so as to leave the General Government free to adopt whichever route might appear in the public interest the most eligible.¹

In doing this Macdonald was attempting to satisfy the inhabitants of the mainland and Vancouver Island. As long as these two sections of British Columbia had a claim on the terminus things would appear more settled in British Columbia. However, the islanders did not remain quiet for long.

On October 6, 1879, Macdonald telegraphed Walkem that the Dominion Government was calling for tenders to construct the section between Yale and Kamloops. Victorians were sorely disappointed. "It would be useless to deny that the advertisement calling for tenders for the construction of a line of railway from Yale to Kamloops has created a widespread feeling of disappointment throughout the city." The inevitable declaration of Burrard Inlet as the terminus of the Canadian Pacific Railway followed. From now on the railway question as far as the mainland was concerned passed off the

¹ British Columbia Sessional Papers, 1880, p. 337.
² Ibid., p. 338.
³ Standard, October 9, 1879.
political stage. But the island railway question still, re-
mained a subject of dispute between the two governments. Vic-
torians felt that "the declaration of the Fraser route does
not obliterate but rather increases the obligation of the
Dominion Government to build the line on the island from
Esquimalt to Nanaimo."

The local government started to press
vigorously for the construction of the Island Railway. On
December 27, 1879, Walkem was appointed as a special delegate
from British Columbia to Ottawa, to press the construction of
the "Esquimalt and Nanaimo section of the Canadian Pacific
Railway." He arrived at Ottawa on January 15, 1880, and im-
mEDIATELY went into conference with Senator Macdonald, De Cos-
mos, Bunster, and Thompson, "for the purpose of deciding upon
the best means to secure the construction of the Island Rail-
way." These gentlemen interviewed Macdonald on February 17,
1880, and while they gave credit to the Dominion Government
for placing 127 miles of the mainland portion of the line
under contract, and active prosecution of the work advocated,
the members of the delegation forcibly represented the loss
which would be inflicted on the islanders by longer delaying
construction of the Esquimalt and Nanaimo Railway section
of the Canadian Pacific Railway. Macdonald replied that he

1. As far as construction was concerned and the declaration
   of the western terminus.
2. Standard, October 21, 1879.
5. Ibid. The delegation pointed out the serious loss which had
   been inflicted on Vancouver Island because of the locking
   up of the railway lands. This was a more forcible argument
   than a long recital of previous railway negotiations.
and his colleagues had undertaken as much railway work in
British Columbia as they could safely carry through, and that
he could not, therefore, pledge his government to do more at
the present. The mission was unsuccessful because once Mac-
donald had undertaken railroad construction, which was to end
at Burrard Inlet, the western terminus of the railway, anything
beyond that was not a section of the Canadian Pacific Railway.

Back in Victoria again, Walkem telegraphed
Macdonald as follows:

Awarding of Mainland contracts give
satisfaction, but your refusal to give definite
assurance of construction on Vancouver Island
creates dissatisfaction. A promise from you to
commence and prosecute active construction of
Island Railway next year would satisfy all. Can
you give it? Please reply immediately, as House
meets in a few days.2

This telegram received no reply, due no doubt to the fact that
Macdonald was waiting for an agreement on the part of British
Columbia to a memorandum prepared by the Department of the
Interior, which in part stated:

There is reason to believe that the
character of the land for a very considerable
distance along the line of the Canadian Pacific
Railway as located in British Columbia is such
as to be altogether unsuited for agricultural
purposes, and, therefore, valueless; for the
objects contemplated at the time the province
was admitted into Confederation, which was
that the lands proposed to be transferred to
the Dominion be laid out and sold to aid in
the construction of the road... to cover the
deficiency lands outside the forty mile belt
should be selected and transferred by the
Provincial Government to the Dominion, to be
dealt with in all respects as if the same

2. Ibid. p. 351.
formed part of the forty mile belt.  

To carry out the above negotiations, Trutch had been appointed "Agent of the Dominion Government, on the subject of the adjustment and transfer to the Dominion of the lands granted by the Province of British Columbia." He sent a letter to Walkem, asking that provision for the selection by the Dominion agent of lands outside the forty mile belt be inserted in the Railway Lands Reservation Bill, then before the Legislative Assembly. Walkem, acting on political expediency and seeing a chance to drive a bargain refused to introduce the question into the House, but at the same time assured Trutch that if there was some stipulation for the commencement of railway work on Vancouver Island, the Legislature would consent unconditionally to the proposal. His treatment of Trutch calls to mind the reception he gave Edgar, Macdonald commented that "Walkem is evidently inclined to sharp practice and his course is equally foolish and dishonest."

Meanwhile at Ottawa, Macdonald was having a difficult time with Blake's motion that all railway construction in British Columbia be postponed. In a letter to Trutch, Macdonald tells of the annoying situation and it is certain that he did not want to be bothered with the pleas of British Columbia for the construction of the Esquimalt and

1. Dominion Sessional Papers, 1880, No. 6. The memorandum was based on a resolution of the Dominion Government passed in 1879. Debates, House of Commons, 1879, p. 1616.
2. Dominion Sessional Papers, 1880, No. 21.
5. See Appendix C.
7. Macdonald to Trutch, May 17, 1880. Ibid.
The letter follows:

We were obliged to sit for the best part of two days in caucus in order to get them to vote down Blake's motion. ... We cannot allow the question of the construction of the Esquimalt and Nanaimo Railway to be mixed up in this matter. The engagement of Canada is to build a railway connecting the Pacific with the Atlantic and that unless British Columbia prevents it by her own act will be faithfully carried out. My own opinion as expressed to you was that the building of the Island Railway is only a matter of time and that there must be a steam connection across to Nanaimo and a rail connection with Esquimalt. That however is a matter of expediency and not a matter of contract. The previous arrangements and the Carnarvon terms have become things of the past, and we are thrown upon the original agreement at the time of the Union. ... It seems to me Mr. Walkem if he represents British Columbia does not know who the friends of his Province are or appreciate what they have done.  

The newspaper, which had declared that Macdonald's election in Victoria gave prospects of substantial benefits to be derived in the future, now came forth with the following statement. "It was felt that the era of deceit and trickery was now past, and that a loyal and ungrudging fulfilment of existing obligations might with confidence be expected." Protest meetings on Vancouver Island became the order of the day with Victoria, as usual, in the vanguard. Victorians held a public meeting on November 8, 1880. Speeches were given by Provincial and Federal members in favour of securing the construction of the Island Railway by the Dominion Government. Dr. W.F. Tolmie moved "that Sir John A. Macdonald, M.P., and Honourable A. De Cosmos, M.P., are hereby respectfully and urgently requested to impress on the Dominion Government the

1. Macdonald to Trutch, May 17, 1880, Macdonald Papers, 11, 104.  
The desirability of the immediate commencement of the Island Railway. The meeting endorsed the following resolutions.

1. That the first condition of the Carnarvon Terms, made in 1874, was the construction of the railway from Esquimalt to Nanaimo....

3. That although the people of the Island were justified in expecting the commencement of the Esquimalt and Nanaimo Railway in 1875, their generous recognition of the embarrassed condition of the Dominion induced them for years to refrain from emphatically insisting upon immediate construction of this railway....

10. Confederation has inflicted responsible injury upon Vancouver Island, most important portion of British Columbia, so far from inducing settlement, it has prevented it. From the 7th. June, 1873 until now a belt of land has been kept locked up by the Dominion so that thousands who intended to settle in this valuable portion of the province have been forced across the border....

15. That the only compensation for the many drawbacks of Confederation is railway construction under the conditions of the Carnarvon settlement, and unless the Dominion of Canada is prepared to carry out its railway obligations with British Columbia, Vancouver Island would benefit largely by being placed in the same position to the British Crown as Newfoundland now occupies, having full control of her own resources and developments.

Other areas on Vancouver Island fell in line, meetings being held at Saanich, Esquimalt, Cowichan, and Nanaimo.

On October 14, 1880, De Cosmos had been appointed by British Columbia to "act on behalf of the Government, to press upon the Dominion Government the importance of their carrying out their agreement to construct the Island

1. Standard, November 9, 1880.
2. Ibid.
4. Ibid.
5. Ibid.
section of the Canadian Pacific Railway." The mission was unsuccessful. De Cosmos was informed that the transcontinental line would be completed in ten years, the British Columbia section in five, but the contract with the syndicate did not include any railway construction on the island. "Any condition of that kind would have caused the utter failure of the negotiations of the whole Pacific Railway."

Walkem again threatened secession. By this time he was overdrawing the bow for Macdonald wished he had a battery of artillery organized at Victoria to turn on the "bumptious Islanders." Macdonald took a firm stand in writing to Walkem.

As to the Island Railway, there is not the slightest use in speaking of it just now. We have ascertained that the proposition would be voted down in both Houses. The engagements to build the Railway across the continent on the mainland are so heavy that the opposition, headed by Mr. Blake, are fighting us to death. We shall be able to beat them, but would certainly be beaten were we to propose to build the Island Railway. You must continue to make your friends on the Island submit to the inevitable for the present at least....

Not satisfied with the treatment received from Ottawa, British Columbia once more turned to the Imperial Government for help over the dispute of the Island Railway. On March 23, 1881, a petition to the Imperial Government was passed by the local House. The petition read as follows:

2. Macdonald to Walkem, October 25, 1880, Macdonald Papers, 142.
5. Macdonald to Walkem, December 27, 1880. Macdonald Papers, 385
1. That your Majesty will be graciously pleased to cause the Dominion Government to be moved to carry out their Railway obligations to the Province, by providing for the immediate commencement and active prosecution of Railway work on the section of the Canadian Pacific Railway lying between Esquimalt and Nanaimo...

2. That the Province be permitted to regulate and collect its own Tariff and Customs and Excise until through communication by railway be established...

3. That in any event compensation be awarded by the Dominion to the Province for the losses inflicted upon the later by reason of the breaches and delays herein referred to.

De Cosmos, who was at this time in Ottawa, was "appointed Special Agent and Delegate to proceed to London for the purpose of supporting the prayer of the petition to Her Majesty." On April 13, 1881, De Cosmos addressed a letter to Macdonald asking for credentials. The letter also stated:

As a matter of sound policy, any important matter in dispute between a Province of Canada and the Dominion Government ought to be exhaustively considered by the representatives of the respective Governments at Ottawa before presenting an appeal for the consideration and decision of Her Majesty's Government.

This was similar to the course pursued by Walkem, when he was at Ottawa, before leaving for London in 1874. A course designed in an effort to make the Dominion Government commit itself to the building of the Island Railway, for the British Columbian politicians knew very well that the administrations at Ottawa did not favour Imperial intervention. This latter notion, while not expressed directly is conveyed in a letter from Tilley to

3. Ibid.
Sir:  

Sir John A. Macdonald has desired that your letter to him of April, 13th. on the subject of the construction of a railway between Esquimalt and Nanaimo, should be submitted to the Committee of the Privy Council, and I have today taken the opportunity of complying with this request.

You are aware that every effort is now being put forward by the Government to construct the Pacific Railway....

With this evidence of good faith... we trust that the people of British Columbia will be satisfied, and that it will be recognized that the Esquimalt and Nanaimo Railway should be left over for the present, as a work which is not essential....

In the meantime the Government of the Dominion will avail themselves of every opportunity of pressing the question of the construction of this railway, as a private enterprise....

I trust that the explanations which I have given you will prove sufficiently satisfactory to you to render unnecessary your proposed mission to London.1

De Cosmos wrote to Walkem that this letter was very unsatisfactory and "left me no other course open but to proceed to London at once."

De Cosmos presented the petition of British Columbia to Lord Kimberley in London on June 13, 1881. De Cosmos pointed out that;

No settlement can be final and satisfactory to the Province unless it shall include provisions for the immediate commencement and active prosecution of railway work on the section of the Canadian Pacific

2. Ibid.
Railway between Esquimalt and Nanaimo.1

After considering the appeal of British Columbia and an order-in-council of the Dominion Government for May 19, 1881, Kimberley arrived at the following conclusion in regard to the Island Railway. "The construction by the Dominion Government of a light line of railway from Nanaimo to Esquimalt." Kimberley's suggestion in view of the fact that traffic on the mainland would in time be carried on the island line was rather weak. Either he lacked an insight into the future development of Canadian Pacific Railway transport in British Columbia, or else he might have knowingly made the suggestion, believing that British Columbia would turn it down. British Columbia's appeal for the construction of the Island Railway was very weak and hence it looks in this instance as if the Imperial Government favoured the stand taken by the Dominion Government.

On his return to Ottawa, De Cosmos interviewed Macdonald and Tupper to see if they would approach Stephen and Ross of the Canadian Pacific Railway syndicate, with the view of drawing up a contract for the construction of the Esquimalt and Nanaimo Railway. After some consideration the syndicate finally announced that it would not undertake the work. Having failed again to secure the construction of

2. Ibid. p. 340. This document pointed out the large financial expenditure made by the Dominion Government in British Columbia since the latter's entrance into Confederation. Expenditures - $5,996,289. Receipts - $4,173,238. This was exclusive of railway disbursements.
4. Ibid.
the Island Railway as a Dominion undertaking, British Columbia was ready to entertain proposals from private companies to undertake the work. To enable the local government to make a contract with a private company, Walkem repealed the Nanaimo Railway Act of 1875, which had reserved a strip of land, twenty miles in width, along the eastern coast of Vancouver Island, between Seymour Narrows and Esquimalt.

In the session of the local government for 1882, a petition was presented in favour of L.M. Clement, D. Jordan, San Francisco, A.J. Rhodes, Nevada, J.H. Turner and T. Earle, Victoria, to be incorporated as the "Vancouver Land and Railway Company," with power to build a railway from Esquimalt to Seymour Narrows. At the same time a petition was presented in favour of R. Dunsmuir, J. Dunsmuir, J. Bryden, Nanaimo, L. Stanford, C.F. Crocker, California, C. P. Huntington, New York, to be incorporated as the "Victoria, Esquimalt and Nanaimo Railway Company." The first petition became enacted on April 21, 1882, while the latter one did not receive the assent of the Legislative Assembly.

3. Ibid. p. 29.
4. Why Dunsmuir failed to get the charter at this time is not quite clear. Trutch stated that the defeat of the Dunsmuir bill resulted from the publication of a telegram from De Cosmos, stating that the Dominion Government had arranged conditionally with Dunsmuir for the construction of the Island Railway with a grant of money to him in aid of this work, which grant however would be held to be compensation in full for all claims of the province on account of delay in the fulfilment of the terms of union. It was thought that the Clement Company would build the railway for the consideration of the lands only. This would still enable British Columbia to make its claims for compensation against the Dominion Government for railway delays. Macdonald Papers, 268.
The apparent solution to the Esquimalt and Nanaimo Railway problem was a momentary one, for the Clement Company could not raise the necessary finances. To further weaken the position of British Columbia, the repealing of the Esquimalt and Nanaimo Railway Act of 1875, appeared to have relieved the Dominion of whatever measure of actual obligation it had in regard to the construction of the Island Railway. This latter notion was conveyed in a letter from Macdonald to Trutch.

The insane action of the British Columbia Legislature in repealing the Land Act will be held as you suggest to be a discharge of any obligation real or supposed resting on the Dominion to build the Island Railway...

Personally I am in favour of aiding the construction of the Island Railway and I will go any reasonable length to induce my colleagues to assist its construction...

Conditions appeared more favourable for a settlement of the Esquimalt and Nanaimo Railway dispute when Smithe's government assumed office on January 30, 1883. The administration's task was to end the "Fight Canada Policy" and to secure, as John Robson termed it, "an Honourable Peace!" As the position of the local government had been weakened by the actions of the previous administration over Island Railway matters, Trutch thought that the time was propitious to make a final settlement of railway affairs. On May 4th, he presented the following proposals to Smithe's government.

2. Macdonald to Trutch, December 28, 1882. Ibid.
3. Colonist, February 2, 1883.
4. Ibid, February 9, 1883.
5. Ibid.
Province shall grant Dominion Government lands on Vancouver Island specified in Dunsmuir's proposal for construction of Island Railway....

Province shall transfer to Dominion Government 3,500,000 acres of land in the Peace River district....

Provincial Government shall procure Incorporation Act for parties designated by Dominion Government for construction of railway on Vancouver Island....

$750,000 will be paid by the Dominion Government as work proceeds to the company incorporated by Local Legislature, company giving satisfactory security for completion of railway from Esquimalt to Nanaimo, within three years from date of incorporation.1

Smithe embodied these propositions, with certain changes, in "An Act relating to the Island Railway, the Graving Dock and the Railway Lands of the Province." The transfer of the 3,500,000 acres of land in the Peace River district was made on condition that the Dominion Government would secure construction of a railway from Esquimalt to Nanaimo within three years after date of incorporation of the company. This change virtually made the Dominion Government responsible for the building of the road. Another change also stated that the lands of Vancouver Island within the railway belt, should be open for four years after passing of the Act to settlers at the rate of $1.00 an acre. Macdonald did not approve of these alterations to his original proposals and apparently another deadlock had been reached between the two governments.

Macdonald's disapproval of Smithe's procedure is conveyed in a letter written to Lieutenant-Governor

1. Macdonald to Trutch, May 3, 1883. Macdonald Papers, 111, 61
3. Ibid. See appendix D.
C.F. Cornwall. The letter follows.

It is exceedingly unfortunate that British Columbia did not conform to the terms of the agreement. They were as you know.... All this was done for the purpose of making a final close of the matters in dispute between the two governments, so as to make a new start.

The British Columbia Act instead of carrying out this agreement makes our government responsible for the building of the road. True, in order to enable us to do so it gives us the machinery of a Railway Company, but we are made the contractors with the British Columbia Government to construct the railway. This of course leaves the whole question open and no final settlement made. It would be useless for us to apply to our Parliament to confirm such an agreement.

Another clause was put in the Act which we had not assented to, namely, that for four years the lands on each side of the Railway should be sold at one dollar an acre. Whether this is a fair price or not we don't know, but it is obvious that this limitation would hamper us in any arrangements we might make with the capitalists who might undertake to build the road....

You must remember that your Legislature, by repealing the Act assigning lands on Vancouver Island in aid of the railway, freed us from all legal or equitable responsibility to build the Island Railway. I have no doubt that the agreement as we understand it will meet with fierce opposition from Blake and company, but I have also no doubt that the opposition will be fruitless so long as the Canadian Government are not directly responsible for the construction of the road....

At the same time Macdonald sent Trutch the following telegram.

When Provincial Legislature amends Island Railway Act and confines Dominion liability to money subsidy and repeals provision fixing price at one dollar for four years, Government will make immediate arrangements for organization of Company....

To make satisfactory arrangements for a


By this time it had become apparent that if a final settlement was to be reached between the two governments, the Dominion Government would dictate the terms of the settlement. This was what actually happened when the local government amended "An Act relating to the Island Railway, the Graving Dock, and Railway Lands of the Province," on December 19, 1883. Section k of the above act stated:

This agreement is to be taken by the Province in full of all claims up to this date by the Province against the Dominion, in respect of delays in the commencement and construction of the Canadian Pacific Railway, and in respect of the non-commencement of the Esquimalt and Nanaimo Railway, and shall be taken by the Dominion Government in satisfaction of all claims for additional lands under the Terms of Union, but shall not be binding unless and until the same shall have been ratified by the Parliament of Canada and the Legislature of British Columbia.

The passing of An Act relating to the Island Railway, the Graving Dock, and the Railway Lands of the Province

2. Ibid. See appendix E for the contract for the construction of the Esquimalt and Nanaimo Railway.
3. Statutes of British Columbia, 1884, Ch. 14. See appendix F for the full content of the clauses pertaining to the Island Railway. The Dominion Government gave its assent to the Act of Settlement, as it was later called, on April, 19, 1884. Statutes of Canada, 1884, pp. 55-70.
was by no means popular on Vancouver Island at that time and this view increased as the years went by. To secure the construction of a railway 75 miles long, British Columbia gave away 4,700,000 acres of land, or precisely 62,666 acres per mile. At a valuation of $10.00 per acre this amounted to $626,660.00 per mile, an arrangement far beyond all sense of proportion. The arrangements made, leave little doubt that the Act of Settlement was accepted as a matter of necessity by the weaker of the two contestants. "Sir John A. Macdonald has made his own terms instead of the Provincial Government making better terms."

Various opinions have been expressed as to the wisdom of the Act of Settlement so far as British Columbia was concerned. Judged by later events, it was a serious mistake on the part of British Columbia, but in all fairness several special circumstances must be taken into consideration. First, there is little doubt, that the anxiety both in Victoria and on Vancouver Island to have the Esquimalt and Nanaimo Railway built helped to put the Dominion Government in a position to dictate whatever terms they chose to pick in relation to the Island Railway. Secondly, the cancellation of the Esquimalt

1. This included 2,000,000 acres on Vancouver Island and 2,700,000 acres in the Peace River district. About 800,000 acres in the same area were given to the Dominion Government to make up for deficiencies in the railway belt on the mainland. Macdonald personally, was quite willing to recommend a subsidy of $750,000 to the Esquimalt and Nanaimo Railway, without the countervailing bonus of 2,700,000 acres in the Peace River district. But upon submitting the proposal to caucus it was stubbornly opposed, and he was obliged to supplement it with the extra land in order to make the proposal acceptable to his government. Gospaill, R.E., op. cit. p. 129
and Nanaimo Railway Act of 1875, which had reserved certain railway lands on Vancouver Island in accordance with the order-in-council of June 7, 1873, lifted any legal obligation on the part of the Dominion Government to build the Island Railway. Morally, there was a case for the Island Railway being built by the Dominion Government, but the strength of a moral obligation in a dispute of this nature generally has little effect on the final settlement.

The negotiations which were carried out in an effort to settle the Esquimalt and Nanaimo Railway dispute covered a period of ten years. During this time politicians both British Columbian and Dominion, sought by one means or another to bring about a final settlement between the two governments. Mackenzie is usually considered for the manner in which he handled the problem of the Island Railway, but his attempts to bring about an agreement with British Columbia were cut off by the unstatesmanlike conduct of Walkem. Also, it must be remembered that Mackenzie never made the initial promise of a railway to the people of Vancouver Island. As the negotiations between the two governments have been presented, one is convinced that Macdonald, the past master in the art of playing politics, is deserving of condemnation. Had Macdonald never led the people of Vancouver Island into the belief that Esquimalt was to be the terminus of the Canadian Pacific Railway, British Columbia could never have presented a case for the construction of the Island Railway by the Dominion Government.

British Columbia efforts to secure the construction of the Esquimalt and Nanaimo Railway by the
Dominion Government were in a large measure due to the political influence of Vancouver Island, particularly Victoria. The only ground on which British Columbia could advance any forcible argument for the construction of the Island Railway as a section of the Canadian Pacific Railway, was the order-in-council of June 7, 1873, and the Carnarvon terms of 1874. However, both of these arrangements fell through and British Columbia's consistent arguments for the Island Railway secured the worst part of the final settlement for British Columbia, as embodied in the Act of Settlement, in relation to the Island Railway. Although the efforts to secure a railway on Vancouver Island were realized, at a cost to British Columbia beyond all sense of proportion, the Esquimalt and Nanaimo Railway was never built as the Vancouver Island section of the Canadian Pacific Railway.
Appendices

A. Petition of the residents of New Westminster to Governor Musgrave, December 8, 1870, in regard to the choice of a terminus for the Canadian Pacific Railway. 71.

B. Memorandum of an interview held on November 18, 1876, with Lord Dufferin, Mr. A. Mackenzie and Mr. E. Blake in attendance. 72.

C. Walkem's resolution which was introduced into the Legislative Assembly of British Columbia on May 7, 1880. 73.

D. Section 23 of An Act relating to the Island Railway, the Graving Dock, and Railway Lands of the Province. May 12, 1883. 74.

E. Contract for the construction of the Esquimalt and Nanaimo Railway. 75.

F. Sections 23, 24, 25 and 26 of An Act relating to the Island Railway, the Graving Dock, and Railway Lands of the Province. 76.
Appendix A.

Petition of the residents of New Westminster to Governor Musgrave, December 8, 1870, in regard to the choice of a terminus for the Canadian Pacific Railway.

That a certain petition of a portion of the inhabitants of the City of Victoria asking your Excellency to place yourself in communication with the Government of the Dominion of Canada in regard to making the terminus of the trans-continental railroad at Victoria or Esquimalt, or in the event of that being found impracticable, the construction of a railroad from Victoria to Nanaimo.

The petition representing said portion is totally at variance with the ideas and wishes of the Colony generally, and is selfish, sectional, and unfair.

That other portions of the Colony might with equal justice petition for like special benefits to be granted them, and that all and such petitions if forwarded to the Canadian Government might endanger the carrying out of the favourable terms negotiated by our delegates, especially the clause referring to the commencement of the railroad within two years from the date of union.

That your petitioners pray, the prayers of aforesaid petition of a portion of the inhabitants may be refused, and that no communication on behalf of any section of the Colony, in regard to altering or interfering with the terms of Confederation be forwarded to the Government of Canada, until such petition first obtain the consent of the whole Colony through their representative in the Legislative Council. 1

Appendix B.

Memorandum of an interview held on November 18, 1876, with Lord Dufferin, Mr. A. Mackenzie and Mr. E. Blake in attendance.

A long and painful discussion ensued on the construction and meaning of the Minutes of Council regarding Columbian Railway disputes. His Excellency was pleased to characterize the passages regarding or relating to the compensation to be covered by the construction of the Island Railway in very strong terms. He said they were deceitful and most disgraceful and that if he had understood them he would have refused his assent and protected Lord Carnarvon from occupying false ground. I again told him that in my judgement the Minutes of Council would only bear one meaning, that we surely did not propose to build the railway for nothing, the something required therefore such time as was required and that there was no dispute in 1874 as to what that was. I told him we had so far observed the Carnarvon terms all except the building of the railway from Esquimalt to Nanaimo. That every person must have known that particular item required the assent of Parliament. That this assent could not be forced from the Senate and having failed we had at once proposed as a substitute a money payment which we agreed to propose to Parliament. His Lordship then said that we had tried to carry the Senate, that the management of it by members of the Government in the Senate was miserable and disgraceful and, that we had not organized a proper whip, and that a member recently named by us had voted against the bill.... I call upon you as Prime Minister to answer me now and I insist upon an answer. I call upon you to tell me distinctly what you meant by compensation for delays in your Minute referring to the Island Railway. I told him that I thought the Minute and context was quite clear as to compensation. In a few minutes he asked me if we took the ground that the construction of the Island Railway was a general compensation. I said it was. He at once sprang to his feet and in a very violent tone said "Well after that, there is no use having any further discussion. I feel ashamed of it."1

1. Memorandum, Mackenzie Papers, 11, 781.
On May 7, 1880, Walkem introduced the following resolution into the Legislative Assembly of British Columbia.

Whereas this House freely concedes to the Dominion Government due credit for the steps taken by them towards commencing construction of the Canadian Pacific Railway on the Mainland, and is moreover desirous that the work should be actively prosecuted.

It is, nevertheless, of opinion that the Dominion Government should be respectfully informed that the fulfilment of the obligations assumed by them in 1874 to immediately commence and finish the portion of the main line lying between Esquimalt and Nanaimo should not, in justice to the Province be deferred beyond the spring of 1881.

Trutch has left us an account of Walkem's behaviour on this occasion.

It was clearly not intended that any opportunity should be afforded me of placing before the Government and Legislature any remarks tending to remove the erroneous impression which the language of the Order-in-Council conveyed, and which was more clearly and definitely expressed by Mr. Walkem in the House of Assembly, viz., that the request of the Dominion Government went to the effect of requiring that all public lands of the Province should be held under reservation — locked up as he said — for years, whilst the Dominion Government was making its selection of the lands it would reject, and those it would take in exchange. At the last interview I had with Mr. Walkem he assumed that this was the intention of the Dominion.

1. Journals, Legislative Assembly of B.C., 1880, p. 43.
2. Trutch Papers, 11, 60.
Appendix D.

Section 23 of An Act relating to the Island Railway, the Graving Dock, and Railway Lands of the Province, passed by the Legislative Assembly of British Columbia on May 12, 1883.

23. The lands on Vancouver Island to be so conveyed shall, except as to coal and other minerals, and also except as to timber lands as hereinafter mentioned, be open for four years from the passing of this Act to actual settlers, for agricultural purposes, at the rate of one dollar an acre, to the extent of 160 acres to each actual settler; and in any grants to settlers the right to cut timber for railway purposes and rights of way for the railway, and stations, and workshops, shall be reserved. 1

Appendix E.

Contract for the construction of the Esquimalt and Nanaimo Railway.

Articles of Agreement made and entered into this twentieth day of August, in the year of our Lord, One thousand eight hundred and eighty-three.

Between Robert Dunsmuir, James Dunsmuir and John Bryden, all of Nanaimo, in the Province of British Columbia; Charles Crocker, Charles F. Crocker, and Leland Stanford, all of the City of San Francisco, California, United States of America, of the first part, and Her Majesty Queen Victoria, represented herein by the Minister of Railways and Canals, of the second part.

Whereas, it has been agreed by and between the Governments of Canada and British Columbia... And whereas, the parties hereto of the first part are associated together for the purpose of constructing or contracting for the construction of a railway and telegraph line from Esquimalt to Nanaimo, and are hereafter referred to as the said contractors:

Now These Present Witness, that in consideration of the covenants and agreements on the part of Her Majesty hereinafter contained, the said contractors covenant and agree with Her Majesty as follows:-

1. In this contract the word "work" or "works" shall, unless the context requires a different meaning, mean the whole of the works, material, matter and things to be done, furnished and performed by the said contractors under this contract.

2. All covenants and agreements herein contained shall be binding on and extend to the executors, administrators and assignees of the said contractors, and shall extend and be binding upon the successors of Her Majesty; and wherever in this contract Her Majesty is referred to, such reference shall include their executors and administrators.

3. That the said contractors shall and will well, truly and faithfully lay out, make, build, construct, complete, equip, maintain and work continuously a line of railway of a uniform gauge of 4 feet 8½ inches, from Esquimalt to Nanaimo in Vancouver Island, British Columbia, the points and approximate route and course being shown on
the map hereunto annexed, and also construct, maintain and work continuously a line of telegraph throughout and along the said line of railway, and supply all such telegraphic apparatus as may be required for the proper equipment of such telegraph line, and perform all engineering services, whether in the field or in preparing plans or doing other office work, to the entire satisfaction of the Governor in Council.

4. That the said contractors shall and will locate and construct the said line of railway in as straight a course as practicable between Esquimalt and Nanaimo, with only such deviations as may seem absolutely indispensable to avoid serious engineering obstacles, and as shall be allowed by the Governor in Council.

5. That the gradients and alignments shall be the best that the physical features of the country will admit of without, involving unusually or unnecessary heavy works of construction, with respect to which the Governor in Council shall decide.

6. That the said contractors shall and will furnish profiles, plans and bills of quantities of the whole line of railway in ten mile sections, and that before the work is commenced on any ten mile section, such profiles, plans and bills of quantities shall be approved by the Governor in Council, and before any payments are made the said contractors will furnish such further returns as may be required to satisfy the Minister of Railways and Canals as to the relative value of the works executed with that remaining to be done.

7. That the Minister of Railways and Canals may keep and retain five per cent of the subsidy, or of such part thereof as the said contractors may be entitled to, for three months after the completion of the said railway and telegraph line and the works appertaining thereto, and for a further period, until the said Minister of Railways and Canals is satisfied that all failures or defects in said line of railway and telegraph line, respectively, and the works appertaining thereto that may have been discovered during the said period of three months, or such further period, have been permanently made good, and that no lands shall be conveyed to the said contractors until the road is fully completed and equipped.

8. That the said contractors shall commence the works embraced in this contract forwith, and shall complete and equip the same by the 10th day of June 1887, time being declared material and of the essence of the contract, and in de-
fault of such completion and equipment, as aforesaid, on or before the last mentioned date, the said contractors shall forfeit all right, claim or demand to the sum of money and per centage hereinbefore agreed to be retained by the Minister of Railways and Canals, and any and every part thereof, and also to any moneys whatever which may be at the time of the failure of the completion as aforesaid due or owing to the said contractors, and also to the land grant and also to the moneys to be deposited as hereinafter mentioned.

9. That the said contractors will upon, and after the completion and equipment of the said line of railway and works appertaining thereto truly, and in good faith, keep and maintain the same, and the rolling stock required therefore in good and efficient working and running order, and shall continuously and in good faith operate the same, and also the said telegraph line and appertainances in good running order.

10. That the said contractors will build, construct, complete and equip the said line of railway and works appertaining thereto in all respects and in accordance with the specification hereunto marked 'A'.

11. That the character of the railway and its equipments shall be in all respects equal to the general character of the Canadian Pacific Railway, now under construction in British Columbia, and the equipments thereof.

12. And that the said line of railway and telegraph line, and all work appertaining thereto respectively, together with all franchise rights, privileges, property, personal and real estate of every character appertaining thereto, shall upon the completion and equipment of the said line of railway and works appertaining thereto, in so far as Her Majesty shall have power to grant the same respectively, but no further, or otherwise, be the property of the said contractors.

13. And Her Majesty in consideration of the premises, hereby covenants and agrees to permit the admission free of duty all steel rails, fish-plates and fastenings, spikes, bolts and nuts, wire, timber and all material for bridges to be used in the original construction of the railway, and telegraphic apparatus required for the first equipment of the telegraph line; and to grant to the said contractors a subsidy in money of $750,000 (seven hundred and fifty thousand dollars), and in land, all of the land
situated on Vancouver Island (except such parts thereof as may have at any time heretofore been reserved for naval or military purposes, it having been intended that all of the lands so reserved should be excluded from the operation of the Act passed by the Legislature of the Province of British Columbia, in the year 1883, entitled "An Act relating to the Island Railway, the Graving Dock and Railway Lands of the Province", in like manner as Indian reserves are excluded therefrom), which has been granted to Her Majesty by the Government of British Columbia by the aforesaid Act in consideration of the construction of the said line of railway, in so far as such land shall be vested in Her Majesty, and held by Her for the purposes of the said railway, or for the purpose of constructing or to aid in the construction of the same, and also all coal, coal oil, ores, stones, clay, marble, slate, mines, minerals and substances whatsoever in on or under the lands so agreed to be granted to the said contractors as aforesaid, and border on the sea, together with the privileges of mining and keeping for their own use all coal and minerals (herein mentioned) under the foreshore or sea opposite any such lands, in so far as such coal, coal oil, ores, stones, clay, marble, slate, mines, minerals, and substances whatsoever, and foreshore rights are owned by the Dominion Government, for which subsidies the construction of the railway and telegraph line from Esquimalt to Nanaimo shall be completed, and the same shall be equipped, maintained and operated.

14. The said money subsidy will be paid to the said contractors, by instalments, on the completion of each ten miles of railway and telegraph line, such instalments to be proportionate to the value of the part of the line completed and equipped in comparison with the whole of the works undertaken, the proportion to be established by the report of the Minister of Railways and Canals.

15. The land grant shall be made, and the land, in so far as the same shall be vested in Her Majesty and held by Her Majesty for the purposes of the said railway, or for the purposes of constructing, or to aid in the construction of the same, shall be conveyed to the said contractors upon the completion of the whole work to the entire satisfaction of the Governor in Council, but so, nevertheless, that the said lands, and the coal oil,
coal, and other minerals and timber thereunder, therein or thereon, shall be subject in every respect to the several clauses, provisions and stipulations referring to or affecting the same, respectively, contained in the aforesaid Act passed by the Legislature of British Columbia, entitled...as the same may be amended by the Legislature of the said Province, in accordance with a Draft Bill now prepared, which has been identified by Sir Alexander Campbell and the Hon. Mr. Smithe, and signed by them and placed in the hands of the Hon. Joseph William Trutch, and particularly to sections 23, 24, 25 and 26 of the said Act.

And it is hereby further agreed by and between Her Majesty, represented as aforesaid, and the said contractors that the said contractors shall, within ten days after the execution hereof by Her Majesty, represented as aforesaid, or by the said Minister on behalf of Her Majesty, apply to the Government of Canada to be named by the Governor in Council as the persons to be incorporated under the name of the Esquimalt and Nanaimo Railway Company, and that immediately after the said contractors shall have been incorporated, this contract shall be assigned, and transferred by them to the said company, and such company shall forthwith, by deed entered into by and between Her Majesty, represented as aforesaid, and the said company, assume all the obligations and liabilities incurred by the aforesaid, and the said contractors hereunder or in any way in relation to the premises.

The said contractors shall, on the execution hereof, deposit with the receiver General of Canada the sum of $250,000 (two hundred and Fifty thousand dollars) in cash as a security for the construction of the railway and the telegraph line hereby contracted for.

The Government shall pay to the contractors interest on the cash deposited at the rate of 4 per cent per annum, half yearly, until default in the performance of the conditions hereof or until the return of the deposit, and shall return the deposit to the said contractors on the completion of the said railway and telegraph line according to the terms hereof with any interest accrued thereon, but if the said railway and telegraph line shall not be so completed, such deposit and all interest thereon which shall not have been paid to the contractors shall be forfeited to Her Majesty for the use of the Government of the Dominion of Canada. In witness, where-
of the parties hereto have executed these presents, the day and year first above written.

For the Minister of Railways and Canals,
(Signed) A. Campbell

Minister of Justice,

Robert Dunsmuir,

James Dunsmuir,

John Dryden,

Charles Crocker,

Charles F. Crocker,

Leland Stanford,

Collis P. Huntington.

1. Dominion Government Sessional Papers, 1884, No. 15.
Appendix F.

Sections 23, 24, 25 and 26 of An Act relating to the Island Railway, the Graving Dock, and Railway Lands of the Province, passed by the Legislative Assembly of British Columbia on December 19, 1883.

23. In the meantime, and until the Railway from Esquimalt to Nanaimo shall have been completed, the Government of British Columbia shall be the agents of the Government of Canada for administering, for the purposes of settlement, the railway lands on Vancouver Island; and for such purposes the Government of British Columbia may make and issue, pre-emption records to actual settlers, of the said lands. All moneys received by the Government of British Columbia in respect of such administration shall be paid, as received, into the Bank of British Columbia, to the Receiver General of Canada, and such moneys, less expenses incurred (if any), shall, upon the completion of the railway to the satisfaction of the Dominion Government, be paid over to the railway contractors.

24. The company shall at all times sell coals gotten from the lands that may be acquired by them from the Dominion Government to any Canadian Railway Company having the terminus of its Railway on the seaboard of British Columbia, and to the Imperial and Dominion, and Provincial authorities, at the same rates as may be charged to any Railway Company owning or operating any Railway in the United States, or to any foreign customer whatsoever.

25. All lands acquired by the company from the Dominion Government under this act, containing belts of timber fit for milling purposes shall be sold at a price to be hereafter fixed by the Government of the Dominion or by the company hereby incorporated.

26. The existing rights of any persons or corporations in any of the lands so to be acquired by the company shall not be affected by this Act, nor shall it affect Military or Naval Reserves.1

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Fleming, S., Reports on surveys and preliminary operations of the Canadian Pacific Railway up to January 1877, Ottawa, King's Printer, 1877. From the time that Esquimalt was declared the terminus of the Canadian Pacific Railway, Fleming was never in favour of bridging Seymour Narrows
to connect the Island Railway with the Canadian Pacific Railway.

The writer gives a good insight into the part played by Sir John A. Macdonald in bringing British Columbia into Confederation.

Lord Carnarvon's knowledge of Canadian affairs is clearly shown, especially in regard to the Canadian Pacific Railway.


A good source book for students of British Columbia history. The work is fairly detailed.

Edward Blake's belief in Dominion autonomy is clearly portrayed in this excellent study.


A very detailed account of Dufferin's movements when he was in British Columbia is given. No attempt is made to place the blame on Walkem for the failure of the Edgar mission. However, that Walkem in the above instance acted on political expediency is very evident from the account given.

Macdonald is portrayed in the manner in which we like to think of him.

This is another good book for the student of British Columbia History. Gosnell who writes the latter half of the book, is inclined to think that after all the circumstances were taken into consideration, the Dominion Government should have built the Island Railway. An analysis of
the negotiations between the two governments shows that British Columbia's case for the construction of the Esquimalt and Nanaimo Railway was chiefly based on moral obligations. Gosnell apparently overestimates the strength of this type of obligation in a dispute between two governments.

Stewart, G., Canada under the Administration of the Earl of Dufferin. Toronto, Rose-Selford Publishing Company, 1878.
This book places the blame for the failure of the Edgar negotiations on Edgar, not Walkem. The author draws this conclusion from the fact that Edgar by his nature was never intended for a diplomat. Had the author studied Walkem more closely, he would have undoubtedly reversed the above conclusion.

The account of Sir John A. Macdonald and his connection with the Canadian Pacific Railway is very good.

An excellent treatment of Canadian History, particularly the presentations of the economic interpretation.