M E M O R A N D U M

for

The Hon. Mr. Justice Martin.
Commissioner in re Railway Lands of British Columbia,

RE

CONVEYANCE OF RAILWAY BELT AND PEACE RIVER LANDS

TO BRITISH COLUMBIA

By

R.E.Gosnell.

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Ottawa, Canada.

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Vancouver, and the Hon. W. J. Bowser, then Attorney-General. I may add that the third commissioner was to have been appointed by the Secretary of State for the Colonies. The factum referred to is available in the office of the Prime Minister, or in some of the government offices in Victoria.

There are at least two important matters to which I beg to draw your attention particularly, and in my opinion they are very important in connection with the investigation, as will be seen by the memorandum enclosed. In 1912, preliminary to the formation of the Royal Commission I spent about five months in the Parliamentary Library and the Archives, Ottawa, the object being to prove by what I termed "multitudinous evidence," or the "cloud of witnesses," that the terms which, in a sense, British Columbia was forced to accept in 1871 and 1884—the Settlement

HOUSE OF COMMONS

PRESS GALLERY OTTAWA, November 2, 1927.

Dear Sir,-

Attached is a memorandum, or factum, in re return of Railway Lands in British Columbia to that Province, with a covering letter to the Hon. Mr. Justice Martin, Commissioner, which in itself will explain my reasons for what might appear to be intrusion on my part. On August 23rd I sent the enclosed to His Lordship claiming to be heard in argument by right of amicus curiae. As will be seen by the following reply that right has not been denied:

Regina, Sept. 17, 1927

Dear Sir,

I beg to acknowledge receipt of your letter of August 23rd, also the copy of the memorandum you have so kindly sent me on the subject of the Railway Belt and the Peace River Block. I have read your statement of the case with great interest and it puts the arguments for the Province in a very clear and comprehensive manner.

I am very glad you have sent copies to the Solicitor-General of Canada and the Attorney-General of the Province and I am sure they will find your presentation of the case very helpful.

Again thanking you,

Yours very truly,

(SGD) W. T. MARTIN

From the fact that, I assume, if the Interprovincial Conference recommends favorably to the Province's contention in this matter, the Commission will cease to function automatically; and my right to present the full merits of the case to members of the Conference as well should not be less.

From a strictly legal point of view, the Province has not a leg to stand on, because whatever legal status she possessed prior to 1884, the Act of Settlement of that year places B.C. definitely out of court. It is, however, not a question of law but of equity, the undoing of a constitutional injustice. I beg you to peruse carefully the memorandum. My object is not to oppose or substitute the case the representatives of the Province will present, but on account of familiarity and long official connection with it, and as the originator, to implement and strengthen it.

Yours faithfully,

R. Foswell

I wish here to withdraw a statement contained in my covering letter to the Hon. Mr. Justice Martin in which I referred to the claim in the argument of the Provincial Government in Victoria of $150 000-000 being the excess of ~~appropriatin~~ the contributions of the Province to the Dominion over the expenditures by the Dominion in the Province since 1871 as an exaggeration, but in looking over the transcript of the Cort record I find that the compilation was made by Major Gordon A. Smith, and I would not dispute its accuracy. Besides, I did not realize~~ain~~ that my compilation for the Interprovincial Conference was made in 1906, over 21 years ago. However, the largeness of the excess, remarkable as it may appear, only serves to emphasize my original contention in that connection.

R.E.Gosnell.

I may say, Sir, in the way of explanation that I originated and amplified the case of what is known as Better Terms for British Columbia. My work in this connection was carried on under the premierships of the Hon. James Dunsmuir, Col. the Hon. E. G. Prior, and the Hon. Sir Richard McBride (1900-1907), and was retained by the Government of British Columbia for the period including 1912 to the outbreak of the War in 1914 preparing the case to be submitted to the Royal Commission provided for by agreement entered into between the governments of Canada and British Columbia in 1913. In that connection I prepared the factum that epitomized the claims of the latter and the arguments in support. Owing to the declaration of war in 1914, just as the Commission was being finally organized, it was not proceeded with. You are probably familiar with the personnel of the Commission in question—the late Zebulon J. Lash, K.C., for the Dominion, and the late E. V. Bodwell, Victoria, for the Province—and the respective counsel—the present Mr. Justice Martin of the Supreme Court of Quebec, for Canada, and E. P. Davis, K.C., for British Columbia, along with the late Charles Wilson, K.C., Vancouver, and the Hon. W. J. Bowser, then Attorney-General. I may add that the third commissioner was to have been appointed by the Secretary of State for the Colonies. The factum referred to is available in the office of the Prime Minister, or in some of the government offices in Victoria.

There are at least two important matters to which I beg to draw your attention particularly, and in my opinion they are very important in connection with the investigation, as will be seen by the memorandum enclosed. In 1912, preliminary to the formation of the Royal Commission I spent about five months in the Parliamentary Library and the Archives, Ottawa, the object being to prove by what I termed "multitudinous evidence," or the "cloud of witnesses," that the terms which, in a sense, British Columbia was forced to accept in 1871 and 1884—the Settlement

I wish here to withdraw a statement contained in my covering letter to the Hon. Mr. Justice Martin in which I referred to the claim in the argument of the Provincial Government in Victoria to $1,150,000.00 being the excess of expenditure the contributions of $1,150,000.00 to the Dominion over the expenditures by the Dominion in the Province alone. But an examination of the Dominion in the right of the Government shows that the provinces alone. But an examination of the Dominion in the Province for Quebec, and I find that in looking over the presents for Quebec made by the Dominion, and I would not disputes its accuracy. Besides, I did not verify that by compilation over the Dominion. Besides, the expense was made in 1900, over 21 years ago. However, the largeness of the expense, remarkable as it may appear, only serves to emphasize my original contention in that connection.

H.E.Beckett.

Ottawa, August 22, 1927.

The Hon. Mr. Justice Martin,

Commissioner in re Railway Lands of British Columbia,

Victoria, B.C.

Sir,

In connection with your duties of investigation as Comissioner in connection with the claims of the Province of BritishColumbia for the return of lands by the Dominion of Canada to the Province of British Columbia in what is known as the Railway Belt and the Peace River Block conveyed to the former by the latter under the Terms of Union and of the Settlement Act of 1884, I beg to submit by right of *amicus curiae* a memorandum setting out what I consider to be a full and true statement in the interests of the Province of British Columbia and in accordance with the constitutional rights of the same.

I may say, Sir, in the way of explanation that I originated and amplified the case of what is known as Better Terms for British Columbia. My work in this connection was carried on under the premierships of the Hon. James Dunsmuir, Col. the Hon. E. G. Prior, and the Hon. Sir Richard McBride (1900-1907), and was retained by the Government of British Columbia for the period including 1912 to the outbreak of the War in 1914 preparing the case to be submitted to the Royal Commission provided for by agreement entered into between the governments of Canada and British Columbia in 1913. In that connection I prepared the factum that epitomized the claims of the latter and the arguments in support. Owing to the declaration of war in 1914, just as the Commission was being finally organized, it was not proceeded with. You are probably familiar with the personnel of the Commission in question—the late Zebulon J. Lash, K.C., for the Dominion, and the late E. V. Bodwell, Victoria, for the Province—and the respective counsel—the present Mr. Justice Martin of the Supreme Court of Quebec, for Canada, and E. P. Davis, K.C., for British Columbia, along with the late Charles Wilson, K.C., Vancouver, and the Hon. W. J. Bowser, then Attorney-General. I may add that the third commissioner was to have been appointed by the Secretary of State for the Colonies. The factum referred to is available in the office of the Prime Minister, or in some of the government offices in Victoria.

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Act of the latter year was supplementary to the Terms of Union and *de facto* part of them—were the result of a fixed attitude of mind in Eastern Canada unfavorable to the entrance of British Columbia into Confederation at the price of the Canadian Pacific Railway, an attitude of mind which persisted unabated from a period extending from 1870 until the completion of the C.P.R. and for a time afterwards, and one which accounts for the province having had to subsidize the Dominion of Canada to undertake the building of a line of railway which was purely national in its purposes. While in Ottawa I got together a great mass of extracts, a few samples of which are given in the memorandum enclosed, from Hansard, from editorials, from newspaper reports of speeches, from pamphlets, books, and official documents, reflecting the opinions of politicians and statesmen, and others prominent in public life, including such men as Principal Grant, Goldwin Smith, and Sir A. T. Galt. This attitude of mind was based upon an entire misconception of what would be the result of building the C.P.R., which at that time seemed in the public mind to be for the exclusive benefit of British Columbia, and, therefore, should be revised as result of the actual outcome. I submit that these extracts should be placed in evidence as a very necessary part of the case. Upon leaving for Ottawa in 1917 this rather bulky mass of type-written matter was handed over to the late E.O.S. Scholefield, Librarian and Archivist in the legislative buildings for safe-keeping.

Another matter to have consideration is the $100,000 annual payment by the Dominion to the Province of British Columbia in lieu of the lands in the Railway Belt given for the purposes of railway construction. It will no doubt be contended that that should be an estopel to any demand for return of such lands. Apart from the fact that, as I have shown elsewhere, this was merely an expedient to increase the meagre and insufficient subsidy to British Columbia, I have prepared a statement in reference to receipts and expenditures to and by the Dominion on account of the Railway Belt since 1871, and the accounting shows the Dominion has in the Railway Belt an asset whose value is greatly in excess of the aggregate payments to date, and whose value on account of the timber is constantly and rapidly increasing. I further submit that there should be filed for the benefit of the Commission a statement in detail from the Department of the Interior.

I may in conclusion, be permitted to say, Sir, that my reasons for submitting the enclosed memorandum are (1) that the bases of the claim, in all its phases, as submitted, should be substantially sound, and that the whole case should be presented in its true historical and constitutional perspective. I have read the reports of the proceedings of the Commission (in Victoria) in the Victoria Colonist, the Victoria Times, and the Vancouver Province, and while they may not, by the necessity for condensation, have done full justice to the case as presented, if they at all reflect the actual arguments, the whole case has, in my humble judgment, been very inadequately and incompletely stated. As a citizen of British Columbia for thirty years and deeply interested in its welfare I claim the right of a citizen, and as a matter of justice to the Province, to present the facts as they should be pre-

sented. In saying as much there is no reflection whatsoever intended upon the able counsel who appeared for the Government. They were evidently insufficiently briefed, and a much longer time than they were able to give to the study of the case was required.

I observed in the reports a query from the Bench as to the correctness of the figures prepared by the publicity Department of the Provincial Government in a statement of receipts and expenditure as between the Province and the Dominion. The sum $150,000,000 as being the surplus of the amounts received by the Dominion from British Columbia over the expenditures in the Province by the Dominion is, to my mind, without an opportunity of examining them, excessive in the extreme. If you will turn to the Sessional Papers of B.C. for 1907 you will find a statement there of the receipts and expenditures from 1871 to and including 1905. The figures there are approximately correct. There is no difficulty in arriving mathematically at the correct results, because on one side is set down every cent paid by the Dominion in and on behalf of the Province, and every cent received by the Dominion from the Province, under all headings on the other, as ascertained from the Public Accounts and from the Auditor-General's reports. The object of compiling these figures, which I did at great labor, for a period of 45 years was not to establish a claim for refund or anything so foolish, but to establish by absolute proof that not only did British Columbia not become a burden upon the rest of Canada and could not pay its way in Confederation as it was so vehemently and general contended would be the case, as a financial asset British Columbia has proved to be the greatest of all the provinces. To overstate the case, however, as has evidently been done in the accounting made by the Publicity Department is only to weaken the case which requires no fictitious buttressing. To satisfy the Court an official accounting should be made by competent and impartial auditors.

I am sending His Lordship, with my compliments, a copy of my book, "The Story of Confederation," in which from pages 77 to 131, inclusive, there is an historical perspective of British Columbia coming into Confederation, to which I respectfully direct his attention. In substance, the enclosed memorandum has been compiled from various of my reports and articles, etc., on the subject of the right of British Columbia to the return of what are known as railway lands, dating as far back as 1903. Its preparation and submission are wholly voluntary on my part, without remuneration of any kind or hope of reward. I am sending copies of it to the Solicitor-General of Canada, the Attorney-General of British Columbia and other counsel employed.

Praying that my submissions may have sincere consideration,

I have the Honour to be,

Sir,

Your obedient servant,

(Signed) R. E. Gosnell.

ended. In saying so much there is no reflection whatever intended upon the able counsel who appeared for the Government. They were evidently insufficiently briefed, and a much longer time than they were able to give to the study of the case was required.

I observed in the reports a query from the Bench as to the correctness of the figures prepared by the publicity Department of the Provincial Government in a statement of a single year comparison as between the Province and the Dominion. The sum of $10 was given to have the samples of the amounts received by the Dominion from British Columbia and our expenditures in the Provinces by the Dominion, so to my mind, without an opportunity of examining them, excessive in the extreme. If you will turn to the Sessional Papers of B.C. for 1907 you will find a statement there of the receipts and expenditures from 1871 to and including 1906. The figures there are approximately correct. There is no difficulty in arriving mathematically at the correct results, because we are able to set down every cent paid by the Dominion in and on behalf of the Provinces, and every cent received by the Dominion from the Provinces, under all headings on the other, as ascertained from the Public Accounts and from the Auditor-General's reports. The object of compiling these figures which I did at great labor, for a period of 45 years was not to establish a claim, by refund or anything so foolish, but to establish by absolute proof that not only did British Columbia not become a burden upon the rest of Canada and could not pay its way in Confederation as it was so vehemently and prematurely contended in the case, as a financial asset British Columbia has proved to be the greatest of all the provinces. To ventilate the case, however, as has evidently been done in the speeching made by the Publicity Department is only to awaken the case which requires no lightning, bellowing. To satisfy the Court an official accounting should be made by competent and impartial auditors.

I am sending Mr. Lordship, with my compliments, a copy of my book, "The Story of Confederation," in which from pages 77 to 181, inclusive, there is an impartial presentation of British Columbia coming into Confederation, to which I respectfully direct his attention. In substance, the political opinion has been compiled from various of my speeches and articles viz., of the politics of the right of British Columbia to the return of what she known as railway lands, dating as far back as 1906. Its preparation and substance are wholly voluntary on my part, without remuneration of any kind or hope of reward. I am sending copies of it to the Solicitor-General of Canada, the Attorney-General of British Columbia and other counsel employed.

Praying that my submissions may have sincere consideration,

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Sir,

Your obedient servant,

(Signed) R. E. Gosnell.

MEMORANDUM for His Lordship, the Hon. Mr. Justice Martin, sitting in the capacity of a Commission to investigate the claims of British Columbia for a return of lands in the Railway Belt and in the Peace River Block, the Memorandum being that referred to in the covering letter.

By way of preliminary, it may be stated that the factum prepared on behalf of the Province for the Royal Commission, appointed in 1913, dealt with the land question in its entirety in its relation to the construction of the Canadian Pacific Railway as part of the Terms of Union of British Columbia with Canada in 1871; but Sir Robert Borden, then Prime Minister, refused to allow it as part of the matters for reference, on the ground that his pre-election promise to the electors of British Columbia in respect to the appointment of such a commission was based entirely upon the physical conditions of the Province as a reason for additional financial allowance, and not upon any historical or constitutional hypothesis that might be involved in the conveyance of lands for railway purposes by the Province to the Dominion. In that restricted sense he was acting strictly up to his promise, and in order that there might be no obstacle to the Commission going on, Sir Richard McBride, then Prime Minister of British Columbia, on behalf of his government, waived what was a substantial part of the British Columbia case, it being understood, however, that all other issues raised by the Province, apart from the increased cost of local administration caused by the rugged, mountainous formation of the province as a reason for substantially increased financial allowance, should become matters for inter-governmental and parliamentary consideration. Consequently a second factum was prepared, and I presume that his Lordship has a copy in his possession. The first paragraph of this document sets out the understanding arrived at as just indicated. And now permit me to summarize the situation as it has been created in respect of the lands in the Railway Belt and in the Peace River Block.

Under the Terms of Union, British Columbia was to convey *in trust* to the Dominion of Canada a forty mile belt throughout the province along the main line of the proposed railway, and it was specifically for the purpose of railway construction, and wholly contingent upon it. We must construe the term "purpose of railway construction" according to the condition and circumstances surrounding the proposal at the time. It was also stipulated as a condition precedent that the Dominion Government should set aside a similar continuous belt throughout the territory of Rupert's Land, which in an indefinite or vague way extended from the eastern boundary of British Columbia to the western boundary of Ontario. The Province of Ontario, by order in council set aside a similar belt to extend to the length of the line in Ontario. This order in council, however, was subsequently annulled when the Hon. Edward Blake succeeded the Hon. Sandfield Macdonald as Premier of Ontario.

It was then estimated in an approximate way that the C.P.R. would cost $200,000,000, an almost unthinkable sum for Canada, in 1871, to expend for any purpose. One of the Liberal leaders, which for the moment I cannot remember, said

during the course of the discussion that it was a sum so large as to be beyond the resources of the British Empire. There were several assumptions on the part of not only Liberals but of a large section of Conservatives throughout the country: (1). That the railway was for the especial and exclusive benefit of British Columbia; (2) That the cost was beyond the financial resources of the Dominion; (3) That as it was to be constructed through a country that was then almost wholly wilderness it would involve a great annual loss on the whole of Canada to maintain and operate; (4) That British Columbia, owing to sparsity of population and rugged exterior, would not pay its way in Confederation, and would remain a perpetual burden upon the rest of Canada. In fact, for some time afterwards official statements were published in the sessional papers showing the balance of expenditures over receipts as a proof of the contention last named. Sir John A. Macdonald, who feared the absorbtion of western Canada by the United States, which seemed almost inevitable, if not imminent, struggled with indomitable energy to avoid such a calamity by, as quickly as possible, taking in British Columbia, with which communication by means of a railway to eastern Canada was a *sine qua non,* and by extinguishing Hudson's Bay Co., title to Ruperts Land—in other words, to round out Confederation by solidifying British North America under the egis of the British flag and safely within a Canadian hegemony. To accomplish the construction of a railway in the face of the financial problem involved—and here is an essential consideration—Sir John Macdonald decided to follow the example of the United States in assisting the construction of the Southern Pacific, the Union and Northern Pacific railways by means of large land subsidies. He was confident that with the land subsidy taken out of the unused lands of Canada, something over 75,000,000 acres, and with the addition of a small cash subsidy per mile, the railway could be built without increasing taxation to any material extent, and so assured Parliament and his followers. Unfortunately or fortunately, as the case may be, Sir Hugh Allan, who went to England to promote the scheme, notwithstanding the inducements in sight failed in his endeavour, and about the same time there occurred what is known in political history as the Pacific scandal, which resulted in the defeat of Sir John and his government. By force of political circumstances, his successor, Alexander Mackenzie, an essentially honest man, was compelled to take another course in his desire to fulfill the Terms of Union, terms, however, which he did not believe practicable.

Here I may be permitted to digress somewhat in order to make clear the conditions in British Columbia and the attitude of mind which existed in Eastern Canada in respect of that province.

The desire for communication with the outside world, for some outlet for natural products, and some stimulant for the revival of business and increase of a stagnant population, really controlled the situation in British Columbia. There was very little sentiment about it. At that time the mining industry, which had reached its peak in 1863, was languishing; there was no farming industry as there is today, and what little there was confined to the vicinities of Victoria and New Westminster; salmon canning was then unknown, except as an experiment; lum-

During the course of the discussion that it was so large as to be beyond the resources of the British Empire. There were several complaints on the part of not only Canada but of a large number of Conservatives throughout the country:

(1). That the railway was for the benefit and exclusive benefit of British Columbia;

(2). That the net was dragged the financial resources of the Dominion;

(3). That as it was to be constructed through a country that was their almost wholly uninhabitable it would involve a very heavy annual loss on the whole of Canada to maintain and operate;

(4). That British Columbia, owing to scarcity of population and resources would not pay its way in Confederation and would remain a perpetual burden upon the rest of Canada. It had, for some time, been already clearly shown by published in the national papers showing the balance of expenditures over receipts as a proof of the contention that, such as Sir John A. Macdonald, who favored the construction of another Canada for the United States, which would almost be possible if not impossible, struggled with inconceivable energy to avoid such a calamity by, as possible, keeping British Columbia with which connection was regarded as a serious to welcome Canada was a sine qua non and by extraordinary diplomacy Sir Sandfield Macdonald, Sir Hector Langevin and Sir Leonard Tilley, by satisfying British Columbia, thereby unite the east to the British Columbia, within a Canadian confederation. To accomplish the construction of a railway in the face of the financial problem involved—and here is an essential consideration, Sir John Macdonald decided to follow the example of the United States in building the construction of the Northern Pacific, the Union and Southern Pacific railways by means of large land subsidies. He was confident that with the land subsidy taken out of the usual kind of a grant, sometimes by a Parliament and with the abilities of a small and subsidy per mile, the railway could be built without increasing taxation in any material extent, and to assure Parliament and the Dominion. Unfortunately or fortunately, as the case may be, Sir Hugh Allan, who was at Montreal to assist the scheme, misunderstanding the information in sight called in his endeavour, and about the same time there occurred what is known in political history as the Pacific scandal, which resulted in the defeat of Sir John and his government. He there at political consequences, his successor, Mackenzie Mackenzie, on assuming power, was compelled to take another course in his efforts to fulfill the terms of Union terms, however, which he did not believe practicable.

Here I may be permitted to digress somewhat in order to make clear the conditions in British Columbia and the attitude of mind which existed in Eastern Canada in respect of that province.

The chief, the communication with the outside world, for some capital for natural products, and some situation for the export of lumber and because of a natural harbor, really constituted the situation in British Columbia. There was, with sentiment aside, all that time the railway industry, which had created in 1885 was languishing. Their ship building industry as there is today, and what little there was was confined to steamers of Victoria and Vancouver. Vancouver's population was then unknown, except as an experiment. Im-

bering was almost wholly confined to a limited and uncertain foreign export demand; the entire white population did not quite reach 10,000 in number; the colony was loaded down with debt, and revenues refused to expand. The people were glad to get anything in the way of reason which afforded an opportunity for expanding. With that opportunity they were highly optimistic of a great future.

As a matter of fact, the Terms of Union had been tentatively agreed upon between the two governments in advance of debates in the British Columbia legislature. That is to say, each understood in a general way what would be accepted and what would be granted. The Terms, however, were improved upon voluntarily by the federal authorities. When the British Columbia delegates went to Ottawa to negotiate they had not expected to have a railway built to start off with. Their proposition was for a wagon road to the head of Lake Superior, to be followed as quickly as possible by a railway. A railway built immediately through a wilderness, over uninhabited plains and across a "sea of mountains" in British Columbia, 3,000 miles in extent seemed too much to expect. No one but fur traders knew the country, and no one really realized the possibilities of a railway through it. Only a few men had vision. A transcontinental railway was not by any means a new idea, but that is not pertinent to discuss here. The Terms as proposed at Ottawa did seem to be highly satisfactory to British Columbia and the people there did rejoice over them. It appeared to them to be the dawning of a new era.

In both East and West, however, the C.P.R. at the then estimated enormous cost of $200,000,000 was regarded as the price of British Columbia entering Confederation, as, indeed, for the time being it was. In the East, while the Conservatives supported the Terms of Union under the sway of party rule, they did so very reluctantly, regarding the proposal at the best as a doubtful experiment. The Liberals as a party opposed them absolutely, uncompromisingly, and with all the vigor they could command, as something which would prove a burden on the back of, and incubus on, Canada for all time to come. Some of them, at least, thought that to accomplish the building of the proposed railway would, as stated, require the financial resources of the whole Empire and said so. Through a period of fifteen years, practically until after the completion and first operation of the main line of the C.P.R. an attitude of mind which had been so created was sustained unabated, based on the assumptions already outlined. Owing to this attitude of mind no better terms could have been obtained under any circumstances, and it may be added here that the Conservatives originally gave their adherence to the Terms of Union only upon the assurance and understanding that the railway could be built mainly on the land subsidies to be granted.

I spent four months and a half in the Parliamentary Library and the Archives of Ottawa, collecting what I called "multitudinous evidence" of this attitude of mind so prejudicial to British Columbia and to its concomitance in Confederation, the C.P.R., and during that period I had a staff kept very busy transcribing extracts, which in the aggregate would make many volumes. The papers and

documents examined included the Hansard of Commons and Senate, Sessional papers, Journals, newspaper editorials, political speeches, books, pamphlets, and written reports, and they all reflected this central, controlling, and influencing idea referred to. These extracts should be in the Provincial Library at Victoria where they were left in 1919 for safe keeping. The views expressed represented those of men of every shade of politics, but particularly of such men as the Hon. W. S. Fielding in the Halifax Chronicle, the Hon. George Brown in the Globe, Goldwin Smith, the Hon. David Mills, the Hon. Edward Blake, Sir Richard Cartwright, the Hon. Senator Hazen, and a host of others. British Columbia and the C.P.R. were among the great issues of three general elections.

Not in a single instance did the evidence indicate that the C.P.R., in the estimation of this "cloud of witnesses," was in design and execution a national railway built for national purposes, just as the Intercolonial was a railway for national purposes, and that no one province should be penalized on account of it.

Such an attitude of mind as I have referred to, as responsible for the hard terms of the original bargain in 1871 and as revised in 1884, is reflected in expressions of views and supposed statements of fact at the outset and for a long period later in Eastern Canada, such as the following, but these can be multiplied a thousand-fold.

It may have been the Honourable Edward Blake or the Hon. David Mills, or some of the other Liberal leaders of the day—I cannot recall from memory—who said that a railway through a wilderness would not pay for the "axle grease." Another Liberal leader averred that the entire resources of the British Empire would not be equal to the construction and operation of such a railway. The Hon. Edward Blake referred to British Columbia as a "sea of mountains," but to do him justice the expression had been used previously by Principal Grant, and by Sir John Macdonald himself, although in a different sense and with a different application.

Alexander Mackenzie, in moving the second reading of a bill for the construction of the C.P.R., stated that he had opposed the original scheme as "impracticable" and in a speech at Sarnia he said that "such a bargain (the one with British Columbia) was made to be broken." Although he announced his intention to keep faith with the province, in spirit at least if not in the letter.

The Hon. R. W. Scott, Secretary of State, spoke as follows: "I fear it (the C.P.R.) will not be built by this government or by many governments to come. The minister would have a line by water and railway to the Rocky Mountains. From there they would have a wagon road through British Columbia. We know that under the Confederation Act British Columbia was entitled to the railway, but he hoped that they would see that it was impossible as contemplated and not make any disturbance."

The Halifax Chronicle, edited by W. S. Fielding, late Minister of Finance, referred sarcastically on one occasion to British Columbia's eight thousand whites,

its six representatives (against two for the county of Halifax, with seven times the population), a first class graving dock, pensions to various worn-out government officials, tariff and excise duties to be preserved, etc. "No concession," it went on to say, "however monstrous, however unreasonable, was refused by the Macdonald government" to the province, "to develop a wilderness and make it laugh with impossible crops." "Our scattered few millions," it said, "would have been bankrupted within ten years if they had loaded themselves with a work so great and so soon to be completed." It was "utterly impossible to keep strictly to the terms accorded to British Columbia." "They (the government) will build the line to Fort Garry, they will utilize the waterways of Canada, and while the West colony is enjoying the advantages thus afforded, they will with all prudent speed push on to the Pacific. If the British Columbians ask for more they will be like the child who cried for the moon, and will be as little likely to be gratified."

Here is what Mr. Blake in a speech in North York said: "The British Columbia section of the railway, even if it turn out to be practicable as an engineering work will involve an enormous expenditure, approximating $360,000,000 (it actually cost about $55,000,000 to complete) and after the construction will involve an enormous annual charge on the revenue of the country for its running expenses, and I doubt much if that section can be kept open after it is built. I think that the chief importance that British Columbia will derive from the enterprise will consist in the circulation of money and the profits of mercantile operations attendant on the construction, and that Canada will be a frightful loser by the affair..... if, under all the circumstances, the Columbians were to say: "You must go on and finish the railway according to the terms or take the alternative of releasing us from the Confederation, the Confederation would survive, and they (the British Columbians) would lose their money. (Laughter). Fertile as the soil is, great as are the resources, glorious as are the prospects with reference to production, it is certain that the distance from the great markets of the world of the inland portions of the country (the Middle West) will form one great difficulty to be overcome. We look upon the success of the enterprise in the settlement of the Northwest as practically dependent on the improvement of the waterways. Of course, there must be railways to connect the sheets of water and eventually a through line, but I am confident *a bushel of wheat will never go to England over an all rail route from Saskatchewan to the seaboard, because it will never pay to send it.*"

Sir Richard Cartwright on the 4th of April, 1874, said: "It would be necessary to complete the road to borrow $30,000,000 a year for seven years. There might be those who believed we could bear that, but he envied their faith. He described the project as indicrously absurd." In a speech in Napanee he described the situation in which the government was placed as that of "a morally and politically bankrupt firm, who had to redeem the obligations to which these gentlemen (the Macdonald government) had committed the country." He pictured the position of affairs as one in which repudiation and the breaking up of Confederation were the alternatives to going on at great risk, inconceivable burdens to the rest of Can-

ada. The Government chose the latter, but on conditions which made it possible within twenty years.

The Monetary Times, then the leading financial paper in eastern Canada, and still a very influential one, was dismayed at the undertaking of the government to cost $200,000,000, and to the mind of the editor the building of a railway on the Island of Vancouver was additional evidence of the insanity of the scheme. He believed in performing a financial obligation, however bad, because it was an obligation, but at the minimum of expense.

Sir A. T. Galt, a man of great prominence as a financier, and an independent politician with Conservative leanings, contended that the C.P.R. should not be built, even at the expense of losing British Columbia. His position, however, was not endorsed by either party.

As a matter of fact, if one may use the expression, the entire political literature of Eastern Canada for fifteen years was honeycombed with such statements.

The trend of discussion in the Conservative ranks as to the policy of the Mackenzie government was one of severe criticism of the railway as a public undertaking. The Conservatives as a party stood for the railway in its entirety, without "water stretches", but believed in adopting the American system of land subsidies, and making the area to be developed pay for the development. They believed also as a business undertaking and a political necessity that construction should be hastened with all possible speed. But as a "cash proposition," to be paid for out of the treasury of the country, they did not believe in it any more than the Liberals.

The sequel of events has shown that all predictions, anticipations, surmises, and conjectures of the future were wholly astray and foundless. The actual facts have proved the reverse of popular opinion on the subject. *The phenomenal success of the C.P.R. almost from the first proved all the confident assumptions referred to unfounded,* and yet British Columbia paid the penalty of predicted failure and still bears the burden. That province is the only one in the Dominion that had to subsidize the Dominion in order that railway for *national purposes* should be built. The Intercolonial Railway was part of the Confederation pact, the price of the Maritime Provinces entering Confederation, but the Maritime Provinces did not have to contribute a cent of money or an acre of land, as provinces, in respect of it, albeit the Intercolonial has been a financial white elephant on the hands of the government ever since its completion. The C.P.R., on the other hand, has not only been a success, but in a very important sense has been the backbone of Canada. While without any doubt it has greatly benefited British Columbia it is safe to say that as a national railway it has benefitted the whole of the nation many times more.

Before coming to the genesis of the Peace River grant to Canada, I must refer to what I omitted to say in connection with the original railway belt when dealing with it, I pointed out that it was agreed upon for a specific purpose, as a subsidy to a railway company that would build the proposed transcontinental rail-

way, and *in conformity with and as part of a general plan,* which included the entire West and Ontario. In 1884, the C.P.R. came to the Government at Ottawa and asked for a loan of $30,000,000. This almost disrupted the Government following, because the Quebec members, as it was then described, "sulked in their tents," and would not support it. An *impasse* occurred and the difficulty was only overcome by the taking over of the Quebec and North Shore Railway and making it part of the C.P.R. Thus Quebec got the benefit of the C.P.R., except as part of the Dominion, and at the same time was relieved of the burden of a railway, which as it was would not pay. But that by the way.

In 1880, when the agreement was made with the Syndicate, the original plan of building the railway was entirely changed. The land subsidy of 25,000,000 acres was taken wholly from the Middle West, supposedly belonging to the whole of Canada, and the land subsidy of a Forty-Mile Belt in British Columbia, though conveyed in trust for the purpose of assisting the railway, was nevertheless retained by the Dominion of Canada and was never used for the purposes of a railway at all, and let it be carefully noted that *the land clause in the Terms of Union was made contingent upon a similar continuous belt through Rupert's Land being set aside for a similar purpose.* British Columbia, as part of Canada, had to pay its share of the cash subsidy of $25,000,000, as well as having its proportionate interest in the 25,000,000 acres of land subsidy, and still contribute specially out of its own lands. It did not work out equitably or uniformly.

As an instance of what is meant, supposing the original scheme of a continuous railway belt throughout British Columbia, the Middle West, and Ontario being used as a subsidy to build the railway had been successful, and Alberta in time had become a province, in getting back her natural resources she would have been minus the entire belt and all its natural resources in minerals. Now she gets back all these and whatever lands are left in the alternate blocks. It can be seen at a glance in what eminently better position Alberta is to-day on account of the original plan having been abandoned. If Saskatchewan and Manitoba should have their natural resources returned in the same way the same thing would apply. As Ontario always owned her natural resources she is infinitely better off. On the other hand, everything in the British Columbia Railway Belt and in the Peace River Block was parted with—lands, timber, minerals, and even the waters therein, an absolute and unjust disparity of treatment.

As to the lands in the Peace River Block, treated apart from the Railway Belt. Originally, the proposed terminus of the C.P.R. was Esquimalt and it was designated by order in council, and a railway belt, practically what is now known as the Esquimalt and Nanaimo railway belt, was set aside on Vancouver Island for the purpose of subsidy. When the terminus was changed to Burrard Inlet disappointment on the Island was very keen. Owing to the discontent and agitation in British Columbia, and particularly on Vancouver Island, James D. Edgar was sent to the province as a personal emissary of Alexander Mackenzie to arrange, if possible, for a modification of the Terms of Union in respect of the construction

of the railway. The new terms submitted by him were rejected by the then Walkem government, or, more properly speaking, Edgar's status as representing the Hon. Alexander Mackenzie was questioned, and in high dudgeon on the part of Mackenzie he was recalled, and negotiations for the time being came to an end. The Hon. G. A. Walkem, Premier of British Columbia, then went to England to present the case of the province to the Imperial authorities. The result was the Carnarvon Terms, which both governments had pledged themselves to accept. The building of the Esquimalt and Nanaimo railway was a stipulation of both the Edgar and Carnarvon terms, the latter, however, being more favourable to the province. The important thing is that *this part of the railway was to have been built at the cost of the Dominion,* as part of the implied obligation. The Carnarvon Terms passed the House of Commons, but were defeated in the Senate. The Hon. Edward Blake, who was vehemently opposed to the building of the C.P.R., as part of the Terms of Union, entered the Mackenzie government as Minister of Justice shortly afterwards, and on the distinct understanding that the Carnarvon Terms would not be introduced again in Parliament, and they were not, but in lieu thereof British Columbia was offered $750,000 in cash as compensation of past and future delays. This was refused. Then the dispute dragged on until the return of Sir John Macdonald to power in 1878. The people of British Columbia continued to press for the fulfillment of the Carnarvon Terms, the repudiation of which was a gross breach of faith on the part of the Dominion. The Macdonald government refused on the grounds that the obligation of Canada only extended to the completion of a system from Eastern Canada to the tide waters of the Pacific Ocean. Agitation on Vancouver Island flared up again. Lord Lorne (the late Duke of Argyll), then Governor-General, went to British Columbia in a conciliatory and diplomatic capacity, much as Lord Dufferin had done in 1876, but less conspicuously and he succeeded in inducing the late Hon. Robert Dunsmuir to agree to build a line from Esquimalt to Nanaimo on the undertaking of the province to subsidize the enterprise by 2,000,000 acres of land (which included all the valuents of the grant, in, above and below) and a subsidy of $750,000 from the Dominion Government in cash. Sir John Macdonald submitted the cash offer to his caucus and it was emphatically rejected. "Not another dollar other than is necessary to build the main line," it said. The prejudicial attitude of mind in the Conservative ranks was almost as fixed as in the Liberal ranks.

Just then Sir Joseph Trutch re-appeared on the scene. He had been prior to the Union Chief Commissioner of Lands and Works, and after the Union was the first Lieutenant-Governor, and as will be remembered was one of the three delegates from Victoria to negotiate the Terms at Ottawa. He was appointed by Sir John Macdonald as Dominion Government Agent in British Columbia and upon this last appearance he raised an issue never heard of before, namely, that as the Railway Belt was largely useless, or unfit, for agricultural purposes, it should be supplemented largely by fertile lands elsewhere. As His Lordship is aware, the clause in the Terms of Union providing for the conveyance of the lands in the Railway—which, by the way, was drawn up in Sir Joseph's own handwriting—

made no stipulation as to quality and I am afraid, by collusion, the British Columbia Government agreed to give 3,500,000 acres of land in Peace River district in lieu of the bad lands in the Railway Belt, including, however, about 800,000 acres in lieu of lands alienated in said belt, which was in accordance with the land clause in question. Strangely enough when this arrangement was arrived at the $750,000 as a cash subsidy to the E. & N. was immediately forthcoming. In other words, the province gave up 2,700,000 acres of its most fertile lands to get the E. & N. railway, which under solemn agreement it was entitled to have built free of cost by the Dominion of Canada. In other words, again, including the 2,000,000 acres of land on Vancouver Island conveyed by the province to the Dominion as a subsidy to the E. & N. Railway Co., it cost British Columbia 4,700,000 acres of natural resources to have built a line of railway 75 miles long, or precisely 62,666 acres per mile, or at a fair valuation of $10 an acre $626,66 per mile, an arrangement which outrages all sense if justice or proportion. The land was given away free of taxation for all time, and lands and minerals free of royalties, also for all time. I am reliably informed that the C.P.R., which in 1905 purchased the railway and lands from the original E. & N. Co. has made enough out of the sale of timber and lands to pay back to the company not only the original purchase, but all extensions and betterments, an amount approximating $5,500,000. A large portion of that grant still remains intact. Moreover, it would be quite impossible to place an estimate upon the remaining mineral rights, timber and lands, or the past, present and future values in the Extension Mine near Ladysmith, a great coal mine developed in lands originally belonging to the province and conveyed to the E. & N. Railway Company through the Dominion Government. I am aware that the Hon. James Dunsmuir, when Premier, permitted himself to be taxed five cents a ton on coal, and that the C.P.R. in 1912, as part of a general clean-up between itself and the Government of British Columbia agreed to the taxation of its lands on Vancouver Island in a limited sum, but these in the aggregate are insignificant in comparison with the whole of the benefactions by the province.

Therefore, we must interpret the Peace River grant to the Dominion Government as nominally a supplementation of the Terms of Union, which in themselves, in respect of the Railway Belt, were never fulfilled either in spirit and in letter by the Dominion Government, inasmuch as the land given in trust for railway purposes, and became a "free gift" for which there was never any consideration, reasonable or otherwise. The Settlement Act of 1884 was merely an aggravation of an original great wrong. It is true that the Dominion Government did succeed in having the C.P.R. built, with most satisfactory results to all of Canada, but only to a small extent out of its own resources in a financial way, of which British Columbia has borne its share, and as a *national enterprise*, as now universally admitted. British Columbia, *qua* British Columbia was not entitled to pay a cent or contribute an acre of land on account of that railway over and above what was the common contribution of all the provinces in federal taxation. The railway clause (No. 11) in the Terms of Union, and in a more obnoxious form in the modification of the Terms contained in the Settlement Act, was based wholly on the assumptions

and presumptions I have already referred to, growing out of a prejudiced and unjust attitude of mind. No politician and no man, public in Canada in any capacity, would today contend that the C.P.R., enured especially for the benefit or even in a major degree of British Columbia. No one, in the light of events, would contend that if we had to begin de novo that that province would be entitled to make a special contribution to secure it.

I now come to what may be regarded as the legal, constitutional and moral aspects of the question in the ordinary aspects in an abstract way. What is legal may not be lawful in the true sense of the word and certainly may not be moral in any sense. For instance, the Legislature of British Columbia could by an Act of its own absolutely transfer A's property to B., without consideration, and A would have no recourse except in disallowance by the Dominion Government or by an appeal to the public conscience at a general election. Such an Act would be legal, but it could scarcely be claimed to be moral, and it would be unconstitutional in the sense that the King, in whose name everything is done, not only can do no wrong, but should do no wrong. Being a Christian country, our constitution is based on the assumption that every act of Parliament and every executive act is a moral act. It may be postulated in all good faith that, knowing the general attitude of mind in respect of the C.P.R., and the future of British Columbia, nobody intended to do wrong, and it may even be postulated to a further extent by saying that everybody in connection—although I would not be inclined to commit myself fully to that view—believed he was doing right; but in the development of events, in the working out of the financial relations of Province and Dominion, and in the general results it has been made evident that a great wrong was done to the former by the Dominion acting upon assumptions that have by events themselves been proved to be unfounded, and a fundamental axiom of law is that where there is a wrong there is also a remedy. The political or constitutional mind that will not admit such facts and their strict implications as to justice being done is already convicted of moral obliquity.

The British North America Act is a very important, and, if I may so express it, a very legal document, having affixed to it the seals of Canadian and Imperial authority. It was intended, among other things, to definitely determine and render permanent the financial relations of the provinces of the Dominion. It has not, however, remained, like the laws of the Medes and Persians, an immutable affair. It has, indeed, from the very outset adjusted itself to the political claims and changing conditions of the provinces from time to time down to the present year. In 1868, when it was proposed to re-adjust the arrangement as to Nova Scotia's debt allowance, the Hon. Edward Blake contended against it very strongly on two grounds, first that it was not constitutionally competent on the part of Canada to alter the terms without the consent of the Imperial Parliament, and second that it contemplated an injustice to the other provinces. The matter was referred to the Law Officers of the Crown in Great Britain, and they ruled against Mr. Blake's contention. In "the Story of Confederation" at pages 48-50 there will be found a

list of all the adjustments since Confederation, the basic reasons for such adjustments being that in the development of conditions and the working out of relations under the constitution it was found that grievances and inequalities arose that have been shown to bear unfairly and unevenly upon parties to the pact and the principle has been established that where such exist they should be remedied, notwithstanding the *lex scripta* (*Vide* resolutions passed at the Interprovincial Conferences of 1887, 1902, and 1906). A contractual agreement between private parties, such as a covenant in a mortgage, is properly enforceable to the letter, but as between provinces and the Dominion, while there should be some reasonable degree of finality, it is inconceivable that one of the parties, by virtue of unforeseen developments and circumstances should continue to have an unfair advantage over another. The very supposition at the basis of contractual relations between provinces and the Dominion is that they are for mutual benefit. The latest example of revised relations in the way indicated is the action taken by Parliament as the result of the Duncan report in re Maritime Provinces.

In addition to the fact that the governments of Canada and British Columbia pledged themselves to abide by the Carnarvon Award in 1874, whereby the Dominion of Canada was obligated to build the E. & N. Railway free of cost to the province and that subsequently British Columbia was offered $750,000 for Canada's failure to live up to that Award, the E. & N. Railway, in any event, under common government policy would have been entitled to a subsidy, of $3,200 a mile or $240,000. In that very year, 1883, Parliament subsidized ten private railways in different parts of Canada to the extent of $1,524,000 and one railway at $6,000 per mile. In 1884, in the year of the Act of Settlement, 24 railways were subsidized at the same rate, and significantly, the Government of Quebec, on account of the North Shore Railway, already constructed, as referred to, got $6,000 a mile for 150 miles between Quebec and Montreal—$954,000—and $12,000 a mile for 120 miles—$1,440,000—between Montreal and Ottawa. Later on a policy of double subsidy was adopted for railways of difficult construction (such as the E. & N. Railway certainly was) and a number of subsidies were granted under this schedule. Had this policy been applied to the E. & N., it would have been entitled to $480,000 subsidy. At the rate of $12,000 which the Quebec Government received in 1884, the subsidy would have been $900,000, and at the rate of $11,000 per mile, which the C.P.R. received as subsidy to build the Crows Nest Pass Railway, it would have got $825,000. This to be noted would have been only fair and ordinary treatment, apart from any arrangement as to Peace River lands.

The Ontario Government got $2,134,000 in the way of subsidy on account of the Temiskaming and Northern Railway and the Quebec Government got in all $5,199,954. I shall not go into details of how much the Maritime Provinces got to be relieved of their railways, including the more recent measures in that behalf. One instance will suffice. I quote from the "Story of Confederation";

Nova Scotia in 1885, in which the Government of Canada took over the Extension Line Railway, constructed by Nova Scotia and paid therefor $1,324,-

042, purchased certain wharves and extended the line to Sydney as a work of general benefit. This line was afterwards amalgamated with the Intercolonial system and in 1901 a sum of $671,836 was placed in the estimates in connection with the claims of that province.

In this connection there is a story which has its own significance. It will be remembered that in 1884, the Hon. W. S. Fielding, then Premier, moved his celebrated secession resolution which was carried. An arrangement, in face of this ugly state of affairs, was made to take over the railway referred to in the foregoing and make other adjustments and no more was heard of secession until the agitation which culminated in the Duncan Commission being appointed. All of which has its moral in this conclusion that under all governments since 1867 political rather than constitutional considerations affected the various re-adjustments made despite original bargains or the provisions of the B.N.A. Act. British Columbia has been unfortunate in that its political influence has not been strong enough to have righted obvious grievances.

There is still the anomalous condition of a duality of sovereignty to consider. There are in the Railway Belt and in the Peace River District two governments directing matters of private rights such as in the B.N.A. Act belong exclusively to the provinces. The Province of British Columbia is responsible for preserving peace and order, the up-keep of roads and bridges and public works of all kinds, the conduct of schools, and generally for internal administration, while the Dominion of Canada retains control of unalienated lands, timber, and other natural resources. The condition of affairs involves a duplication of authority as well as a highly unnecessary expense.

I now wish to consider some of the more intimate and practical aspects of the situation in respect of all these railway lands. I have prepared a special report covering the period since the union in 1871 until the 31st of March, 1926, being a statement of revenue derived by the Dominion Government under different heads and the amount of expenditure by the same on account of the Railway Belt. It is taken from departmental reports and is as accurate as it is possible to make it by a separation of accounts. It is, however, in the matter of expenditures subject to certain explanations which really alter an apparent balance in favor of the Dominion, and these follow the figures below.

The total area is 10,976,000 acres.

The disposition of lands is as follows:

Homesteads	732,400	acres
Sales (including mining lands, etc.)	171,800	"
Parks	747,500	"
Timber berths	1,057,300	"
Grazing leases	325,200	"
Forest reserves	1,713,700	"
Indian reserves	172,600	"
	4,920,500	acres

The revenue derived from these has been

Homesteads	$ 96,600
Sales	1,025,347
Parks	36,904
Berths, leases and forest reserves	4,639,354
	$5,798,205

To this must be added revenue outstanding at the end of March 31st, bringing the total up to $6,124,150.

Prior to 1910 accounts were not separate for timber and grazing. The revenue for the sixteen years last was $3,256,677, or $203,355 per annum, while for the 38 years prior it was only $22,110 per annum. The revenue from the timber is, year by year, a substantially growing asset. The same is true of the revenue from grazing lands, the amounts being $10,831 per annum since 1909 and only slightly over $4,000 fo rall the years previous.

The cost to the Dominion on account of the Railway Belt has been as follows:

Dominion lands, salaries and contingencies	$ 884,187
Surveys	1,766,623
Forestry	2,300,106
Parks	1,777,302
Water power investigations	810,666
	$7,637,826

It will be observed that while the amount in 55 years for salaries and contingencies is large, under provincial control the item would have been very small compared, because one set of officials, instead of two, would have done the work. In the case of the Dominion it was purely a case of the duplication of officials. Surveys may be regarded as a legitimate charge against the land, as being necessary or desirable in any event.

When it comes to forestry it includes timber protection and investigation of timber resources. The former could have been much more economically covered by the provincial protection service for obvious reasons. It meant duplication again. As a matter of fact, British Columbia fire rangers have had to and do cross a forty-mile belt over which they have no jurisdiction to protect timber on the other side and cross back again for a similar purpose. As to investigation of timber resources the Conservation Commission did it for the whole of Canada, including British Columbia, and therefore the cost is not a legitimate charge against the Railway Belt. The same is absolutely true of water power investigation.

As to parks, the amount of expenditure was probably a wise one, but it was a Dominion policy carried out quite irrespective of the wishes of the province. The

same policy and to a much greater degree, has been carried out in Alberta, where the natural resources are being transferred to that province. But in any event, the Dominion park policy is one in the general interests of Canada rather than in those of any particular province.

It will be seen, therefore, that on the grounds of fair accounting the Railway Belt has yielded more revenue than it has cost the Dominion to administer, the exact amount, of course, being difficult to determine. As I have pointed out, and this is very essential to bear in mind, the assets in timber and grazing, but timber in particular, are constantly growing in value, while the cost of administration is diminishing for the reason that most of the initial work of surveying and laying out parks, etc., has been completed and will soon consist merely of the overhead of administration.

As to the value of the timber in the Railway Belt and the Peace River Block, I give the estimate of Messrs. Whitford and Craig, Dominion forestry experts, whose report was published in 1918. The area of forest land is set down as 14,092 square miles, or over 9,000,000 acres; of timber land there are 4,489 square miles, or 2,872,960 acres. The commercial stand is estimated at 26,568,000,000 feet, of which 4,500,000,000 feet belong to the Peace River Block.

The value of 27,000,000,000 feet to the Province in revenue would be very great. The value in the tree to the mill owner purchasing would at a conservative estimate be $2.50 per thousand. As high as $4 has been paid in the Cowichan district, on Vancouver Island. At the former figure, if sold, it would bring $67,000,000. According to the revenue received by the British Columbia government, the royalties on this would amount to $18,500,000, if all were cut down and sold at once. Or the timber has a total present potential value of $85,500,000 to the Dominion of Canada. The stand is that estimated in 1917, but we have to estimate growth since that time. The authors of the report in question have this note respecting it:

"Reliable data concerning the rate of growth of forests in British Columbia is not available, but a stand of 40 year old Douglas Fir in Washington (in all respects similar to Douglas Fir in B.C.) has been found to produce an average of 1,000 b.f. per acre per year. If we assume that the 97,000 square miles (in all of British Columbia), on which young forests are more or less completely established, produces in the average only 100 feet to the acre per annum, the total increment would amount to 6,200,000,000 feet per annum, or about five times the annual cut of the province. The realization of this increment is dependent, however, upon the protection of the young growth from fire. No increment is looked for in the mature stand since decay will undoubtedly offset any growth that may take place."

A postscript is added stating that Prof. Woodward places the growth of the Douglas Fir type in a rotation of 100 years at 90,000 b.f. per acre, an average of 900 per acre. Of course, any estimate of growth must depend upon destruction by fire and waste as well, but it is reasonable to assume that the rate of growth has increased the value of timber in the British Columbia railways lands to $100,000,-

000. Up to the present time, British Columbia has received $5,500,000 in subsidies on account of the land in the Railway Belt. At the rate of $100,000 per annum it will take 945 years more before it will reach in the aggregate the present value of the timber, the property of the Dominion of Canada in British Columbia.

In connection with this allowance of $100,000 per annum on account of the Railway Belt, I pointed out in the factum which I prepared for the Royal Commission on Better Terms that, while it was nominally compensation for the lands, as explained by Sir Alexander Campbell in piloting the British Columbia Terms of Union through the Senate, where the most stubborn opposition was encountered, it was, so to speak, a method of beating the Devil around the bush. So strong was the opposition of Sir John Macdonald's own supporters to more than the meagre original subsidies proposed ($112,000, including interest on debt allowance) that the Railway Belt was thrown in to get $100,000 more. Or, to be more accurate, the railway lands were an excuse for the increased allowance of $100,000. A similar arrangement was proposed in respect of Newfoundland had it come in. Sir John realized what was so amply demonstrated subsequently on account of government, per capita of population, and allowance for debt that these allowances were wholly inadequate for the requirements of local administration. That inadequacy was recognized, later in 1906, when the allowance for government was increased to $190,000 per annum, and it is safe to say that that increase would not have been granted to British Columbia had not the other provinces demanded similar increases for themselves.

It has been suggested, and quite properly, too, that in securing a 40-mile belt from British Columbia as a subsidy to be given to a private company as assistance in building a railway for national purposes it was but a matter of simple justice that the Province should have been compensated for it; but nothwithstanding that it was everywhere regarded in Canada that British Columbia was giving something, and very little at that in view of the magnitude of the undertaking, for her own special benefit, and for something it was wholly impossible for her to accomplish for herself. In that light, therefore, the $100,000 per annum was regarded as a gift to British Columbia and an added burden to the rest of the Dominion.

As a matter of fact, the C.P.R. was built upon an entirely different plan altogether, which involved only the giving of the public lands of the Middle West as a subsidy and in these lands all provinces had an equal proprietary interest, as all the provinces have enjoyed the benefits of the construction and operation of the C.P.R. railway system in more or less equal degree. When we realize the fact that it is the greatest transportation system in the world and that it converges into and disperses from Canada traffic of all the five continents, the entrance of British Columbia into the federal union, at the expense of that railway, may almost be regarded as a beneficent intervention of Providence in behalf of our Dominion. But while the railway cost the whole of the Dominion 25,000,000 acres of land and a sum of money—stated in the Year Book of Canada to be $62,790,000—in which cost all the provinces shared in common the Dominion of Canada still retains ap-

proximately 14,500,000 acres as a special contribution from British Columbia for a railway *national in all its purposes.* And, furthermore, the Railway Belt has assumed an importance and a value not contemplated at the outset and out of all proportion to the compensation provided for in the Terms of Union.

There is still, however, another aspect of the case which increases the strength of the contention. In 1906, at the Interprovincial Conference at Ottawa, the claims of the Province for additional recognition on account of physical conditions and the great extent of area to be governed, which greatly increased the cost of local administration in comparison with other provinces, were allowed to the extent of $100,000 per annum for ten years, although that as a yearly allowance bore no comparison to the nature of the difficulties to be overcome, and absurd and illogical as a ten year limitation, for the reason that if that or any other sum were fair and reasonable for ten years it was so for all time to come, including the whole period from 1871 to 1906. The very logic and justness of such an allowance eliminates in itself any possible argument that the $100,000 in lieu of the railway lands should stand as a charge against the revenues received from the Railway Belt.

Turning again to the Peace River Block, more valuable than any one or several sections of the province from an agricultural point of view, it has been made as clear as facts can speak that the province had no moral or legal obligation to convey to the Dominion at least the 2,700,000 acres of the 3,500,000 acres in the Peace River Block. They are in official documents referred to as "lieu lands." Under the provisions of section II of the Terms of Union, copy of which is appended, there is no mention of the character of the lands in the Railway Belt for agricultural or any other purposes. At the outside, even if the validity of the grant of the Railway Belt be admitted, 800,000 acres were the most that the Dominion could claim in lieu of lands alienated by purchase or pre-emption. No reference to these is made as a subsidy to obtain the Esquimalt and Nanaimo Railway, and yet there can be no question as to the means—it might be termed subterfuge—employed to affect the building of that railway.

It is interesting to make a comparison in treatment between Alberta and British Columbia in respect of subsidies. Alberta is chosen, because of the decision to transfer to that province her natural resources. In 1905, when Alberta and Saskatchewan were carved out of the Northwest Territory, although the Dominion Government had spent millions in opening the country by railways and otherwise these two provinces were regarded as free of debt. That year British Columbia's total subsidies amounted to $307,000. In 1906, the first year in which subsidies were paid to Alberta as a province, the following payments are debited to her in the Public Accounts:

Allowance for government	$ 50,000
Allowance of 80 cents per head	200,000
Debt allowance	405,375
Allowance for public buildings	93,750
In lieu of public lands	375,000
	$1,124,125

In the same year a re-adjustment of subsidies generally was made, and Alberta and Saskatchewan came within the new schedule, although newly formed and without having borne the heat and burden of the years previously as other provinces had done. The allowance for government was raised to $190,000. In 1926, the payments made to Alberta and British Columbia were respectively:

Alberta

Allowance for Government	$ 190,000
Per capita allowance	516,560
Debt allowance, interest on	405,375
Allowance in lieu of public lands	562,500
	$1,674,455

British Columbia

Allowance for Government	$ 190,000
Per capita allowance	419,666
Compensation for lands in Ry. belt	100,000
Debt allowance	29,817
	$ 738,483

Under the arrangement whereby Alberta assumes ownership of her natural resources, the allowance in lieu thereof is cut off, but $562,000 is continued for three years for the purpose of perfecting the administrative machinery in respect of public lands. The three Middle West provinces have the advantage of a quinquennial census, whereby the subsidy per capita is adjusted every five, instead of every ten years, as is the case with British Columbia, although the rate of increase in population in the latter has been about equal in recent years. It is estimated that the population of Alberta and British Columbia is now about the same. Assuming that the railway lands are returned to British Columbia the compensation on their account would, of course, be cut off, so that after the next census-taking in 1931, when the new arrangements would be working normally, the subsidies paid to British Columbia would be still about $500,000 less than those to Alberta. A very natural question is Why? As the figures, as prepared by the Dominion Bureau of Statistics and presented to the Interprovincial Conference in 1906, show, the cost of local administration is much greater on account of an extremely mountainous condition. In the prairie country physical conditions are more or less uniform, with few obstacles of nature to overcome. The question is not that Alberta is too much favoured, but obviously if she is not British Columbia is ill favoured, and that seems to have been her lot from the outset. Handicapped in her early existence by prejudicial assumptions, such as have been clearly outlined and about which there cannot be a shadow of doubt while the assumptions have been proved to be groundless the affects of the handicap still remain.

Reference has not been made to the value of agricultural lands in the Peace River Block, not yet fully determined and as yet in the main too remote from rail-

way communication to be utilized. In the Railway Belt the fertile lands were largely alienated before the final conveyance to the Dominion Government, on account of which 800,000 acres in the Peace River district were substituted in lieu thereof, in accordance with the provisions of Section II of the Terms of Union hereto appended. There still remain the minerals, as yet an unknown quantity, both in the Railway Belt and Peace River Block, though it has been determined by preliminary way examination that the areas of both are to a large extent mineralized. In the latter, the probabilities of valuable deposits of coal and oil, both from surface indications and nature of formation, are exceedingly promising. There is also water power to whatever extent it may exist. Ownership in the rivers and lakes, water being a natural resource, and riparian rights in the title of the Dominion, it may even be assumed that the ownership of the fish is in the right of the latter. The future alone can determine the value of all these natural resources. It may in time that those, other than the timber, a known quantity, may exceed the latter in value to the Province.

An inevitable conclusion may be drawn from all the foregoing, the reasons for which are summarized thus;

(1.) As the Railway Belt was assumedly, according to provisions in section 11 in the Terms of Union, conveyed to the Dominion of Canada, *in trust*, to assist in the construction of the Canadian Pacific Railway, and on condition that the Dominion should appropriate from the public lands of Canada in the Middle West from the eastern boundary of British Columbia to the western boundary of Ontario a similarly continuous belt for the same purpose and as neither of those conditions was fulfilled in spirit or in letter;

(2). As the revenue now being derived from the Railway Belt exceeds the cost of administration of the same by the Dominion Government and promises to do so for all time to come and as the value of the timber alone in both areas of land equals the aggregate of compensation by the Dominion of Canada, at the rate of $100,000 per annum, for 1,000 years;

(3). As it was assumed at the outset, as a reason for the conveyance of such lands, at present to the extent of 14, 476,000 acres, that the construction of the C.P.R. was for the special benefit of British Columbia; that it was financially equal to, if not beyond, the resources of the Dominion of Canada and that it would be disastrous in results, if not ruinous that when completed it must operate at an annual loss by reason of the lack of profitable sources of traffic along the proposed line; and that British Columbia in whose special interests it was being built itself would remain a perpetual burden on the rest of Canada;

(4) As it was clearly shown by the case presented before the Interprovincial Conference on behalf of the Province in 1906, the justice of which was in part conceded by the Conference in the recommendations of an additional allowance of $100,000 a year for ten years, British Columbia was entitled to a sum far in excess

of $100,000 a year for all time on account of physical conditions which so greatly increased the cost of local administration as compared with that in other provinces;

(5). As British Columbia has been the only province in the Dominion that has been obliged to subsidize the Government of Canada to have a railway constructed for *national purposes*—compare the cost of Intercolonial and other government lines in the Maritime Provinces and Quebec ($154,284,687), the National Transcontinental ($192,209,507), the Grand Trunk Pacific (over $100,000,000), and the Hudson Bay Railway and terminal work ($21,000,000), all of which have become government liabilities instead of assets, constructed at the cost of all Canada—and whose operation, marvellously successful, has enured in far higher ratio of benefit to Canada as a whole than to British Columbia as a part.

(6). As 2,700,000 acres in the Peace River Block were conveyed to the Dominion Government as the result of subterfuge—in the guise of "lieu lands", as a substitution for barren lands in the Railway Belt, for which there was not a title of warranty legally or justification morally in the terms of section 11 of the Terms of Union, but really as a subsidy for a short line of railway on Vancouver Island, known as the Esquimalt and Nanaimo Railway, which by solemn obligation to accept the Carnarvon Award was to have constructed by the Dominion Government without cost to the Province of British Columbia;

THEREFORE, it is morally and constitutionally incumbent upon the Government of the Dominion of Canada to reconvey the said 14,476,000 acres in the Railway Belt and in the Peace River Block upon terms of a settlement deemed competently to be in equity and upon the basis of moral obligation.

I have the honour to submit the foregoing for His Lordship's most serious consideration.

Ottawa, July 16, 1927.

R. L. Borden

APPENDIX

SECTION II *of the British Columbia Terms of Union*

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

And the Government agree to convey to the Dominion Government, *in trust*, to be appropriated in such manner as the Dominion Government may deem advisable *in furtherance of the construction of said railway* throughout the entire length in British Columbia (not to exceed, however, twenty (20) miles on each side of said line), *as may be appropriated for the same purpose* by the Dominion Government *from the public lands of the Northwest Territories and the Province of Manitoba.* Provided that the quantity of land which may be held under pre-emption right or by Crown grant within the limits of the tract of land in British Columbia to be so conveyed to the Dominion Government shall be made good to the Dominion from contiguous public lands; and provided further, that until the commencement, within two years, as aforesaid, from the date of the Union, of the construction of the said railway, the Government of British Columbia shall not sell or alienate any further portion of the public lands of British Columbia in any other way than under the rights of pre-emption requiring actual residence of the pre-emptor on the land claimed by him. In consideration of the land to be so conveyed *in aid of the construction of the said railway*, the Dominion Government agree to pay to British Columbia from the date of the Union, the sum of $100,000 per annum in half-yearly payments in advance.

NOTE:—The words underlined indicate the strong points of the contention. The words, "in trust," clearly show that the lands were to be conveyed to the Dominion for the purpose of being given by the Dominion to a company that might undertake the building of the railway, which is as clearly borne out by the qualifying words, "in furtherance of the construction of said railway," words which are repeated later on. Also, it is as clear as words can express it that the conveying of these lands, which are now comprised within the Railway Belt, was to be made conditional upon the appropriation of a similar continuous belt through the then Northwest Territories and the Province of Manitoba. It is impossible to contend that these stipulations were ever complied with, and yet the validity of the Dominion's title entirely hinge upon them. It will be further noted that there is nothing expressed or implied in regard to character of such lands that would form an obligation on the part of the Province to supplement, or substitute them, by good lands elsewhere.

In what is known as the Settlement Act of 1884 subsection "A" of the preamble, and section II, there is used in identical words this language "An Act to authorize the grant of certain public lands on the mainland of British Columbia to the Government of the Dominion of Canada *for Canadian Pacific Railway purposes.* The Railway Belt, as alleged in the Memorandum to which this is an appendix, was never used for "Canadian Pacific Railway purposes," and any revenues derived from it have gone into the Consolidated Revenue Fund *for the general purpose of Canada.*

Senate Hansard (page 776)—

Hon. Mr. Campbell—I come to the item which provides that the Dominion Government agree to pay British Columbia the sum of $100,000, in consideration of the land alongside the railway. It will be remembered that in the case of Newfoundland we agreed to give her $150,000 per annum for land for ever. It was not believed in that case, *nor is it in this,* that the land would *yield any revenue equal to that sum,* but it was valuable in many respects, and *it was felt necessary to assist* Newfoundland *beyond the 80 cents per head,* looking at the statement of the sums the local Government will have to provide for, we find that it amounts to $212,000—every item appears to be very carefully, even frugally considered.

NOTE:—The italics are mine. The above fully bears out the statement made in the memorandum in reference to the genesis of the allowance on account of the Railway Belt. The forty-mile wide strip of land was intended as British Columbia's share of the land subsidy to be given to a private railway company. The $100,000 allowance was simply intended to carry on with, as was estimated by officials of that Government, viz, $212,000. The items, in the way of subsidies for interest on debt and per capita allowance, etc., amounted to $112,000. The object of the extra $100,000, as explained by Mr. Campbell, is entirely obvious. If it be asked British Columbia did not get $212,000 straight out, the answer is equally obvious from all the evidence collected as to the attitude of mind in Eastern Canada respecting the entrance of British Columbia under the proposed Terms. The Government did not dare to risk so much in the way of subsidies, and the Railway Belt was merely the camouflage for giving something at least for something. It will be noted also that the lands were not regarded as of much value.

R.F.

Journals of the House of Commons, 28th March, 1871—

The Hon. Sir George E. Cartier moved, seconded by the Hon. Mr. Tilley, and the question being proposed respecting the admission of British Columbia into Union with Canada.

Mr. Mackenzie moved in amendment, seconded by the Hon. Mr. Halton, that all the words after "That" to the end of the question, be left out, and the words "the proposed terms of union with British Columbia pledge the Dominion to commence within two years and complete within ten years the Pacific

Railway, the route for which has not been surveyed, nor its expense calculated. The said terms also pledge the Government of Canada to a yearly payment to British Columbia of the sum of $100,000 in perpetuity, equal to the capital sum of $2,000,000 for the cession of a tract of *waste land* on the route of the Pacific Railway to *aid in its construction,* which *British Columbia ought to cede without charge,* in like manner as the lands of Canada are proposed to be ceded for the same purpose. This House is of the opinion that Canada should not be pledged to do more than proceed at once with the necessarys, and after the route is determined, to prosecute the work at as early a period as the state of finances will justify," inserted instead thereof.

(On the 30th of March this amendment was voted down by 98 to 63).

IDEM. An amendment to the amendment was moved which asserted that "in the opinion of this House the further consideration of the question be postponed for the present session of Parliament, in order that greater and more careful consideration may be given to a question of such magnitude and importance to the people of the Dominion." It, too, was defeated by a vote of 85 to 75.

On the same day another amendment was made, as follows: Moved by the Hon. Mr. Dorion, and seconded by Mr. Killam,

That, all the words after "that" to the end of the question be left out, and the words "it be resolved that in view of the engagements already entered into since Confederation and the large expenditure actually required for Canal and Railway purposes within the Dominion, this House would not be justified in imposing on the people the *enormous burthens* required to construct within ten years a Railway to the Pacific as proposed by the Resolution submitted to the House inserted instead thereof.

(This was defeated by a vote of 91 to 70).

On March 31st, Mr. Mackenzie, seconded by the Hon. Mr. Smith (Westmorland), That all the words after "That" to the end of the question, be left out, and the words "having regard to the vast importance of the question involved in the said resolutions, (including the obligation to construct within ten years the Pacific Railway, the cost of which is estimated to exceed one hundred millions of dollars), time should be afforded the people and their representatives for consultation before coming to a final decision; and that the consideration of the said Resolutions should, therefore, be postponed to the next Session," inserted thereof.

(The amendment was defeated by a vote of 85 to 68).

In the Journals of the same day (page 190)—

And the question being again proposed, That the 1st Resolution be now read a second time;

Mr. Bodwell moved in amendment, seconded by Mr. Oliver, That all the words after "That" to the end of the question, be left out, and the words "the

proposed Terms of Union with British Columbia provide for the representation in the Senate by three members, and in the House of Commons by six members, while its population is about 10,000, and that such representation in the House of Commons is enormously in excess of the proper number according to population, and is in violation of the fundamental principle of the act between the provinces, a principle which ought not to be disturbed without the assent of the provinces, and that the said Resolutions be referred back to the Committee of the Whole for the purpose of reducing the number of representatives of British Columbia in the House of Commons," inserted instead thereof.

Mr. Killam moved, in amendment to the said proposed amendment, seconded by Mr. Jones (Halifax), That the "while its population is about 10,000," be left out.

(The amendment to the amendment was defeated by a vote of 100 to 43, and the amendment itself by a vote of 87 to 58).

On the same day, there appears on the Journals (page 192) this amendment:

Mr. Blake moved, seconded by the Hon. Mr. Smith (Westmorland) That all the words after "That" to the end of the question be left out, and the words "the proposed terms of Union with British Columbia provide for the payment by the Dominion to British Columbia of a yearly sum of $100,000 in perpetuity (equal to a capital sum of $2,000,000) for the cession of *a tract of waste land* on the route of the proposed Pacific Railway *to aid in its construction*, while any such land required for the purpose *should be ceded without charge in like manner as the lands of the Dominion are to be so ceded*, and that the said resolutions be recommitted for the purpose of amending the same in accordance with this resolution," inserted instead thereof.

(The amendment was defeated by a vote of 84 to 95).

On the 1st of April (page 201 of the Journals) Mr. Mackenzie moved, in amendment, seconded by the Hon. Mr. Holton, That all the words after "That" to the end of the question, be left out, and the words "it be resolved, that this House, while giving the best consideration to any reasonable Terms with British Columbia, is of the opinion that the terms embodied in the said Address *are so unreasonable, and so unjust to Canada, that this House should not agree thereto*," inserted instead thereof.

(The amendment was defeated by a vote of 86 to 68).

On the same day (page 202, Journals)

The Hon. Sir Alexander T. Galt moved, in amendment, seconded by Mr. Cartwright, That the word "now" should be left out, and the words on Monday next "and that meantime it be resolved, That in accepting the terms of Union

proposed Terms of Union with British Columbia provide for the representation in the Senate by three members, and in the House of Commons by six members, while the population is about 10,000, and that such representation in the House of Commons is comparatively in excess of the proper number according to population, and is in violation of the fundamental principle that the ratio between the provinces, a principle which should not be departed without the assent of the provinces, and that the said Resolutions be referred back to the Committee of the Whole for the purpose of reducing the number of representatives of British Columbia in the House of Commons," inserted instead thereof.

Mr. Holton moved, in amendment to the said proposed amendment, seconded by Mr. Jones (Halifax), That the "while the population is about 10,000" be left out.

(The amendment to the amendment was defeated by a vote of 100 to 43, and the amendment itself by a vote of 97 to 39).

On the same day, there appears on the Journals (page 139) this amendment:

Mr. Hibbs moved, seconded by the Hon. Mr. Smith (Westmoreland), That all the words after "That" to the end of the question be left out, and the words "the proposed terms of Union with British Columbia provide for the secured by the Dominion to British Columbia of a yearly sum of $100,000, in perpetuity, (equal to a capital sum of $2,000,000) for the support of a form of government for the province of the proposed Pacific Railway, in all its constituents, while any such land required for the purpose should be sold without delay, in like manner as the lands of the Dominion are to be sold, and that the said resolutions be recommitted for the purpose of amending the same in accordance with this resolution," inserted instead thereof.

(The amendment was defeated by a vote of 84 to 39).

On the 1st April (page 190) of the Journals, Mr. Mackenzie moved, in amendment, seconded by the Hon. Mr. Blake, (Toronto), That all the words after "That" to the end of the question be left out, and the words "it be resolved, that the Terms, which form the base of negotiations in any communications to the Pacific Railway Commission, and so far as they are in Canada, the Lands Department and Public Works Department, be and the same are hereby approved of," inserted instead thereof.

(The amendment was defeated by a vote of 96 to 60).

On the same day, (page 192 Journals):

Mr. Hon. Mr. Mackenzie, I, moved in amendment, seconded by Mr. Cameron (Huron), That the words "and that the Pacific Railway Commission be and the same are hereby, authorized to negotiate with British Columbia and that provision be made for the purchase of the lands in question

with British Columbia, this House understands that the engagement for the construction of the Pacific Railroad within ten years is subject to the understanding had with the Government of the Dominion and the Commissioners from British Columbia that the Railroad should be constructed through the medium of private companies, receiving subsidies in money and land, and that it was not intended to pledge the Dominion beyond the application of its money and its resources to the loyal and earnest prosecution of the work, without entailing undue and excessive burdens upon the people," added at the end of the question.

(The amendment was voted down by a vote of 126 to 7).

On Tuesday, 4th of April (page 212, Journals) on motion of the Hon. Sir George Cartier, seconded by the Hon. Mr. Tilley.

Resolved, That this House will, To-morrow, resolve itself into a Committee to consider the following proposed Resolution:—That the Railway referred to in the address to Her Majesty concerning the Union of British Columbia with Canada, adopted by the House on Saturday the 1st April inst., *should be constructed and worked by private enterprise,* and not by the Dominion Government; and that the public aid to be given to secure that undertaking should *consist of such liberal grants of land,* and such subsidy in money, or other aid, *not unduly pressing on the industry and resources* of the Dominion, as the Parliament of Canada shall hereafter determine.

A resolution in precisely similar terms was moved on the 11th of April by Sir George Cartier and Mr. Tilley for the purpose of going into Committee of the Whole and in Committee it was so resolved.

It will be noted that by the terms of these resolutions Parliament as a whole was committed to the principle of the construction of the Canadian Pacific Railway by private enterprise, aided by liberal land subsidies and certain cash subsidy per mile, but the latter in a degree not to increase the then rate of taxation.

with British Columbia, the House understands that the expenditure for the construction of the Peace River railway within ten years is subject to the understanding had with the Government of the Dominion and the Commissioner from British Columbia, that the Railway should be constructed through the production of provincial revenue, resulting from the sale of lands, and that money realized by reason of the legislation accompanying the work, with our mineral and general revenues, be taken upon the people." added at the end of the question.

(The amendment was voted down by a vote of 140 to 7).

On Tuesday, 4th of April (page 212, Journals) on motion of the Hon. Sir George Cartwright seconded by the Hon. Mr. Tiller:

Resolved, That this House will, To-morrow, resolve itself into a Committee to consider the following proposal, namely:—That the Railway be formed in the address to His Majesty concerning the Union of British Columbia with Canada, adopted by the House on Saturday the 1st April last, should be constructed and maintained by private enterprise, and not by the Dominion Government, and that the public aid to be given, in money, by granting alternate sections of land, or part of lands, and cash subsidy in money, or other aid and public provision in the delivery and transfer of the Dominion, to the Railway of Canada, shall be as follows:—

A resolution in precisely similar terms was moved on the 13th of April by Sir George Cartwright and Mr. Tiller for the purpose of going into Committee of the Whole and in Committee it was so resolved.

It will be noted that by the terms of these resolutions Parliament as a whole was committed to the principle of the construction of the Canadian Pacific Railway by private enterprise, aided by liberal land subsidies and certain cash subsidy per mile, but the latter in a degree not to be in excess the time rate of taxation.