

the West Coast had to be hauled thousands of feet higher across the mountains than would have been the case had the northern Pine River Pass route been used.

The CPR, by pushing its rail line through the southern prairies, was forcing settlement in some of the least hospitable sections of the prairies. The syndicate tacitly admitted that the land in the north was more suitable for agriculture when it forced the government to substitute much of its own acreage along the southern route for land near Prince Albert in 1882. Much of the acreage chosen by the CPR was located near Prince Albert and along other sections of the northern fertile belt, closely following the original Pine River Pass route across the northern prairies.¹⁴ The CPR was clearly saying that land along the southern route was not as valuable as that along the route it had just abandoned.

Despite the government's generous grants of money and land to the CPR, Sir John A. Macdonald was powerless to prevent the change of plans. Thus, with one bold stroke, J. J. Hill and the CPR syndicate negated the years of work that had gone into the plans for the original northern route. The exploration of the mountain passes, the expensive surveys, and the years of soil studies that led to the selection of a route through the northern fertile belt were of no avail. The route was simply abandoned for a new route two hundred miles to the south, through lands that were often little more than alkali flats, or semi desert, where necessities such as firewood and good drinking water were obtained only at great effort. The hardship and suffering of the pioneers who first settled the barren plains of the south was an inevitable consequence of the syndicate's actions. Guaranteed a monopoly for twenty years, the CPR provided the only means by which settlers could be brought in and grain could be transported out of the West. With poor road conditions (or no roads at all), farmers were forced to locate near the railway if they hoped to get their produce to the international market. Thus, the treeless lands of the south were settled first by the new waves of immigrants who began to arrive shortly after the completion of the railroad in 1885.

During the early years of the 1880s, the towns along the southern route were undergoing an economic boom, while those along the abandoned northern route sank rapidly into a state of depression. Because of this, in March 1882, the federal government changed its development plans — the cabinet passed an order in council changing the capital of the North West Territories from Battleford to Regina, despite Regina's unsuitable location and terrain. An article in the *Winnipeg Free Press* dated September 30, 1882, commented:

One thing is certain, Regina will never amount to anything more than a country village or town, for the simple reason that in neither its position nor its surroundings

is there anything to give the slightest commercial importance. Situated in the midst of a vast plain of inferior soil, with hardly a tree to be seen as far as the eye can range, and with about as much water in the miserable little creek known as Pile of Bones to wash a sheep, it would scarcely make a respectable farm, to say nothing of being fixed upon as a site for the capital of a great province.¹⁵

As a result of the change of the CPR location to the southern route, Regina did grow and eventually prospered, while Battleford, Prince Albert and other settlements located in more hospitable river valleys in the north stagnated. The colonization companies in the north faltered and eventually failed. Stuck with their grants of land far north of the railway, they had little hope of attracting settlers until branch lines were constructed to the northern communities. The evidence is clear that the colonization companies failed as a direct result of the CPR's shift to the south. In all, 166,403 immigrants entered the West between 1881 and 1886. Of this number, the colonization companies had been responsible for bringing in only 1,080, that is, less than one percent.¹⁶ As of January 6, 1885, the Prince Albert Colonization Company had failed to locate a single settler on its tract of land.¹⁷ It was clear that this company had been more interested in using its land grants for speculative purposes involving the railway and potential urban development than for the placement of settlers.

Although the CPR's move to the south promised millions of dollars in profits from future sale of lands to farmers and from future urban growth, it created an immediate financial crisis for itself. It was, of course, necessary to construct branch lines from the new southern route to the northern fertile belt where most of the existing settlers (the European and Halfbreed people, largely from Red River) of the North West Territories lived and where most of the wheat was grown. These branch lines had to be built before profits could be gathered from the existing lines. Construction of the branch lines would cost millions more dollars.

A stipulation, however, had been imposed upon the company by the government in its contract with the CPR. The gifts and subsidies it had received were to be used only for the construction of the main line. By 1884, settlers in Manitoba and the northern sections of the North West Territories were desperate for the branch lines. Without them, there was simply no way that they could get their grain to market in sufficient quantities to make commercial farming viable. Consequently, the elected members of the North West Council demanded public money for the construction of these additional lines.

By 1884, the CPR dominated the economy of the West. The small corporations, the farmers and even the Canadian speculators and entrepreneurs who had secured holdings along the original northern route found themselves in a position where they had to demand that the government

provide money to build the CPR branch lines and thus save their own businesses. The CPR had the support of the Conservative press and the North West Council in its demands for federal funding for branch lines. Even if the farmers of the north did not generally support the CPR, they were nevertheless forced to support the demands for more government assistance for branch lines if they themselves were to survive as grain farmers.

The CPR was clearly in the middle of a vicious circle. In order to make some immediate profits from the main line in the south, the CPR needed branch lines connecting to the fertile belt in the north. But before the company could build the branch lines, it needed immediate profits from its existing main line in the south. The CPR assumed that the federal government would once again rescue it from the follies of its own policies; the CPR fully expected to receive further government money for the construction of the necessary branch lines.¹⁸

The CPR faced a further dilemma. It needed immediate and massive immigration to those parts of the North West Territories that were deemed fit for settlement, the northern fringe of the prairies, "the fertile belt." Without such immigration, the company would continue to lose money, even on its existing lines. On the one hand, the company could not generate sufficient profits from its existing lines to provide funds for western expansion and further construction. On the other hand, massive immigration was not about to occur until the line was constructed all the way through to the West Coast.

The cost of the shift in routes was immense. This was the case not simply because the move necessitated the construction of thousands of miles of branch lines, but also because, new passes through the mountains had to be planned, surveyed and constructed. Rail lines had to be laid through a network of tunnels that were tremendously expensive to build. The shift to the southern route, so profitable for the CPR in the long run, was the biggest single factor contributing to its effective bankruptcy by late 1884 and early 1885.¹⁹

In the spring of 1885, newspapers across the country were bewailing the fate of the CPR. Voters and government representatives alike were aware that, should the CPR actually go bankrupt, Canada as a nation would be faced with a devastating economic crisis. These fears were spelled out by C. S. Campbell, son of the minister of justice in the Macdonald government. He wrote to his father, describing the chaos that would result should the CPR go broke before construction was completed:

Next year (if the CPR goes broke) some 10,000 workmen will be thrown out of work and the result will be a tremendous depression all over. The Government will have to take over the road then or advance money to keep it open, and no Government will be able to face it long or keep a reputation of any kind in face of such a popular outcry as there is sure to be.²⁰

The economic demise of the CPR would almost certainly spell disaster for the Conservative government, if not for the nation as a whole. But there were serious international implications as well. The British merchants needed the Canadian rail route to aid in their own Far East trading operations. More important, Great Britain's War Office wanted the completion of the railway to the West Coast in 1885 because of serious military setbacks in the Anglo-Egyptian Sudan, setbacks that threatened Great Britain's control of the vital Suez Canal. During the 1880s, Britain was embroiled in a series of armed conflicts around the world, including a war in the Anglo-Egyptian Sudan. Britain was engaged in putting down an uprising in Afghanistan and was also involved in a serious conflict that threatened war with Russia.²¹ If Britain was to lose the Suez Canal, a Canadian transcontinental railway would be needed as an alternative route for the transportation of troops to the Far East, Afghanistan and possibly Russia.

Newspaper articles during the early months of 1885 indicate just how much Great Britain needed a railway running through friendly British territory from the Atlantic to the Pacific Coasts of North America.²² By March of 1885, a small British war fleet was stationed on Canada's West Coast. The fleet could be made ready for the transportation of British and Canadian troops to the battlefronts of the world as soon as the CPR was completed.

A commercial fleet on the West Coast of Canada could also serve a purpose for Great Britain. A fleet of merchant ships could serve in the China trade, which was providing huge profits for the imperial countries of Europe as well as the United States. Indeed, Chinese labour and resources were being cruelly exploited by these foreign powers. In fact, Canadian immigration laws had just been amended so that cheap Chinese labour could be used for the construction of the CPR.²³

By March, 1885, the British military machine was badly over-extended around the world and was in considerable difficulty. Britain, therefore, had much more than a passing interest in the quick and successful completion of the CPR. An example of this concern is reflected in the March 17, 1885, edition of the *Regina Leader Post*:

THE NEW ROUTE TO INDIA TRANSPORTATION OF BRITISH TROOPS OVER THE CANADIAN PACIFIC

Mr. R. D. Angus of the CPR, and in reference to the communication to be received by the Canadian Government from the British Government asking what is the earliest date at which communication with the Pacific can be had over the Canadian Pacific Railway, said that the Intelligence Department of the Imperial Government had the matter under consideration. In the event of the Suez Canal becoming closed, the shortest route to India would be over the Canadian Pacific.

This route, in the event of a war with Russia will be the shortest route to both India and China. Great Britain must have an alternate route, as complications may arise in the Mediterranean which would make communications with Egypt difficult.²⁴

British officials clearly felt that, should war break out with Russia, England's victory or defeat would in large part depend upon the completion of the CPR.

The new route from Great Britain to the Far East through Canada would actually take less travelling time than the old route via the Suez Canal. This time factor had tremendous military and commercial significance. The *Prince Albert Times* reported in its February 20, 1885, edition:

The completion of the Canadian Pacific Railway will provide England with a new route to Hong Kong, occupying but a little over a month, or sixteen days less than the Suez Canal route. This would enable England to land troops in China two days earlier than French troops starting at the same time, or the Russians from Odessa, in the event of the Suez Canal falling into hostile hands.²⁵

Clearly, the completion of the CPR was a vital step in England's plans for continued world conquest. It would provide a strategic link in the transportation infrastructure to the battlefields and commercial theatres of action around the world.

The war in the Anglo-Egyptian Sudan was going very badly for Great Britain. British troops had been defeated at Khartoum in February of 1885, and one of their generals, Lord Gordon, had been killed. The military crisis faced by the British Empire had economic implications for Canadian taxpayers, who would have to further subsidize the CPR. As well, Great Britain called for the actual commitment of Canadian troops to the theatres of war.

The Canadian public recognized that the CPR had wrung millions of dollars from the government as its payoff for the generous "campaign funds" that had led to the Pacific Scandal of 1872 and, by 1885, cabinet ministers were very sensitive to the public's growing anger with the CPR for its misuse of public funds. Certainly the Conservative government did not want to face further close scrutiny of its relationship with the CPR syndicate.

Sir Alexander Campbell, minister of justice from May 1881, to September 1885, was not personally implicated in any of these affairs. Nevertheless, by March of 1885, the question of further funding for the CPR was so overwhelmingly unpopular with the ordinary citizens of Canada that he, like other high-ranking Conservatives, was being politically threatened by the CPR's imminent bankruptcy. Cabinet ministers felt that they would be condemned if they allowed the CPR to collapse and condemned by the voters if they came to its financial rescue once again. On March 3, 1885, Campbell was advised

by his son that he would be wise to resign from his position immediately, before the CPR's financial collapse:

Apropos of the CPR I hope you are not going to give them more money. You were talking of resigning sometime ago and I think you will never have a better chance to escape with credit than now, it ought to have been last Session but still you might retire with dignity now, but after all of the solemn protestations about the calculation, by competent men and they are asking for more money now shows either that they are not fit to manage so great an enterprise or that there is a large leak somewhere and that a little of the Boston Tweed business is going on.²⁶

This letter speaks for itself. The situation was critical, and astute politicians, recognizing that the end was near for the CPR, were thinking of resigning before the collapse occurred. For some, this seemed the only way of extricating themselves from the political and economic morass into which the CPR had led them.

During March, 1885, Prime Minister Macdonald decided to remove Sir Charles Tupper from his position as minister of railways and canals, since Tupper had been appointed high commissioner to London. It is almost inconceivable that the government would leave this post vacant at this critical period, but perhaps the reason was that Macdonald did not want Tupper at the helm during the crisis. Indeed, with the seat vacant, who could the Opposition question in the House of Commons? It is likely that the Opposition, under the capable leadership of Edward Blake, would have been able to pinion the minister in the House and demand some real answers. However, Tupper was safe from questioning; he had begun living in England, having assumed his new duties as Canada's high commissioner there.

By March of 1885, there was no doubt that the CPR would be bankrupt unless it received additional federal funding. The railway's general manager telegraphed President George Stephen, indicating that there were insufficient funds left to pay the construction workers' wages.²⁷ In British Columbia, three hundred armed strikers were being held at bay by the NWMP, having struck when the pay car did not arrive. Unpaid workers elsewhere along the line, as well, voiced their anger at the situation.

On March 18, 1885, a Conservative caucus was called in an attempt to come to some decision about the CPR's financial crisis.²⁸ There was talk among the caucus members of the company issuing \$15 million in bonds, half to the shareholders and half to the government. Other ideas emerged from the meeting. One suggestion was that the government release the mortgage of the last session and take \$15 million of first preference bonds, and then take a second mortgage on the railway for the remaining \$15 million. But nothing came of the suggestions made by the caucus. Further public funding of the CPR had simply become a political impossibility. Despite the urgency of

Britain's war needs, and despite the importance of the railway to the plans of the National Policy, the CPR did not receive additional public assistance until the Metis "rebellion" of 1885 broke out.

By March 1885, the CPR was seen by the voting public as having reached the end of its period of grace. It now had to pay its own way. An article in the March 18 edition of the *Saskatchewan Herald* summed up the nation's dilemma:

The Country is so committed to the railway that it cannot be allowed to lag now. But the limit to which the Government feels justified in going has been well nigh reached.²⁹

The limit had indeed been reached. When the CPR asked the government for an additional \$5 million, the request was turned down by the cabinet, which recognized that further funding of the CPR would be political suicide. Sir Joseph Pope, Prime Minister Macdonald's personal secretary, described the prime minister's dilemma:

Ministers were decidedly adverse to any further assistance out of the public treasury. The Prime Minister was told that it could not be done. On the other hand, if it were not done, irretrievable disaster stared Canada in the face. If the Canadian Pacific Railway went down, what of the future of the North West? What of the credit of Canada itself? He had, I believe, almost if not altogether, made up his mind that further assistance was impossible. Sir John's dilemma was indeed a difficult one.³⁰

However, the prime minister may already have found a way out of his difficulties. A small, carefully controlled rebellion in the West might solve the problem for him. The execution of Thomas Scott in 1870 had provided the political justification for the destruction of the Metis provisional government and the takeover of the West by Canada. Would not another rebellion, brought on by Louis Riel, serve the same purpose? The Protestant Orangemen of Ontario would certainly rally once more 'round the flag.' The CPR could absolve itself of past guilt by becoming the savior of the nation. If it could transport troops to the West in time to crush a Metis rebellion it would certainly justify its existence to the people of Canada.

It is difficult to say precisely what motivated the ailing prime minister into taking bold action to save the CPR. It may have been George Stephen's letter of March 11, 1885 in which he described the company's immediate ruin unless the prime minister took action,³¹ or it may have been Stephen's earlier communication of January 17, 1885, in which he was quite explicit. In this letter, Stephen told the prime minister:

It is as clear as noon day Sir John unless you, yourself, say what is to be done, nothing but disaster will result. The question is too big for some of our friends and nothing but your own authority and influence will carry anything that will accomplish the object. Please put this in the fire.³²

Most historians have recognized that the Metis “rebellion,” coming at precisely the right moment in March 1885, quite clearly saved the federal government from political limbo and the CPR from bankruptcy. Donald Creighton, one of Canada’s eminent historians, articulated Prime Minister Macdonald’s dilemma this way:

The two disasters — the revolt on the prairies and the collapse of the railway — had come together in time. And together they might destroy him and his Canada They were separate problems. They would have to be dealt with separately. They could even be played off against each other. And in that possibility did not there still lie a real hope? He could use the railway to defend the West. He could use the West to justify the railway.³³

Creighton saw the success of the CPR and the destruction of the Metis as two separate events that were somehow brought together in time. He recognized that these two “separate” events could be played off against each other by the prime minister in such a way as to save the CPR and the Conservative government. Creighton saw the Metis rebellion as a fortunate coincidence that simply provided Sir John A. Macdonald with the means to politically justify further financial support for the CPR syndicate. They were not, however, separate events. They were intricately interrelated events that came together not through coincidence but by design.