

CHAPTER IV.

HISTORY CONTINUED

1852 TO 1862

The provinces build railways on their own resources. - Another unsuccessful appeal to the Home Government. - Civil war in United States. - Provinces again appeal - Resolutions of Quebec in 1861. - Effect of "the Trent affair." - Provinces ask for modified assistance. - Failure to negotiations.

No further communications on the subject appear to have passed between the several Governments, from 1852 to 1857, with the exception of a statement furnished by the Imperial authorities in April, 1856, showing that the surveys had cost £14,605.17.10 sterling, with a request to the three Provinces to repay the balance owing by them, £1149.17.4 sterling.

The three Provinces, however, without any of plan, but each acting independently, determined each with its own resources to proceed with the construction of railways.

The Intercolonial system accordingly was commenced at different points, on no defined plan, and on no assured certainty when the full system would be completed.

In 1852, Canada incorporated the Grand Trunk Railway Company with the Provincial guarantee of \$12,000 per mile, for the construction of the line from Sarnia to Trois Pistoles, 153 miles east of Quebec. The section to St. Thomas, 41 miles, was finished in 1855, to River du Loup, about 120 miles from Quebec, in 1860. The line was not continued to Trois Pistoles as originally intended, and River du Loup accordingly became the terminus of the Grand Trunk Railway.

In September, 1852, New Brunswick entered into a contract with Messrs. Peto, Betts, Jackson and Brassey, for the construction of the railway from the western side of the Province, easterly out the boundary line between New Brunswick and Nova Scotia. By September, 1853, the surveys were so far completed that the first sod was turned on the 14th of that month. Construction was immediately commenced, and was prosecuted until 1854. But the financial crisis, consequent upon the Crimean war, brought the operations to a close.

In 1856, the contractors retired from the work, and the portion of the line on which their operations had been carried on, lying chiefly between Moncton and Shediac, were transferred to the Provincial Government. Operations were at once undertaken by the Government. The railway was opened for traffic in 1860 between Saint John and Shediac, a distance of 108 miles.

In the spring of 1854, Nova Scotia passed the Railway Act, authorising a Provincial loan. The first sod was turned at Richmond, near Halifax, on the 13th June, 1854. The railway was opened for traffic to Truro, 61 miles, on the 15th December, 1858.

Thus between Quebec and Halifax, 288 miles of railway were independently built by the three Provinces, without aid from the Imperial Government. In June, 1857, negotiations were resumed, and a deputation left Canada in July, to submit to the Imperial Government the political considerations which suggested that aid should be granted to the enterprise. The Imperial executive, however, declined to apply to Parliament for the aid asked for, on the ground that the resources of the Empire were already severely taxed.

The following year, pursuant to mutual agreement, each Province sent an address to the

Queen, setting forth that each Legislature was prepared to aid the railway to the full extent of the resources of the country, and that they would regard no sacrifice too great to promote its construction.

On the 1st May, 1858, the Legislature of Nova Scotia addressed Her Majesty, to the effect that this enterprise, of more than colonial importance, had been pressed upon the consideration of Her Majesty's Government for many years, that the benefits to be derived were acknowledged, but that, as the accomplishment was beyond their unaided resources, the result must depend on the assistance which would be given it.

In the same year the Legislature of Canada, passed a series of resolutions* setting forth, that the national importance of the scheme called for the interference of the Government, that during the months of winter, intercourse between the Provinces could only be carried on through the United States; that in time of war, the difficulty of access to the ocean would be seriously felt; and arguing that the railway, while extending facility of communication from Province to Province, was necessary for Imperial interests, and would form an important section of a highway which would ultimately extend across British America from the Atlantic to the Pacific.

* 1. That the construction of an Intercolonial Railway, connecting the Provinces of New Brunswick, and Nova Scotia with Canada, has long been regarded as a matter of national concern, and ought earnestly to be pressed on the consideration of the Imperial Government.

2. That during several months of the year, intercourse between the United Kingdom and Canada, can only be carried on through the territory of the United States of America, and that such dependence on and exclusive relations with a foreign country cannot, even in time of peace, but exercise an important and unwholesome influence on the status of Canada, as a portion of the Empire, and may tend to establish elsewhere that identity of interest, which ought to exist between the Mother Country and her Colonies.

3. That while the House implicitly relies on the repeated assurance of the Imperial Government, that the strength of the Empire would be put forth to secure this Province against external aggression, it is convinced that such strength cannot be sufficiently exerted during a large portion of the year, from the absence of sufficient means of communications; and that should the amicable relations which at present so happily exist between Great Britain and the United States be ever disturbed, the difficulty of access to the Ocean during the winter months might seriously endanger the safety of the Province.

4. That in view of the speedily opening up of the territories now occupied by the Hudson Bay Company, and of the development and settlement of the vast regions between Canada and the Pacific Ocean, it is essential to the interests of the Empire at large, that a highway extending from the Atlantic Ocean westward should exist, which should at once place the whole British possessions in America, within the ready access and easy protection of Great Britain, whilst, by the facilities for internal communication thus afforded, the prosperity of those great dependencies would be promoted, their strength consolidated and added to the strength of the Empire, and their permanent union with the Mother Country secured.

Each Province also sent delegates to London again, to press upon the Imperial Government the object so earnestly desired; but only to meet with another denial, the negative being clothed in the official phraseology which the practised pen of the Colonial Office can so well use. While those who were advocating the project saw that the future the federation of British North America must follow, the Colonial Office considered that the opportune moment had not arrived; that national expenditure must yield to national resources; and however important the benefits which the Intercolonial Railway would confer, objects of interest to Great Britain yet more urgent had presented themselves, and that the project must yield to the necessity of not unduly increasing the public burthens.

In 1861 the civil war was raging in the United States. Again the necessity of the railway became so evident that it could not be ignored; and it was felt that under the pressure of events another appeal should be made for Imperial assistance. An address was presented to the Queen in April, repeating the arguments so frequently and so unsuccessfully advanced. But there was the same reply, that it was not possible to encourage expectation of assistance. The provinces, however still adhered to their determination in no way to abandon the enterprise, and in October, 1861, 1 dispatch was sent to the Imperial Government, conveying the Resolutions agreed to by fifteen delegates from the several Provinces, met in council at Quebec.

These resolutions were to the effect that the Government of the Provinces should renew the offers of October, 1858, to the Imperial Government, to aid in the construction of a railway to connect Halifax with Quebec, and that a delegation from each Province should proceed to England, with the object of pressing the project upon the Home Government. At the same time that the Provinces should endeavour to procure the separate provincial legislation necessary to carry out the project, and that the route should be decided by the Imperial Government.

The delegates* proceeded to England and, while they were engaged in submitting their propositions to the Colonial Secretary, news of what is known as "the Trent affair," reached England. This event placed the enterprise in such a light before the British public, that the success of their application seemed assured.

* Honourable P. M. Vankonghnet for Canada, Honourable Joseph Howe for Nova Scotia, and Honourable S. L. Tilley for New Brunswick.

The delegates themselves put forward their case with great force, stating that the late startling events rendered their representations almost superfluous. The war against which they had desired security was now imminent. Their frontier was unprotected, and exposed to the concentration of hostile troops at the termini of seven railways of the United States. A hundred thousand men, they said, could be sent across the frontier with more ease than a single battery of artillery could be transported from England, or a single barrel of flour carried to the sea-board. In their present position, if cut off by war from the United States and by the winter ice from Canada, the Maritime Provinces would have to depend upon Europe for their breadstuffs. The delegates added, that, if the facts which had occurred, and the dangers which were apprehended did not successfully plead their cause, all that they could advance would only be a needless intrusion on the patience of the Government.

The terms which the delegates at this time proposed were different from those previously submitted. The estimate for the railway, required to be constructed, was £3,000,000 Sterling, and the delegates proposed that in order to meet the yearly interest on this sum at four per cent, the provinces would raise yearly £60,000, if the Imperial government would raise the other £60,000 yearly; in consideration of which, mails, troops, and munitions of war on Imperial account, were to be carried free. This proposal the Imperial Government declines to accept, but renewed the offer of Lord Grey, of the 10th March, 1851.

On the 10th March, 1862, delegates from all the provinces met again in Quebec to consider the renewed proposal of the Imperial Government; and they came to the resolution to accept the proposal of the Imperial guarantee of interest on the loans to be made.

Influenced by the convictions of the paramount importance of the railway as forming an

essential line in a line through British territory, from the Atlantic to the Pacific, the Provinces resolved themselves to assume the liabilities necessary to its construction. Delegates were accordingly appointed to proceed to England * to arrange the terms on which loans could be made, and the extent of security to be given, as well as the amounts to be allowed for the transport of troops and mails, and indeed generally to determine the best method of commencing the enterprise. Several interviews took place between the members of the Home Government and the delegates. The rate of interest, the terms of re-payment, and the question of the priority of the Imperial obligation over the other debts of the provinces, were all severally discussed, likewise the establishment of a sinking fund, which the delegates did not favour. The delegates from New Brunswick and Nova Scotia did not recognise that serious difficulty was involved in this last condition, and therefore to meet their legislative duties, they left London before the termination of the negotiations. The delegates from Canada, however, had formed strong objections to the establishment of a sinking fund; they therefore prepared a memorandum dated December 23rd, 1862, on this point, setting forth, that the conditions proposed by the delegates, and detailed in a paper submitted, ➤ would enable the Colonies to borrow the requisite funds at the low rate of 3½ per cent, and would render the Imperial guarantee a real act of assistance; one which would be accepted as an equivalent to a contribution by the Imperial Government to the undertaking.

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* Honourable W. P. Howland and Honourable J. B. Sicotte for Canada; Honourable Joseph Howe for Nova Scotia, and Honourable S. L. Tilley for New Brunswick.

CONDITIONS PROPOSED BY THE DELEGATES

- "1. That the loan shall be for £3,000,000 Sterling.
- "2. That the liabilities of each Colony shall be apportioned as follows:—
 £1,250,000 for Canada.
 £ 875,000 for New Brunswick.
 £ 875,000 for Nova Scotia.
- "3. That the debentures shall bear interest at the rate of $3\frac{1}{2}$ per cent.
- "4. That the interest shall be paid half yearly in London, on the 1st day of May; and the 1st day of November.
- "5. That the loan shall be repaid in four instalments.
 £ 250,000 in 10 years.
 £ 500,000 in 20 years.
 £1,000,000 in 30 years.
 £1,250,000 in 40 years.
- "6. That the net profits of the road shall be applied towards the extinction of the loan.
- "7. That the loan shall be the first charge upon the revenue of each Colony, after the existing debts and charges.
- "8. That the Imperial Government shall have the right to select one of the Engineers appointed to make the surveys for the location of the line.
- "9. That the selection of the line shall rest with the Imperial Government.
- "10. If it is concluded that the work is to be constructed by a joint Commission, it shall be constituted in the following proportions: Canada shall appoint two of the Commissioners, New Brunswick and Nova Scotia each one. These four shall name a fifth before entering upon the discharge of their duties.
- "Such portions of the railway now owned by the Government of Nova Scotia, and New Brunswick which may be required to form part of the Intercolonial road, will be worked under the above Commission.
- "12. All net gain or loss resulting from the working and keeping in repair of any portion of the roads constructed by Nova Scotia and New Brunswick and to be used as a part of the Intercolonial road, shall be received and borne by these Provinces respectively; and the surplus, if any, after the payment of interest, shall go in abatement of interest on the whole line between Halifax and Rivière du Loup.
- "13. That the rates shall be uniform over each respective portion of the road.
- "14. The Crown Lands required for the Railway or Stations shall be provided by each Province.

CONDITIONS PROPOSED ON THE PART OF THE IMPERIAL GOVERNMENT

- "1. That the Bills shall be immediately submitted to the Legislature of Canada, Nova Scotia, and New Brunswick, authorising the respective Governments to borrow £3,000,000, under the guarantee of the British Government, in the following proportions:— five-twelfths Canada, three and one-half twelfths, Nova Scotia, and three and one-half twelfths, New Brunswick.
- "2. But no such loan to be contracted on behalf of any one Colony, until corresponding powers have been given to the Governments of the other two Colonies concerned, nor unless the Imperial Government shall guarantee payment of interest on such loan until repaid.
- "3. The money to be applied to the completion of a railway connecting Halifax with Quebec, on a line to be approved by the Imperial Government.
- "4. The interest to be a first charge on the consolidated revenue funds of the different provinces, after the civil list and the interest of the existing debts, and as regards Canada, after the rest of the six charges enumerated in the 5 and 6 Vic., chap. 118, and 3 and 4 Vic. chap. 35 (Acts of Union.)

"5. The debentures to be in series as follows, viz.:

- £ 250,000 to be payable in 10 years after contracting loan.
- £ 500,000 to be payable in 20 years after contracting loan.
- £1,000,000 to be payable in 30 years after contracting loan.
- £1,250,000 to be payable in 40 years after contracting loan.

"In the event of these debentures, or any of them, not being redeemed by the Colonies at the period when they fall due, the amount unpaid shall become a charge on their respective revenues, next after the loan, until paid. The principal to be repaid as follows:—

"1st. Decade (say 1863 to 1872, inclusive). £250,000 in redemption of the 1st series, at or before the close of the 1st decade from the contracting of the loan.

"2nd. Decade (say 1873 to 1882, inclusive). A sinking fund of £40,000, to be remitted annually; being the amount adequate, if invested at 5 per cent compound interest, to provide £500,000, at the end of the Decade: the sum to be remitted annually, to be invested in the names of the Trustees in Colonial Securities of any of the three Provinces, prior to, or forming part of the loan now to be raised, or in such other colonial Securities as Her Majesty's Government shall direct, and the then Colonial Government approve.

"3rd. Decade (say 1883 to 1892, inclusive). A sinking fund of £80,000, to be remitted annually; being the amount adequate, if invested at 5 per cent compound interest, to provide £1,000,000, at the end of the decade: the amount, when remitted, to be invested, as in the case of the sinking fund for the preceding decade.

"4th. Decade (say 1893 to 1902, inclusive). A sinking fund of £80,000, to be remitted annually; being the amount adequate, if invested at 5 per cent compound interest, to provide £1,250,000, being the balance of the loan, at the end of the decade. This amount, when remitted, to be invested as in the preceding decade.

"Should the sinking fund of any decade produce a surplus, it will go to the credit of the next decade. And in the last decade the sinking fund will be remitted or reduced accordingly.

"It is, of course, understood, that the assent of the Treasury to these arrangements, presupposes adequate proof of the sufficiency of the Colonial revenues to meet the charges intended to be imposed upon them.

"6. The construction of the railway to be conducted by five commissioners. Two to be appointed by Canada, one by Nova Scotia, and one by New Brunswick. These four to choose the remaining commissioner.

"7. The preliminary surveys to be effected at the expense of the Colonies, by three engineers, or other officers nominated, two by the commissioners, and one by the Home Government.

"8. Fitting provisions to be made for carriage of troops, etc.

"9. Parliament not to be asked for this guarantee until the line and surveys shall have been submitted to and approved by Her Majesty's Government, that the line can be constructed without further application for an Imperial guarantee."

This memorandum was forwarded to the Colonial Office, but no farther interview consequent upon it was held. Their colleagues having left for Nova Scotia and New Brunswick, the Canadian delegates themselves returned to their own Province.

CANADA, NEW BRUNSWICK, AND NOVA SCOTIA INTERCOLONIAL RAILWAY LOAN.

<i>Canada.</i>	<i>First Decade</i>	<i>Second Decade</i>	<i>Third Decade</i>	<i>Fourth Decade</i>
To pay annually for interest.....				

At the end of the first ten years, a principal sum of..... And after the first ten years a sinking fund per annum..... Per annum And at the end of the first ten years a principal sum of..... <i>New Brunswick</i> To pay annually for interest..... At the end of the first ten years a principal sum of..... And after the first ten years a sinking fund per annum..... Per annum And at the end of the first ten years a principal sum of..... <i>Nova Scotia</i> To pay annually for interest..... At the end of the first ten years a principal sum of..... And after the first ten years a sinking fund per annum..... Per annum And at the end of the first ten years a principal sum of.....				
	£50,000 104,583_	£45,833_ 16,666_	£37,500 33,333_	£20,833_ 41,666_
	50,000 104,583_	62,500	70,833_	62,500
	35,000 72,708_	32,083_ 11,666_	26,250 23,333_	14,583_ 29,166_
	35,000 72,708_	43,750	49,583_	43,750
	35,000 72,708_	32,083_ 11,666_	26,250 23,333_	14,583_ 29,166_
	35,000 72,708_	43,750	49,583_	43,750

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