

THE NATIONAL DREAM

As you will learn in Chapter 6, British Columbia entered Confederation in 1871, with the promise of a transcontinental railroad link to the rest of Canada within ten years. At the time, this promise seemed extravagant, if not rash. No politician had a clear idea of the route the railroad would follow, nor did they know how much a railroad would cost. It is conceivable that if Macdonald had known the final cost of building the railroad, or the problems it would entail, he might never have made such a promise to British Columbia.

Macdonald had a dream of creating a British North American nation that would rival the United States. He understood correctly that the only way to realize the dream was to build a transportation and communication link that would join all the parts of British North America. Macdonald also knew that the railroad had to be built quickly. Otherwise, Canada ran the risk of being assimilated by the United States.

Macdonald's first task was to find **backers** for the project. He and his government had no intention of building the railway themselves; they wanted to find people who would **underwrite** the project in return for financial benefits from the government once the railway had been built. The second half of the nineteenth century was a period of frantic railway building, especially in the United States. Many railway owners looked to Canada as a way to increase their economic power, since Canada was a natural market for American goods. One prominent

industrialist was Jay Cooke, who immediately saw the economic potential of the Canadian Northwest.

The only major industrialist in Canada who had enough money to finance a railway was Sir Hugh Allan, who had made his fortune in shipping and manufacturing, and in railway building in eastern Canada.

backers: people who back a project with money

underwrite: to finance

industrialist: someone who owns or controls an industry



Figure 5-12 John A. Macdonald

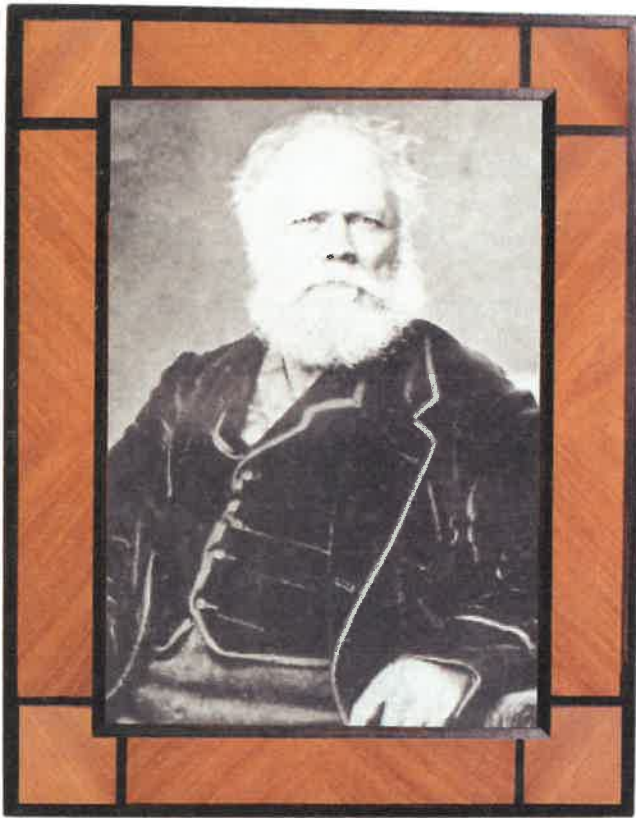


Figure 5-13 Sir Hugh Allan

memos: informal written communications used in business

In the summer of 1871, the Minister of Finance, Francis Hincks, proposed that Allan undertake to build the transcontinental railway. Allan decided that it made good economic sense to build the railway, but only with American backing. By the autumn of 1871, Allan had created the Canadian Pacific Railway, a company which seemed to be Canadian but was really controlled by Jay Cooke's Northern Pacific Railway. Allan and his American backers were not prepared to build a real transcontinental railway because it would be far too difficult. What they intended to build was a branch line to the Northern Pacific.

In 1872, Macdonald called a general election—the first since Confederation. While Macdonald's Conservatives managed to stay in

power, they lost many seats. During this election, the Conservatives realized they didn't have enough money to woo voters successfully.

Macdonald appealed to George-Étienne Cartier, his associate in Quebec, to find out if Hugh Allan would finance the election in return for a guaranteed railway contract.

Cartier wrote two **memos**, one promising Allan the CPR contract, the other listing the contributions Allan was to make to the Conservative Party. The text of one of these memos follows:



The friends of the Government will expect to be assisted with funds in the pending elections, and any amount which you or your Company shall advance for that purpose shall be recouped by you. A memorandum of immediate requirements is below.

Sir John A. Macdonald	\$25 000
Hon. Mr. Langevin	\$15 000
Sir G.E.C.	\$20 000

This memo made it seem as though Macdonald was on Allan's payroll. This episode is known as the "Pacific Scandal," and it led to the resignation of Macdonald's government in 1873.

Mackenzie and that "Damned Railway"

Alexander Mackenzie, who led the Liberals to power in 1873, disagreed with Macdonald's vision of a nation linked by rail from sea to sea. As far as Mackenzie was concerned, the railway scheme was a lot of expensive trouble. The Liberals had come to power just as a major economic depression was sweeping North America; the railway was a huge undertaking. As a result, there was no

Political Scandals

Political scandals occur when a politician or a government undertakes an action that is illegal, inappropriate, or both. Sometimes, the mere **perception** on the part of the public that an action is inappropriate is enough to sink someone's career or force a government to resign.

Like the governments of most nations, Canadian governments have dealt with various political scandals over the years. Scandals that involve bribes, such as the Pacific Scandal, are always taken seriously. Sometimes scandals damage a government or a politician's **credibility** for just a few years, especially if the actions in question were not illegal but just tasteless. Journalists have a good sense about when a scandal has passed because they are always monitoring the stories that attract the public's attention.

In the past twenty years, the federal and provincial governments have enacted conflict-of-interest legislation in an effort to reduce the occurrence of scandals. These efforts have reduced the incidence of scandals, but they still occur.

perception: the way things appear

credibility: believability



Figure 5-14 Could you put Macdonald's words in any other politician's mouth today?

WHAT DO YOU THINK?

- This group activity will require you to do some library research about contemporary political scandals.
 - First, select a scandal you would like to investigate.
 - Within your group, assign the following investigative roles:
 - **Background researcher** One student will obtain the background information on the scandal—what did the government or politician do that was wrong?
 - **Cartoon-viewpoints researcher** One student will collect political cartoons that reflect diverse viewpoints concerning the scandal.
 - **Editorial-viewpoints researcher** One student will collect editorial writings that provide additional viewpoints concerning the scandal.
 - **Damage-control researcher** One student will research the steps taken to resolve the scandal, and the eventual outcome.

DID YOU KNOW?

Sandford Fleming created Standard Time. Until the 1870s, all times were local, which made having a railway schedule almost impossible. Fleming divided the globe into 24 time zones, approximately 15 degrees of latitude each, with all places in each zone observing the same time.

railway construction during his administration. He did, however, allow the Canadian Pacific Survey to continue under the direction of Sandford Fleming. The survey would investigate all possible routes the railway could take. It was a relatively inexpensive project, and Fleming realized that the information collected might one day be useful. Railway aside, it was giving a brand new picture of the geography of the nation.

In British Columbia, reaction to Mackenzie's "do nothing" attitude was extremely negative. Politicians from the province lobbied the federal government, protested to Lord Dufferin, the Governor General, and even talked about **seceding** from Confederation if the promised railway did not get built. There was also a lot of debate in the province about where the railway would run (see Chapter 6 for more information on the battle over the routes).

The National Policy: Formula for Nation Building

As the 1870s progressed, Macdonald and the Conservative Party began to recover from the effects of the Pacific Scandal. Macdonald was convinced that the CPR was essential to the survival of Canada, but he needed a political platform to convince the voters. In 1876, he developed the National Policy, which became the basis of the Conservative election platform during the 1878 election. Macdonald and his party were returned to office with a substantial majority.

The National Policy was more than an election scheme. Macdonald truly believed that it was a formula for nation building, and it remained

an essential part of Canadian government policy well into the twentieth century. The policy dealt with three main issues, which are described below.

A System of Protective Tariffs

During the 1870s, the Canadian economy had been damaged by the economic policies of the United States. American companies could produce goods more cheaply than Canadian companies could, and they often **dumped** goods on the Canadian market to increase their profits. Macdonald devised a system of tariffs that would protect Canadian manufacturing, mining, and agriculture from American dumping by making US goods too expensive for the Canadian market.

Western Settlement

Eastern politicians viewed the Canadian West as a vast potential market. Because the prairies were well-suited to agriculture, the Canadian government wanted to encourage the settlement of the West by farmers. These farmers would produce grain crops, primarily for export abroad. This income could then be spent on Canadian manufactured goods, produced in eastern Canada. Macdonald and succeeding governments discouraged the development of manufacturing in the West so that western farmers could become a captive market for the industrial east.

The CPR

The CPR was the cornerstone of the National Policy. The West could not develop as a centre for agricultural export until goods could be transported in and out of the region. Macdonald also thought that the

to secede: to withdraw from a union

to dump: to sell goods at a low price

CPR could be a part of the British Empire's trading network by providing the means to ship goods to and from Asia. The construction of the CPR became the government's top priority. Between 1878 and 1880, the government searched in vain for a group of investors.

The CPR Syndicate

The CPR could not be built, however, until the government found private investors, which it finally did. George Stephen of the Bank of Montreal, Donald Smith of the Hudson's Bay Company, and James J. Hill, an expatriate Canadian investing in United States railways, had bought the floundering St. Paul and Pacific railway in 1877 for just \$100 000. Within just four years, they had turned the railway around and had made a profit of \$17 million.

In 1880, Macdonald pitched his proposal. Predictably, he offered terms that the trio could not refuse. Upon completion of the railway

line, the government would hand over \$25 million, along with a land grant of 25 million acres [10.11 million hectares], most of it on the prairies. The CPR Syndicate, as the group came to be known, also received a monopoly on all rail traffic west of Lake Superior for the next 20 years, and an exemption from tax on all lands until they were sold. In return, the syndicate promised to complete the transcontinental railway within ten years. This contract was approved by Parliament on February 1, 1881.

As soon as the contract was approved, the CPR Syndicate changed the route of the railway. The original route was supposed to travel along the fertile belt through Saskatoon. Many speculators had moved into the area, buying up land they hoped would be near the rail line. But the syndicate members, especially James Hill, wanted to have complete control of the project. Hill suggested that the line be moved about 300 miles south, into the

Figure 5-15 The change of route demanded by the CPR Syndicate

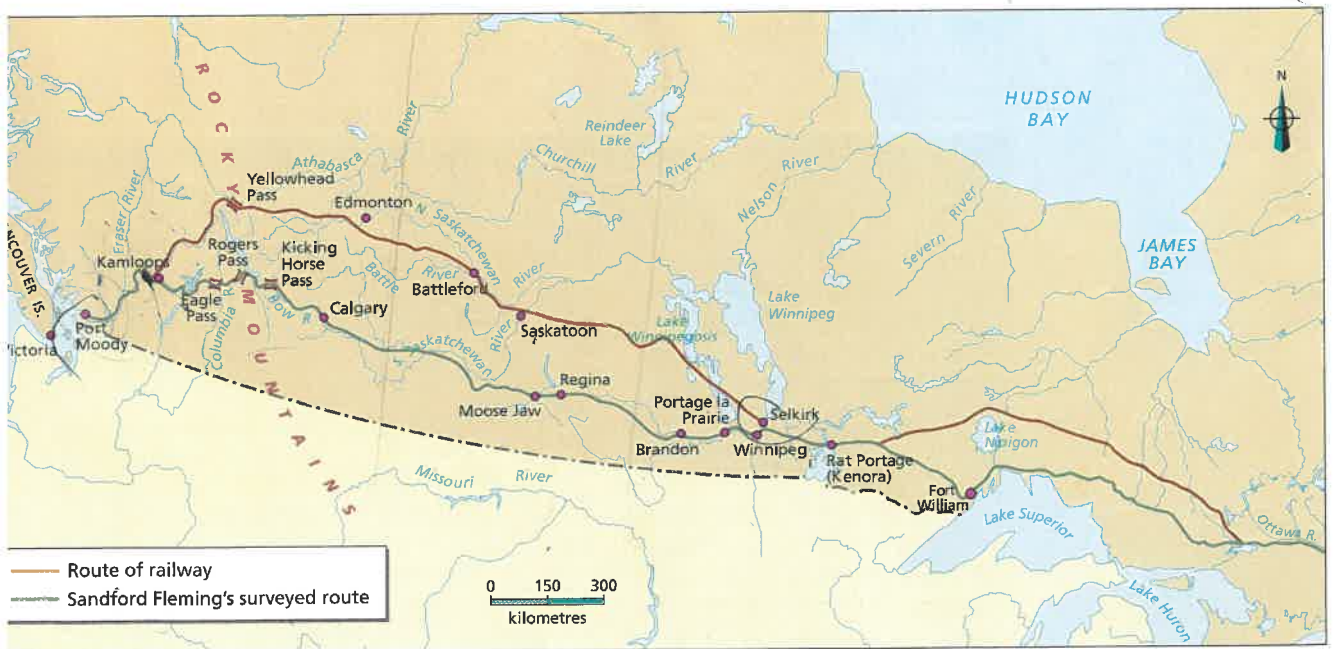




Figure 5-16 William Van Horne

southern prairies—an area that was still not occupied by homesteaders or speculators. This would give the CPR much more control over the location of new towns and railway stations. The southern prairies were far more arid than the fertile belt, but the syndicate had heard that the region was also suitable for agriculture. Once the main line was completed, the CPR intended to build branch lines north to the fertile belt, because it also had the potential to be profitable.

The change in route meant that most of the information collected by the Canadian Pacific Survey was irrelevant. In addition, it was still unclear how the railway would pass through the Rocky Mountains into British Columbia. The syndicate was looking for a pass through the Rockies, along with possible entry points in two more mountain ranges—the Monashees and the Selkirks. Even as the railway was being built across the southern prairies, the way through British Columbia was still unknown.

The building of the CPR, which began in 1881, did not go well at

first. Construction was limited to the line running between Winnipeg and Brandon, but by the time winter had set in, only 230 kilometres of track had been laid. At this rate, the CPR would never be finished within the contracted time period. James Hill spent the early fall of 1881 looking for a new general manager for the railway. He knew he needed someone of exceptional energy and drive, or the whole project would fail.

Van Horne and the CPR

Hill's choice was William Van Horne, a 38-year-old general manager of a smaller railway in the American Midwest. Van Horne was the ideal choice. He was intelligent and dedicated and the word "cannot" did not exist in his vocabulary. He would spend the next four years driving himself and his employees unmercifully until the CPR was completed. Van Horne was also a man of many talents—he could operate any locomotive and understood Morse code as though it were a second language. In the words of modern historian Pierre Berton:

DID YOU KNOW?

Van Horne earned a salary of \$20 000 a year—at a time when the average worker was lucky if he made \$400 in a year. Today, Van Horne would be making the equivalent of \$1 000 000 a year.

"Hell's Bells" Rogers and the Rogers Pass

The surveyor who found a way through the Selkirk Mountains was Major A. B. Rogers, an expatriate American. Rogers was a foul-mouthed, feisty, and determined man. He was sure that a pass existed through the Selkirks, and he spent two years (between 1881 and 1882) looking for it, travelling through some of the most rugged country in the British Columbia mountains.

Rogers finally found the pass that bears his name in the summer of 1882. Delighted and relieved, the CPR executives paid Rogers a \$5000 bonus and named the pass for him. Rogers, who cared more for the immortality—and the name "Rogers Pass"—than the money, framed the cheque and hung it in a prominent place in his home, much to the dismay of the CPR Accounting Department.



He ate prodigiously and was known as a man who fed his workmen generously. He liked his cognac, his whiskey, and his fine French vintages, but he did not tolerate drunkenness in himself or others. Inebriates were fired out of hand. So were slackers ... slowpokes, and labour organizers. Van Horne did not suffer laziness, stupidity, inefficiency, or revolt.

The arrival of Van Horne **galvanized** the CPR. He immediately injected a high level of efficiency into the railway company. Five-hundred miles of railway track were laid during the 1882 season, and another 500 miles were laid the following year. With Van Horne in control, the CPR would be able to complete the railway line in the contracted period—as long as the money held out. One problem

for the CPR was that the government subsidy was paid out only as each section of work was completed. By the fall of 1883, the company was running out of money. Even the personal resources of George Stephen and Donald Smith, which they pledged to the CPR, could not cover the expenses. Moreover, all the money had been spent on the construction of the Prairie section of the line. Laying the track in the mountainous terrain of eastern British Columbia and the rocky shores of Lake Superior would cost even more money.

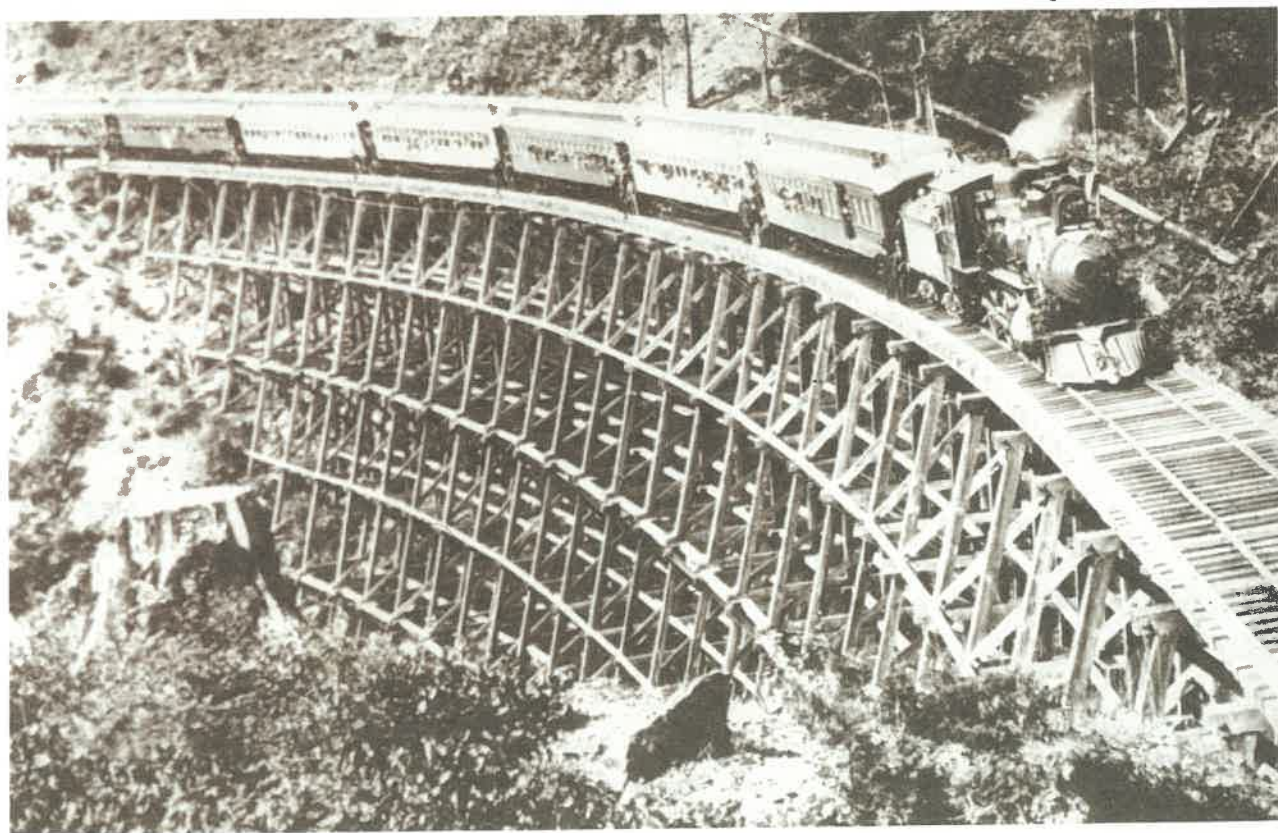
As funds dried up, so did the workers' salaries, and they were forced to strike. The Canadian government reluctantly passed a bill that gave the CPR \$22.5 million, enough, Macdonald hoped, to finish the railway. During 1884, rail construction proceeded, with Van Horne cutting

DID YOU KNOW?

Building a railway in rugged terrain, like the bare rock north of Lake Superior, was both difficult and expensive. In a one-mile-section, where blasting was needed to create a railbed, the cost was a staggering \$700 000.

to galvanize: to stir into action

Figure 5-17 A temporary railway trestle, later replaced by a permanent bridge



MEN WANTED!

A number of Men will be wanted by the undersigned during the grading season this year on west end of CANADIAN PACIFIC RAILWAY. Wages will be

**\$1.50 PER DAY,
BOARD \$4.50 PER WEEK,**

During the Summer Months for good, able-bodied, steady men.

Apply on the work at end of track, now near Cypress Hills, about 600 miles west of Winnipeg.

LANGDON, SHEPARD & CO.,
CONTRACTORS

END OF TRACE
April 20th 1885

Figure 5-18 An advertisement for workers on the CPR

DID YOU KNOW?

When the "pay car" left Winnipeg each month for the Lake Superior section, it carried \$1 100 000, which worked out to an average of \$73.33 for each of the 15 000 workers.



Figure 5-19 Laying the railway ties was exhausting work.

corners as best he could. For example, he decided to use temporary wooden trestles to carry the line over difficult terrain. These trestles could be assembled quickly and be replaced by more permanent structures at a later date. But even with these economies, the money advanced by the government was almost used up by the end of 1884, and the CPR was once again strapped for cash.

The CPR was built entirely by hand, and thousands of people were needed to finish the job. When con-

struction reached its height between 1882 and mid-1885, more than 35 000 workers were involved—15 000 working north of Lake Superior, 10 000 working inland from the British Columbia coast, and another 10 000 working on the prairies. Their living and working conditions were terrible—dust from the dynamite blasts, insects, overcrowding and filth in the bunk houses, leaky roofs, and no plumbing. In addition, the diet was boring and often unhealthy. In the Lake Superior

DID YOU KNOW?

Railway workers were called "navvies"—short for "navigators." This term was first used to describe those workers who built canals in the eighteenth and nineteenth centuries.

region, for example, the workers had little access to fresh fruits and vegetables during the winter season. On the job, conditions were often dangerous. There were no medical facilities, and workers' compensation did not exist. Those who were injured on the job were discharged from employment, and would never receive any compensation for their injuries.

The CPR main line eventually crossed the Rockies at Kicking Horse Pass. Here Van Horne had the line built so that it descended the pass at a grade that was twice as steep as safety allowed. The track switched back and forth over the Kicking Horse River, crossing and recrossing it nine times on its way down. In some places, the grade was so steep that it took four miles of track to cover a straight-line distance of one mile.

The CPR "Saves the Nation"

In March 1885, the Northwest Rebellion broke out. The rebellion was a climax of the events you read about at the beginning of this chap-

ter. Because the federal government had to get troops to the Northwest as quickly as possible, it needed to use the CPR. Unfortunately, four gaps broke the rail line north of Lake Superior. Soldiers crossed these gaps on foot, in one instance marching 18 kilometres across the frozen surface of Lake Superior.

However, Van Horne did manage to transport the troops with his typical efficiency, and the first soldiers arrived in Winnipeg in just five days. Thanks to the CPR, it looked as though the federal government could react quickly to a crisis. Indeed, this was the event that saved the CPR from financial ruin. Many Canadians now understood why such a transportation link was necessary. George Stephens, the beleaguered CPR president, could now go back to Macdonald for more money without looking foolish. On July 10, 1885, within hours of running out of credit, the CPR received enough cash from Ottawa to finish the railway. The transcontinental link was actually completed by the fall of 1885—five years ahead of its original schedule.

DID YOU KNOW?

Two photographs were taken of "the last spike," and the famous image is the second photograph. The first photo was taken at 9:20 a.m. and the second photo was taken at 9:22 a.m.

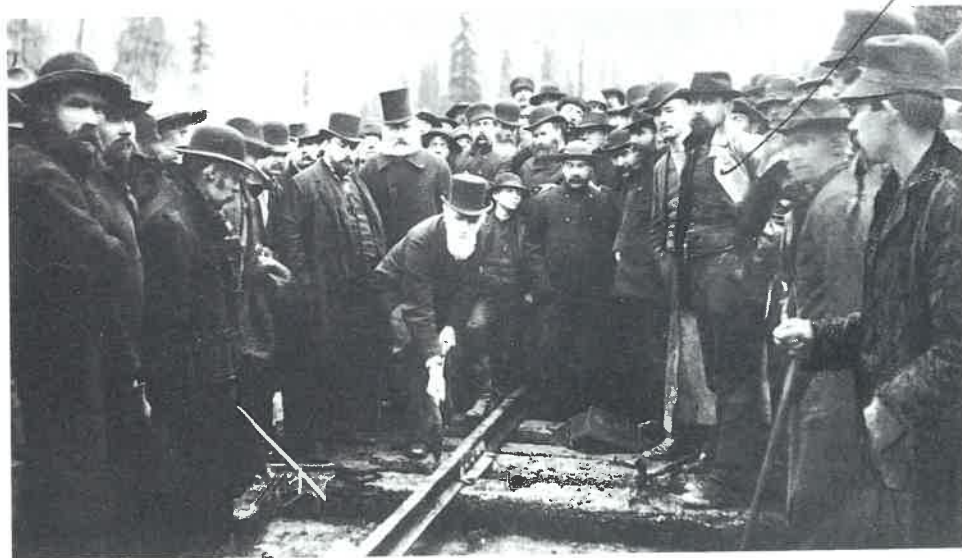


Figure 5-20 This image is probably Canada's most famous photograph. Here, Donald Smith, one of the railway architects, is shown driving the last spike of the CPR at Craigellachie in the British Columbia mountains on November 7, 1885. How does this photograph reflect the era in which it was taken?

ACTIVITIES

1. Why was Prime Minister Mackenzie so unwilling to spend more money on the CPR?
2. Examine the National Policy. With a partner, determine which aspects of this policy favour certain parts of the country. Explain your answer.
3. The final cost of the railway was about \$100 million. Why do you suppose the CPR Syndicate was willing to agree to the deal they made with the federal government?
4. Why was Van Horne necessary for the successful completion of the CPR?
5. Why do you think John A. Macdonald was so unwilling to provide extra funds for the CPR, when its failure would mean the end of his "National Dream"? Explain your answer in a short paragraph.
6. In what ways was the CPR an unfair employer? Why were people willing to work under the circumstances they did?
7. Railway workers normally worked a six-day week. Assuming that three days a week were lost during the winter, calculate the net pay of a worker between December 1 and March 1.
8. Imagine you are a worker on the railway. Write a letter to your family describing your experiences as a railway worker.
9. You are a Canadian living in 1885. In a letter or poem, describe your feelings on learning that the CPR has finally been completed. You might wish to take the role of a western farmer, a Native person now living on a reserve, a Quebecker, or a businessperson living in Ontario.

THE NORTHWEST REBELLION OF 1885

By the early 1880s, the Métis were beginning to lose patience with the Canadian government. As you read earlier, many Métis had moved into the Northwest in the 1870s because the Manitoba government had made it difficult for them to get title to their land. In the Northwest, the Métis continued to press for title to the land they occupied, and they also wanted some financial aid to help them become successful farmers. They did not want to rebel against the authority of the Canadian government.

But the Canadian government had its own agenda for the land occupied by the Métis—an agenda driven by the high cost of the CPR.

The government had surveyed the prairies in the 1870s, and knew that there were some 16 million acres [6.4 million hectares] suitable for cultivation. Much of this land was owned by land speculators who sold it to farmers and gave a portion of the proceeds to the government. Macdonald had calculated that if most of the land was sold, the government would collect about \$71 million—more than all the money the government had poured into the CPR. There was no way that the government was going to jeopardize this potential revenue by hearing Métis petitions about "their" land.

The building of the railway also affected the government's treatment