

HISTORY OF CANADA.

of the St. Lawrence and the use of the Canadian canals on the same terms as Canadians. The latter were to have the free navigation of Lake Michigan. It had been hoped that some compensation might be obtained for losses inflicted by the Fenians, but the Americans, notwithstanding their eagerness for the payment of the Alabama losses, refused absolutely to entertain the proposition.

The Government that was formed to carry Confederation underwent an important change before that event took place. Mr. George Brown resigned in the month of December, 1865, the assigned reason being a difference of opinion with his colleagues as to the expediency of pushing negotiations with the Government at Washington on the subject of Reciprocity, Mr. Brown being opposed to such action. Later, when Confederation had been fully accomplished, a political question arose, namely, whether or not the Government should retain its coalition character. It may here be mentioned that, to mark that important event, Mr. J. A. Macdonald had been made a K.C.B., and that shortly afterwards a baronetcy had been conferred on Mr. G. E. Cartier, and knighthoods on Messrs. A. T. Galt and H. L. Langevin. Sir John Macdonald was desirous of retaining his Reform colleagues, while Mr. Brown held that they should retire: they decided to remain.

The Imperial Government had for some years been withdrawing its troops from Canada, and in November, 1871, the last British soldiers were withdrawn.

The first election under Confederation gave the Government a decided majority. The second, held in 1872, was again favourable to the Government, though its popularity had been somewhat lessened by the dissatisfaction with the Treaty of Washington, ratified the year before. Revelations that were made in the following year, as to the means by which election funds had been obtained by the Government brought on a Cabinet crisis. To avoid impending defeat in the House of Commons Sir John Macdonald resigned (November 5, 1873) and Mr. Alexander Mackenzie, the recognized leader of the Opposition, was called upon to form a Government. A general election held early in the following year gave a large majority to the new Administration.

The agreement made with British Columbia was that the trans-continental railway should be begun within two years after its becoming a province of the Dominion, and the question was engaging the attention of Sir John Macdonald's Government in 1872, when an Act was passed defining the conditions on which a contracting company might construct the line. The change of Government involved to some extent a change of policy on the railway question; but the Mackenzie Government having been defeated in the general election of September, 1878, and Sir John Macdonald having returned to power with a large parliamentary support, the conduct of the enterprise passed again into his hands. The plan first adopted was that the railway should be built in sections by the Government; but the difficulties involved were such that in 1880 the work was turned over to a syndicate which undertook to form a company to build a road from a point near North Bay, Ont., to the Pacific, for a cash payment of \$25,000,000 and 25,000,000 acres of land in what is known as the "Fertile Belt." The contract embraced other points which cannot here be detailed. Certain sections of the line