

ment should retain its coalition character. Sir John Macdonald was desirous of retaining his Reform colleagues, while Brown held that they should retire; they decided to remain.

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 made in 1873, 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 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 Canadian Pacific and Intercolonial Railways.**—The agreement with British Columbia was that the transcontinental 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 defeat of the Mackenzie Government in September, 1878, threw the conduct of the enterprise again into the hands of Macdonald. 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 was known as the "Fertile Belt". The contract embraced other points which cannot be detailed. Certain sections of the line which the Government had already built, or was building, were also turned over to the company. This was the origin of the Canadian Pacific Railway Company, which has since become one of the most powerful corporations in the world, controlling 13,442 miles of railway. The last spike on the main line was driven on November 7, 1885.

In connection with Confederation a guarantee had been given by the Imperial Government of a loan of £3,000,000 sterling towards the construction of the Intercolonial railway. There was considerable delay in the construction of this line, which was not opened through its entire length till the year 1876. That year was further marked by the establishment of the Supreme Court of Canada as a court of appeal from provincial jurisdictions. In the following year an International Commission, created under the terms of the Treaty of Washington to determine the amount to be paid to Canada for the ten years' concession made to the United States in the matter of fisheries, gave an award known as the Halifax award of \$5,500,000 in favour of Canada.

**The National Policy.**—The change of Government in 1878 was generally recognized as due to a growing feeling in favour of a protective policy for Canada, a policy which the Conservative party had adopted, but to which the Liberal leader, Mackenzie, was strongly opposed. A tariff, which may be taken as constituting the first phase of what has since been known as the "National Policy," was introduced by the then Finance Minister, Sir Leonard Tilley, in the session of 1879, the effect of which was to raise the customs duties to an average of about 30 per cent. The first tariff adopted under Confederation, while establishing free trade among the provinces, had imposed duties averaging 15 per cent on all goods