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bess-new81@mail.ru

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**THE CANADIAN LOAN OF 1869 AND THE BRITISH PARLIAMENT
(ON THE ISSUE OF EXPANDING THE TERRITORY OF THE
DOMINION OF CANADA)**

SUMMARY. The article assesses the attitude of the British political elite to the Dominion of Canada and in particular to the expansion of its territory in 1860–1870s. The author researches the position of British parliamentarians regarding the mentioned problem on the example of the debates about the purchase of Rupert's Land by Canada at the expense of the United Kingdom in 1869. Elected subject is the particular case of the imperial politics relating to resettlement colonies. There is a lack of consensus inside the House of Commons of the Imperial Parliament about the expansion of the territory on the Dominion of Canada and arguments of supporters and opponents of the process are presented in the article. The author draws the reader's attention to the cardinal character of to the position of opponents of territorial expansion on expense of mother country. The author analyzes the debates in the House of Commons during the discussion on the Canada (Rupert's Land) Loan Bill and comes to the conclusion that regardless of the new status received by Canada in 1867 it is accepted as the part of the empire by British politicians. However unwillingness to subsidize colonial projects which weren't equitable to all-imperial interests formed the British politicians' intentions to build a new model of relationship with the young Dominion. To sum up, it allows to expand the scientific concept of the relationship between the UK and Canadian Dominion at the early years of its existence.

KEYWORDS. Canada, Rupert's Land, British Empire

On August 11, 1869 the British Parliament passed the Canada (Rupert's Land) Loan Act. The Act authorized a guarantee of a 300,000 pounds loan to the Government of the Dominion of Canada for buying lands owned by the Hudson's Bay Company — the oldest commercial corporation in North America. A preliminary agreement concerning these guarantees was reached in 1865, when Charles Stanley Monck, Governor-General of Canada, received a letter from Edward Cardwell, Secretary of State for the Colonies, that promised the guarantees. The letter stated that in case of successful negotiations with the Hudson's Bay Company, Her Majesty's Government consented to apply to the Imperial Parliament for the necessary loan guarantees [1; Col. 1325]. On the ground of this agreement, Section 146 of the British North America Act, 1867, allowed the Government to attach new territories, including Rupert's Land [2; 683]. In 1868, the Parliament of Canada unanimously accepted the Rupert's Land Act, which authorized the transfer of the territory from the control of the Hudson's Bay Company to the Dominion of Canada through the mediation of Great Britain [3].

The final terms and conditions of the contract between the Dominion and the Hudson's Bay Company were introduced in early 1869. Then Sir Frederick Rogers by direction of Earl Granville, Secretary of State for the Colonies in William Gladstone's Government, informed the Canadian Ministers, Sir George Cartier and Mr. McDougall, that if the negotiations were successful the UK Government would be ready to fulfill the expectations held out in Mr. Edward Cardwell's dispatch. Taking this circumstance into account, the Canadian Parliament ratified the terms of the Rupert's Land purchase agreement in July 1869. In early August, the Canada (Rupert's Land) Loan Bill was introduced to Parliament and provoked a mixed reaction in the House of Commons. Discussions of the bill showed the attitude of the parliamentarians towards the loan problems of Canada and the expansion of its territory.

The territorial expansion of Dominion of Canada in the early years of its existence has always been an object of interest for all the researchers of Canadian history both in our country [4], [5], [6], and abroad [7], [8], [9], [10]. At the same time, the attitude of the British political elite towards the Dominion and, in particular, towards the expansion of its territory remains under-researched. Therefore, it seems expedient to address precisely this issue. According to the aim of the research, the objective of this article is to assess the attitude of the British Parliament to the Canadian Dominion, on the basis of the debate devoted to the expansion of the Canadian territory at the expense of the United Kingdom, which, in its turn, is a particular case of the empire-wide policy on resettlement colonies.

Since 1867, when the Dominion of Canada was formed, the problem of its territorial expansion was every now and then discussed in the British Parliament. Thus, in June 1868 members of the House of Commons had to decide whether it was expedient to organize a committee for further exploration of the area lying between Lake Superior and the Pacific Ocean [11]. They discussed the importance of Rupert's Land (also known as the Valley of Saskatchewan) for the Empire. In June 1869 the parliamentarians discussed the possible union of British Columbia with the Dominion of Canada [12]. During the debate, the question of attaching Rupert's Land to Canada was raised again. Thus, the debate about the Canadian loan for the purchase of this territory held in August, 1869, was neither the first nor the only case of the discussions about the territorial expansion of Canada through the acquisition of Rupert's Land.

In the first two cases the initiator of the discussion was Sir Harry Verney, the military, the representative of the Liberal party and a member of the Royal Geographical Society. The strongest advocates of the transition of Rupert's Land under British sovereignty were Arthur Fitzgerald Kinnaird tenth Lord Kinnaird (liberal politician, the Scottish banker and evangelical priest); William FitzWilliam, Viscount Milton (a politician and researcher, who had made a trip to the Northwest Territories and explored the resources of British Columbia); William Monsell, First Baron Emly (an Anglo-Irish landowner and a liberal politician), who served in the administration of William Gladstone as Deputy Secretary for the Colonies; and Charles Adderley, the first Baron Norton (a British politician, a partisan of conservatism) [13]. Giving a lot of different reasons, they all stressed the necessity of consolidation of the Empire and Rupert's

Land. It was believed that the transfer of rights on the land to the Canadian Dominion authorities would solve the problem of Irish emigration and the problem of the isolation of British Columbia from the rest of the British dominions. The attention was focused on the economic potential of Rupert's Land, its strategic importance as the territory on the border with the United States with the possibility of creating the nearest route to the East [14].

Among the parliamentarians there were also those who opposed the idea of "opening up" Saskatchewan Valley. Their main argument was the inevitable increase of the imperial expenses because of the expansion of the colonial territories. For example, Roger Sinclair Ayton, a Scottish liberal politician [13; 10], stated that "there were two reasons which might induce us to extend our territory. The first was that our military positions would be improved, and the second was, that it would be for the benefit of this country. Now, instead of improving our military position, it was a self-evident proposition that by extending our territory without materially increasing the population of the country we should be weakening it [...] Canada, at the present moment, cost us £1,000,000 a year; and, some time ago, the House voted money towards the construction of an extensive system of fortifications, which it was expected that the colonists would complete, but they had never taken any steps towards that object" [11; Col. 1343]. Sir Bernard Samuelson, a British industrialist and a politician [13; 244], supported the colleague saying that the resettlement colonies were well able to take care of themselves. Besides, he believed that the bonds between the United Kingdom and Canada were not strong and remained a source of considerable inconvenience both for Canada and for the UK. Therefore, he concluded, they ought to be especially careful to keep clear of all difficulties connected with Canada and not to interfere with the internal affairs of the colonists [12; Col. 1106]. Head of Treasury in the administration of William Gladstone — Chichester Fortescue (Chichester Samuel Parkinson-Fortescue, the second Baron Clermont, the first Baron Carlingford) [13; 106] also believed that it was the Canadian government, who should "open up" the new territory as Canada more than the UK was interested in it and the Canadian Federation Act provided for its admission into the Union [11; Col. 1348]. It should be mentioned that all these thoughts were aired even before the discussion of the Canadian Loan Bill.

The assumptions that Canada would require imperial loan guarantees were made in June, 1869, at a meeting of the House of Commons on the issue of alliance of British Columbia with the Dominion. This idea was expressed by Roger Sinclair Ayton. He pointed out that it was not desirable to provide such guarantees and called upon William Monsell to acknowledge or disprove his statement. Monsell, in his turn, confirmed that the Canadian government expected to receive the guarantees, noting that since the late 1850s the Governments had endeavoured to arrange terms between the Canadian Government and the Hudson's Bay Company, because the purchase of the Land was the only true solution to the question and the only way of "opening the territory to civilization". William Monsell also emphasized the importance of the land for the Empire, and referred to the promise of guarantees given by the British

Government to the Canadian Ministers in 1865 and confirmed later by Earl Granville [12; Col. 1111]. However, Roger Ayton's statement (that giving guarantees to Canada was not desirable) was supported by William Henry Sykes, a British politician, ornithologist by profession, a member of the Royal Society of London [13; 263], who said that "the extension of the guarantee system was highly impolitic, mischievous, and contrary to the wishes of a great part of the people of this country" [12; Col. 1105]. Thus, even before the Canadian Loan Bill was introduced to the Parliament, among the deputies there had been those who opposed it.

On August 5, 1869, The Canadian Loan Bill was introduced to parliamentarians by James Stansfield, Financial Secretary to the Treasury. He reminded the MPs of the background of the issue and enumerated the laws according to which Canada was to get the rights on Rupert's Land. Besides, as he anticipated some of the parliamentarians would object to the part of the Bill that contradicted a Section of the Rupert's Land Act of 1868, he explained that contradiction. Stansfield emphasized that the third Section of the Act was introduced in 1868 to ensure the freedom of action of the Imperial Parliament on the guarantee issue and remarked that in this situation the Government were "adhering to their old pledges and those of their predecessors" [1; Col. 1325-27].

Charles Stanley Monk, who took the floor after James Stansfield, identified the two objections to the Bill which he was going to present before the House. "In the first place, I object altogether to the principle of guaranteeing loans to the colonies," he said. "And in the second place, I object to this particular guarantee, which I believe to be opposed not only to the letter, but to the spirit, of the Rupert's Land Act of 1868. [1; Col. 1327]. Charles Monk made it clear that the House would have some further explanation of the matter and insisted that passing of the Bill be deferred.

Explaining the essence of the objections against loan guarantees to the colonies, C. Monk claimed the support of the present Prime Minister and the Chancellor of the Exchequer, both of whom, at the time when the proposed loan for the Intercolonial Railway of Canada was before the House, had expressed strong objections to loans of that character. He reminded his colleagues of William Gladstone who stated that the general system of colonial guarantees had come into discredit, and that it was only in cases of the highest urgency that they should be granted. "The Chancellor of the Exchequer went even further upon that occasion," Charles Monck recalled. "He urged upon the House, if they were determined to grant the loan, to make at least some stringent provisions that the money should not be spent for other purposes — that it should not stick to the fingers of those who had to handle it" [1; Col. 1327-28]. To clarify this issue, Charles Dilke, who spoke after Charles Monk, suggested to Prime Minister William Gladstone that the House should have some general statement as to the principle on which the Government intended to act in respect of colonial grants.

Taking the floor, the Prime Minister stated that his view on this issue had not changed. He truly believed the recent system of loan guarantees for the colonies to be vicious. "The main disadvantage of that system was the practice of giving guarantees to the colonies for local and secondary objects", he contended. "Such guarantees ought not to be given except for objects of broad Imperial policy. Thus it is essential

to subsidize the acquisition of rights on the lands needed not only by Canada but by the Empire as well “[1; Col. 1330]. That is why, in his opinion, the Government of Lord Palmerston once entered into the engagement with the Canadian Government, having promised them the Imperial guarantee. William Gladstone said that the agreement was meant to be the end of the vicious system that had existed before [1; Col. 1330]. So, after W. Gladstone explained the Government’s position on the issue of loan guarantees for the colonies, the first objection made by Charles Monk was satisfied.

Charles Monk explained the contradiction between the Bill and the Rupert’s Land Act of 1868: “At the end of the third section there were these words: provided, further, that no charge shall be imposed by such Terms upon the Consolidated Fund of the United Kingdom. Thus, the Government had only gone the length of making a promise, the fulfillment of which was subject to the pleasure of Parliament” [1; Col. 1328]. Charles Monk’s objection was supported by Roger Ayton. He pointed out the discrepancy between the Bill and the Rupert’s Land Act, saying that “some months ago a Gentleman, not now in the House, pointed out the clause, and said it was perfectly impossible that the guarantee could be given “ [1; Col. 1331]. He ended his speech with the words: “If the territory ceded to Canada were really valuable, as it was represented to be, why should any charge be thrown upon us, and why should not the Canadian Government undertake the liability which the arrangement involved?” [1; Col. 1332]. Edward Cardwell also tried to explain this contradiction. In his opinion, the proviso in the third clause of the Act of 1868 was inserted so that nothing could fetter the freedom and discretion of Parliament in the matters concerning the loan guaranties [1; Col. 1332]. In addition, he replied to Roger Ayton’s statement and drew the attention of his colleagues to the importance of the agreement reached in 1865, stressing that it was an arrangement, not exclusively for the benefit and advantage of Canada, but for the benefit of the United Kingdom as well. “When I was the Colonial Secretary,” he said. “We suffered from the inconvenience and disadvantage of exercising rights of sovereignty over one of the most inaccessible regions of the earth — the Hudson’s Bay Territory. Continual embarrassment arose on account of the traversing of that extensive region by bodies of Indians, who entered from time to time the neighboring American State of Minnesota; no settled Government was established”[1; Col. 1333]. Thus, E. Cardwell considered it very fortunate that the area was now to go to Canada, and recommended the Bill to be accepted.

William Henry Sykes also shared his opinion on the problem. He remarked that the Canadian loan guarantees were “decidedly injurious to the financial comfort” of the United Kingdom. There were already the Greek Loan, the Sardinian Loan, the Russian-Dutch Loan, and several others, therefore, it was highly impolitic to burden British tax-payers with another loan on which they would have to pay interest. However, he summed up, “we could not help ourselves”, and he felt bound to give his consent to the guarantee [1; Col. 1334].

After all the observations and the results of the vote had been considered, the bill was passed. Canada eventually received the necessary amount of 300,000 pounds.

However, the debate that took place during the discussion of the Canada (Rupert's Land) Bill showed the ambivalence of the British MPs to the Dominion of Canada. On the one hand, the successful outcome of the negotiations on the acquisition by the UK the rights on Rupert's Land meant that the Parliament understood the importance of these territories for the Empire, despite the fact that they should be transferred under the Canadian rule. Therefore, regardless of the new status Canada acquired in 1867, it was still viewed by British politicians as part of the Empire. On the other hand, the reluctance to subsidize colonial projects that did not meet the interests of the Empire was quite obvious. Thus, Great Britain expressed the intention to find a new way of cooperation with the young Dominion.

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