

to the very obvious slight which had been cast upon me on the ground that probably your knowledge of my views on the general question did not encourage you to expect I would look with much favour upon, or render much assistance toward carrying out the object you had in view.

With the most extreme regret, Sir Wilfrid, I feel compelled to tender you my resignation, which I have to beg you will hand to His Excellency without delay. This resignation you must treat as final. The action which has been taken since Saturday last, in submitting to a caucus of supporters of the government in parliament the transcontinental railway propositions, identically in the form in which they were adopted by council, assures me that the government has fully resolved to take the responsibility of asking parliament to approve them.

In case you may think the action which has been taken is not irrevocable, and to avoid any possible misunderstanding on the question, I feel I ought to repeat to you the conditions upon which I would be disposed, if you so desired, to further consider my action in this matter.

I would require that the government should abandon its present intention:—

1st. Of building or authorizing the building of a line of railway to Moncton, which would be paralleling and destroying the Intercolonial; or building or authorizing the building of any other line of railway more remote from the Intercolonial, until the need of such latter railway becomes apparent, and proper surveys and an estimate of its cost are first made and thoroughly considered.

2nd. The idea of immediately proceeding with a railway from Quebec to Winnipeg. The government should be content with declaring itself in favour of the policy of building a government line from Quebec to the prairies, and across the prairies to the Pacific coast, as soon as the need shall arise; and in the meantime that parliament be asked for an amount to enable a thorough exploration of the country to be made, so that it might be possible to judge whether or not a suitable traffic producing route could be found through this district, and its cost and the character and conditions of the country through which it is to pass ascertained.

I would further stipulate:

3rd. That if such a route is found practicable, and gave promise of a fair measure of traffic a railway should be built by government through, if the government should so decide, a commission, rather than by the government itself directly, and that a contract for such construction should be let only after open and public competition.

4th. That when built and ready for operation, such railway should not be handed over to any one existing railway company under lease; but that the same should be operated either by the government itself, through a commission appointed for the purpose, if so preferred, or by a trust composed of the representatives of the different railways which might intend to use it under direct government supervision and control; and that such form of dealing with the question of operation or management should be decided later after a fuller knowledge of the facts and mature deliberation.

5th. That the policy of giving a present guarantee or other aid to the company to build a railway in continuation of the Quebec-Winnipeg line through the fertile prairie district, the most valuable and promising section of the

whole system, should not now be entertained, and that the final decision of the matter be deferred until it became reasonably clear that settlement along the probable route of such railway would justify its construction.

I desire to express my extreme regret at parting from my colleagues, and under the conditions which have made this step necessary. With many of my associates at the council board it has been a great pleasure to me to act during the past seven years. If it is to be a final separation, I assure you I withdraw with personal feelings of the friendliest character.

Will you, Sir Wilfrid, accept my grateful appreciation of the compliment and honour conferred upon me when you invited me to take a seat in the cabinet at its formation in 1896.

Yours faithfully,

(Sgd.) AND'W G. BLAIR.

This letter, as I have said, was one, with the exception of the reference to the Railway Committee Bill, which I wrote and handed to the right hon. gentleman the First Minister, on Monday, the 6th of July. It was held over under the circumstances I have detailed to you; and when I gave him my explanation in the letter I have just read, I accompanied it with a further letter dated 13th July, which I will also now, with your permission, read to the House:—

My dear Sir Wilfrid,—As I had not delivered to you my letter of the 10th instant on that day, owing to your request that I should defer action for a day or two to enable you to think matters over still further, I have thought that I might supplement that communication and suggest means whereby a common understanding on the railway question could yet be arrived at between my colleagues and myself.

Let me state our position on the main question: My decided preference is for a government owned and government operated railway across the continent, and my chief reason for favouring it is that it will have an equalizing and regulating influence upon all other railways throughout the western territory. In this view I am practically alone, and therefore I admit at once that this proposition must be laid aside. But the cabinet has decided that the government shall build half way across the continent as a government road, namely, between Quebec and Winnipeg, and when built shall lease the same to the Grand Trunk Pacific; and as to the other half, it has been determined, as I understand, that liberal government aid shall be given the same company to build and thereafter to own to the coast.

To this mode of solving the railway problem I am decidedly opposed. At best it is a hybrid scheme, involving the compromise of two antagonistic principles, and will be followed, as is usual with compromises of that kind, by unsatisfactory results. It will also fail to satisfy the exponents of either view. It will be difficult to explain why government should build and own the lean section of this railway, and provide a company with government credit to enable them to build and operate the fat section.

It is attempted to justify the eastern proposition from Quebec to Winnipeg on the ground that a great railway highway will thus be assured, open to any and all of the western railways to connect with it, and who might take their trains independently over this common

Hon. Mr. BLAIR.