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MESSAGE

RELATIVE TO THE

TERMS OF UNION

WITH THE

PROVINCE OF BRITISH COLUMBIA.

Printed by Order of Parliament.

OTTAWA:
PRINTED BY MACLEAN, ROGER & CO., WELLINGTON STREET.
1875.

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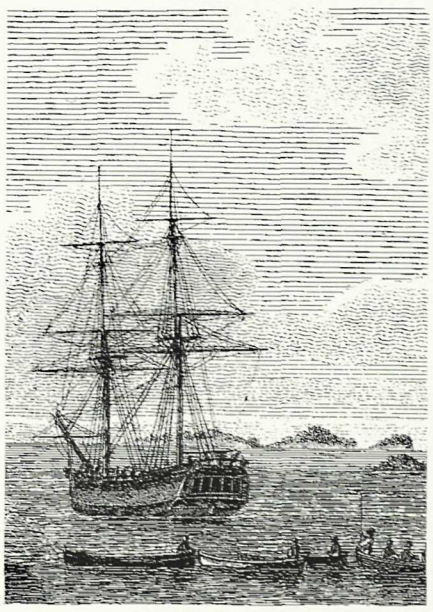

Signed on wrapper & interior by Amor de Cosmos

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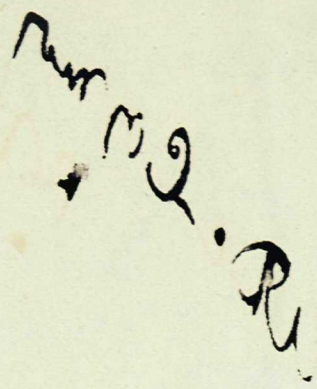

MESSAGE.

DUFFERIN.

The Governor General transmits, for the information of the Senate and House of Commons, copies of a Correspondence which has taken place on the subject of the non-fulfilment of the terms of Union with the Province of British Columbia.

GOVERNMENT HOUSE,
February, 1875.

TERMS OF UNION—BRITISH COLUMBIA.

SCHEDULE OF DESPATCHES, &c.

A. Lieut.-Governor, British Columbia, 26th July, 1873.
B. Lieut.-Governor, British Columbia, 25th February, 1874.
C. Lieut.-Governor, British Columbia, (Tel.) 8th May, 1874.
1. Governor General, 26th December, 1873.
2. Secretary of State for the Colonies, 15th January, 1874.
2½. Minister Public Works, 19th and 21st February, 1874.
3. Governor General, 15th May, 1874.
4. Governor General, 15th May, 1874.
5. Secretary of State for the Colonies, 18th June, 1874.
6. Secretary of State for the Colonies, (Tel.) 18th June, 1874.
7. Governor General, 9th July, 1874.
8. J. D. Edgar, 17th June, 1874.
8½. Privy Council, 8th July, 1874.
9. Governor General, 9th July, 1874.
10. Governor General, 18th July, 1874.
11. Governor General, 22nd July, 1874.
12, 13. Governor General, 31st July, 1874.
14. Governor General, 31st July, 1874.
15. Secretary of State for the Colonies, 16th August, 1874.
16. Governor General, 21st August, 1874.
17, 18. Governor General, 18th September, 1874.
19. Secretary of State for the Colonies, 17th November, 1874.
20, 21. Governor General, 18th December, 1874.
22. Secretary of State for the Colonies, 4th January, 1875.
1A. Lieut.-Governor, British Columbia, 31st March, 1874.
2A. Lieut.-Governor, British Columbia, 18th May, 1874.
2½A. Minister Public Works, (Tel.) 8th June, 1874.
3A. Lieut.-Governor, British Columbia, 11th June, 1874.
4, 5A. Minister Public Works, (Tel.) 28th May, 1874.
6, 7A. Hon. G. A. Walkem, 13th July, 1874.
8A. Hon. G. A. Walkem, 4th July, 1874.
9A. Mr. W. Buckingham, 4th July, 1874.

(A.)

(No. 68.)

BRITISH COLUMBIA,
GOVERNMENT HOUSE,
26th July, 1873.

SIR,—I have the honor to enclose, at the request of my Ministers, for submission to His Excellency the Governor General, a minute of my Executive Council, representing the non-fulfilment by the Dominion Government of the 11th Section of the Terms of Union of British Columbia with Canada, expressing regret that the railway has not been commenced, and strongly protesting against the breach of a condition of the terms so highly important to this Province.

I have the honor to be, Sir,
Your obedient servant,
(Signed,) JOSEPH W. TRUTCH.

The Hon. J. C. Aikins,
Secretary of State for Canada.

COPY *of a Report of a Committee of the Honorable the Executive Council, approved by His Excellency the Lieutenant-Governor on the* 25th *day of July*, 1873.

The Committee of Council have had under consideration the non-fulfilment by the Dominion Government of the 11th Section of the Terms of Union.

The Committee regret that the construction of the railway has not been commenced, and therefore strongly protest against the breach by the Dominion Government of a condition of the terms so highly important to the Province.

The Committee recommend the above for the approval of Your Excellency, and, if sanctioned, respectfully request that a copy thereof be at once forwarded to the Dominion Government.

Certified.
(Signed,) W. J. ARMSTRONG,
Clerk, Executive Council.

(No. 96.)

BRITISH COLUMBIA,
GOVERNMENT HOUSE.
24th November, 1873.

SIR,—I have the honor to enclose herewith a further minute of my Executive Council referring to the non-fulfilment by the Dominion Government of the 11th Article of the Terms of Union of the Province with Canada.

In accordance with the advice of my Ministers, expressed in this minute, I beg you to be pleased to lay this despatch and its enclosure before His Excellency the Governor General, and to be good enough to bring to His Excellency's attention the previous minutes of Executive Council on the same subject which were forwarded for his consideration in my despatches, No. 67 and No. 68 of the 26th July last—the latter of which conveying a protest from this Government on the failure of the Dominion Government to secure the commencement within two years from the date of Union of the construction of a railroad from the Pacific towards the Rocky Mountains—as provided in the 11th Article of the terms of Union—is yet unanswered, and to move His Excellency to communicate to this Government in whatever manner he may deem advisable in time to meet the requirement of the desire indicated by my

Ministers, the course intended to be taken by the Dominion Government in fulfilment of the 11th Article of the Terms of Union of this Province with Canada.

I have the honor to be, Sir,
Your obedient servant,
(Signed,) JOSEPH W. TRUTCH.

The Honorable
the Secretary of State
for Canada.

COPY *of a Report of a Committee of the Honorable the Executive Council, approved by His Excellency the Lieutenant-Governor on the 22nd day of November,* 1873.

The Committee of Council having had under consideration a memorandum from the Honorable the Provincial Secretary, dated 19th November, 1873, setting forth the facts:—

That the Government of British Columbia has protested against the non-fulfilment by the Dominion Government of the 11th Article of the terms of Union.

That beyond the acknowledgment of receipt no reply has been made by the Dominion Government to the despatch conveying that protest.

That the Government of British Columbia, looking at the actual position of affairs, felt compelled to await the action of the Parliament of Canada, expected shortly to meet, and which did meet on the 23rd October last past.

That the Parliament of Canada has been prorogued, not to meet until February next, without making provision for the construction of the Pacific Railway.

That the Legislative Assembly of the Province stands called to meet at Victoria on the 18th day of December next, and that the non-fulfilment by the Dominion Government of the Terms of Union has caused a strong feeling of anxiety and discouragement to exist throughout the Province. The Committee advise your Honor to ask the Dominion Government through the proper channel for a decided expression of its policy with regard to the fulfilment of the 11th Article of the Terms of Union, in order that the information may be given to the Legislature at the opening of the coming Session. And to request that the decision arrived at be communicated to your Honor by telegram at the earliest moment possible, and the Committee respectfully suggest that if the present report be sanctioned, your Honor will be pleased to forward the same to His Excellency the Governor General, and also to draw his attention to the minutes of Council, each bearing date the 25th July last, on the same subject, one being a protest against the breach of Article 11, and the other a denial of the right of the Dominion Government to a conveyance, or several of any of the public lands for railway purposes until the line of railway should be defined.

Certified.
(Signed,) W. J. ARMSTRONG,
Clerk, Executive Council.

To His Honor the Lieutenant-Governor of British Columbia, Victoria:—

SIR,—I have the honor to acknowledge the receipt of your despatch, No. 96, of the 24th ultimo, enclosing with reference to your previous despatches on the subject, a further minute of your Executive Council respecting the non-fulfilment by the Dominion Government of the 11th Article of the "Terms" of the Union of British Columbia with Canada.

In reply, I have to inform you that the subject will receive the consideration of the Government.

I have, &c.

Department, Secretary of State,
13th December, 1873.

(381 D.)

COPY *of a Report of a Committee of the Honorable the Privy Council, approved by His Excellency the Governor General in Council, on the 23rd December,* 1873.

The Committee have had under consideration the despatch dated 24th November, 1873, from the Lieutenant-Governor of British Columbia, enclosing a further minute of his Executive Council, referring to the non-fulfilment by the Dominion Government of the 11th Article of the Terms of Union of this Province with Canada, and stating that in accordance with the advice of his Ministers expressed in this minute, he requests that this despatch and its enclosure be laid before Your Excellency together with the previous minutes of his Executive Council on the same subject, which were forwarded for consideration in his despatches, No. 67 and No. 68, of the 26th of July last, the latter of which, conveying a protest from that Government on the failure of the Dominion Government to secure the commencement within two years from the date of Union, of the construction of a railroad from the Pacific towards the Rocky Mountains, as provided in the 11th Article of the Terms of Union, he states is yet unanswered, and requesting Your Excellency to communicate to that Government in whatever manner may be deemed advisable in time to meet the requirement of the desire indicated by his Ministers, the course intended to be taken by the Dominion Government in fulfilment of the 11th Article of the Terms of Union of that Province with Canada.

The Committee of Council respectfully recommend that the Lieutenant-Governor of British Columbia be informed that this Government is giving its most earnest consideration to the project for the construction of the Pacific Railway, an outline of which was given in the speech delivered by Mr. Mackenzie at Sarnia, on the 25th November, a scheme which they believe will be acceptable to the whole Dominion, including British Columbia, and that they hope to be able within a short time to communicate more definitely with that Province on the subject.

Certified.

(Signed,) W. A. HIMSWORTH,
Clerk of Privy Council.

To the Honorable
The Secretary of State,
&c., &c. &c.

(590-246.)

DEPARTMENT, SECRETARY OF STATE,
20th December, 1873.

23rd December, 1873.

SIR,—Adverting to your despatches, Nos. 68 and 96, of the 26th July and 24th November last respectively, I have the honor to transmit to you herewith, for the information of your Government, a copy of an Order of his Excellency the Governor General in Council, on the subject of the alleged non-fulfilment by the Dominion Government of the 11th Article of the Terms of Union of the Province of British Columbia with Canada.

I have, &c.

To His Honour
The Lieutenant-Governor of British Columbia,
Victoria.

(No. 4.)

BRITISH COLUMBIA,
GOVERNMENT HOUSE,
21st January, 1874.

SIR,—I have the honor to acquaint you that I have duly received and laid before my Executive Council your despatch of the 30th ultimo, and the copy therewith enclosed

of an order of His Excellency the Governor General in Council, on the subject of the non-fulfilment by the Dominion Government of the 11th Article of the Terms of Union of this Province with Canada.

I have the honor to be, Sir,
Your obedient servant,
(Signed,) JOSEPH W. TRUTCH.

The Honorable D. Christie,
Secretary of State for Canada,
Ottawa.

(B.)

[Copy of No. 9.—633 D.]

BRITISH COLUMBIA,
GOVERNMENT HOUSE,
25th February, 1874.

Copy of Address.

Minute of Executive Council.

SIR,—I have the honor to enclose herewith a copy of an Address to me from the Legislative Assembly of this Province, requesting me to protest on behalf of the Legislature and people of British Columbia, against the infraction of the 11th Article of the Terms of Union of British Columbia with Canada, by which the Dominion undertook to secure the commencement simultaneously within two years from the date of Union, of the construction of a railway from the Pacific towards the Rocky Mountains, and from such point as may be selected east of the Rocky Mountains towards the Pacific, to connect the seaboard of British Columbia with the railway system of Canada; and to urge the absolute necessity for the commencement of the actual construction of such railway from the seaboard of British Columbia early in the present year.

I also enclose a minute of my Executive Council, concurring in the prayer of this Address to me, and recommending that a copy thereof be forwarded by me to His Excellency the Governor General, with a request that he will be pleased to order immediate action to be taken thereon.

In accordance therefore, with the advice of my Ministers, I beg that you will be good enough to lay this despatch and its enclosures before His Excellency the Governor General, and to recommend to His Excellency's favorable consideration the representations and urgent request of the Government and Legislature of British Columbia herein set forth.

I have the honor to be, Sir,
Your obedient servant,
(Signed,) JOSEPH W. TRUTCH.

The Hon. D. Christie,
Secretary of State for Canada.

COPY *of a Report of a Committee of the Honorable the Executive Council, approved by His Excellency the Lieutenant-Governor, on the 23rd day of February,* 1874.

The Committee of Council have had under consideration an Address of the Legislative Assembly of the 9th instant, respecting the breach of the railway clause contained in the terms of Union.

On the 25th July last, and again on the 24th of November last, strong protests and representations on the subject of the Address were forwarded to the Dominion Government, but no reply of an assuring character has yet been received by the Province. The result of this silence has been one of painful and growing dissatisfaction.

The Committee feel that a strong but respectful protest against the course pur-

sued by the Dominion Government should be once more forwarded to His Excellency the Governor General.

The Committee recommend that, should this their report be approved of His Honor the Lieutenant Governor be respectfully requested to cause a copy of the Address to be forwarded to His Excellency the Governor General, with a request that he will be pleased to order immediate action to be taken thereon.

The Committee advise that their recommendation be approved of.

Certified.

(Signed,) W. J. ARMSTRONG,
Clerk, Executive Council.

To His Honor the Honorable Joseph William Trutch, Lieut.-Governor of the Province of British Columbia.

"MAY IT PLEASE YOUR HONOR,—We, Her Majesty's dutiful and loyal subjects, "the Legislative Assembly of the Province of British Columbia, in Parliament as-"sembled, beg leave to approach your Honor with our respectful request that your "Honor will be pleased to take into consideration the following resolution of the "House.

"Whereas, on the 20th July, 1871, the Colony of British Columbia was united to "and became part of the Dominion of Canada, in accordance with certain terms, "and whereas by Section 11 of the said terms, the Government of the Dominion "undertook to secure the commencement, simultaneously within two years from the "date of Union of the construction of a railway from the Pacific towards the Rocky "Mountains, and from such point as may be selected east of the Rocky Mountains "towards the Pacific, and whereas the two years therein referred to expired on the "20th July last, and the construction of the said railway was not then, and has not "since been commenced, causing thereby serious loss and injury to the people of this "Province, be it therefore *Resolved*, That an humble Address be presented to His "Excellency the Lieutenant-Governor, respectfully requesting him to protest on "behalf of the Legislature and people of this Province against the infraction of this "most important clause of the Terms of Union, and to impress upon the present "administration the absolute necessity of commencing the actual construction of the "railway from the seaboard of British Columbia early in the present year."

(Signed,) J. ROLAND HETT,
9th February, 1874. *Clerk of the Assembly.*

DEPARTMENT, SECRETARY OF STATE,
12th March, 1874.

SIR,—I have the honor to acknowledge the receipt of your despatch, No. 9, of the 25th ult., covering a copy of an Address of the Legislative Assembly of the Province of British Columbia and of a minute of your Executive Council, founded thereon on the subject of the non-fulfilment of the 11th Section of the terms of Union of the Province to the Dominion.

Your despatch and its enclosures will be submitted for the consideration of His Excellency the Governor General in Council.

I have, &c.,
(Signed,) EDOUARD J. LANGEVIN,
Under Secretary of State.

To His Honor
The Lieutenant-Governor of British Columbia,
Victoria.

(C.)

(Telegram) VICTORIA, B. C., 8th May, 1874.

It being reported here to-day that the Premier stated in House of Commons on 4th inst., that construction of railway in British Columbia would not be commenced

this year, this Government urgently requests to be fully informed immediately by telegraph of particulars of policy adopted by Dominion Government respecting railway clause of terms of Union.

(Signed,) JOS. W. TRUTCH,
Lieutenant-Governor.

To Honorable
The Secretary of State for Canada.

(Telegram) PRIVY COUNCIL, CANADA,
OTTAWA, 8th May, 1874.

To LIEUTENANT-GOVERNOR TRUTCH :—

Mr. Mackenzie simply stated that until the location of the road was ascertained it was impossible to commence construction. That a large surveying force was now at work, and there was no reason to believe that it could be possible to complete the survey before close of year.

(1.)

(No. 301.)

OTTAWA, December 26, 1873.

MY LORD,—I have the honor to enclose for your information a copy of a despatch,

24th March. from the Lieutenant-Governor of British Columbia to the Secretary of State of Canada, forwarding a minute of his Executive Council, referring to the non-fulfilment on the part of the Government of the Dominion, of the 11th Article of the terms of Union with that Province, in respect to the construction of the Canada Pacific Railway.

I also beg to transmit copy of a report of a Committee of the Privy Council of 23rd December the Dominion, on the above mentioned despatch, stating that my Government is giving its most earnest consideration to the project for the construction of a railway to the Pacific.

I have the honor, &c.
DUFFERIN.

The Earl of Kimberley.

(381 D.)

COPY *of a Report of a Committee of the Honorable the Privy Council, approved by His Excellency the Governor General in Council, on the 23rd December*, 1873.

The Committee have had under consideration the despatch dated 24th November, 1873, from the Lieutenant-Governor of British Columbia, enclosing a further minute of his Executive Council referring to the non-fulfilment of the Dominion Government of the 11th Article of the Terms of Union of this Province with Canada, and stating that in accordance with the advice of his Ministers expressed in this minute, he requests that this despatch and its enclosure be laid before Your Excellency, together with the previous minutes of his Executive Council on the same subject, which were forwarded for consideration in his despatches, Nos. 67 and 68, of the 26th July last, the latter of which conveying a protest from that Government on the failure of the Dominion Government to secure the commencement within two years from the date of Union of the construction of a railroad from the Pacific towards the Rocky Mountains as provided in the 11th Article of the Terms of Union, he states is yet unanswered, and requesting Your Excellency to communicate to that Government in

whatever manner may be deemed advisable in time to meet the requirement of the desire indicated by his Ministers, the course intended to be taken by the Dominion Government in fulfilment of the 11th Article of the Terms of Union of that Province with Canada.

The Committee of Council respectfully recommend that the Lieutenant-Governor of British Columbia be informed that this Government is giving its most earnest consideration to the project for the construction of the Pacific Railway, an outline of which was given in the speech delivered by Mr. Mackenzie at Sarnia, on the 25th November, a scheme which they believe will be acceptable to the whole Dominion, including British Columbia, and that they hope to be able within a short time to communicate more definitely with that Province on the subject.

Certified.

(Signed,) W. A. HIMSWORTH,
Clerk, Privy Council.

(Copy No. 96.)

GOVERNMENT HOUSE,
24th November, 1873.

SIR,—I have the honor to enclose a further minute of my Executive Council referring to the non-fulfilment by the Dominion Govern nent of the 11th Article of the terms of Union of this Province with Canada.

In accordance with the advice of my Ministers, expressed in the minute, I beg you to be pleased to lay before His Excellency the Governor-General, and to be good enough to bring to His Excellency's attention, the previous minutes of my Executive Council on the same subject, which were forwarded for his consideration in my despatches, No. 67 and 68, 26th July last, the latter of which conveying a protest from this Government on the failure of the Dominion Government to secure the commencement within two years from the date of Union, of the construction of a Railroad from the Pacific towards the Rocky Mountains as provided in the 11th Article of the Terms of Union, is yet unanswered; and to move His Excellency to communicate to this Government, in whatever manner he may deem advisable, in time to meet the requirement of the desire indicated by my Ministers, the course intended to be taken by the Dominion in fulfilment of the 11th Article of the Terms of Union of this Province with Canada.

I have, &c.,
(Signed,) JOSEPH W. TRUTCH.

COPY *of a report of a Committee of the Honorable the Executive Council, approved by His Excellency the Lieutenant-Governor, on the 22nd day of November*, 1873.

The Committee of Council having had under consideration a memorandum from the Honorable the Provincial Secretary, dated 19th November, 1873, setting forth the facts—

That the Government of British Columbia has protested against the non-fulfilment by the Dominion Govenment of the 11th Article of the Terms of Union.

That beyond the acknowledgment of the receipt, no reply has been made by the Dominion Government to the despatch conveying the protest.

That the Government of British Columbia, looking at the actual condition of affairs, felt compelled to await the action of the Parliament of Canada, expected shortly to meet, and which did meet at Ottawa on the 23rd of October last past.

That the Parliament of Canada has been prorogued not to meet until February next, without making provision for the construction of the Pacific Railway.

That the Legislative Assembly of the Province stands called to meet at Victoria on the 18th day of December next, and,

That the non-fulfillment by the Dominion Government of the Terms of Union

has caused a strong feeling of anxiety and discouragement to exist throughout the Province.

The Committee advise Your Honor to ask the Dominion Government, through the proper channel, for a decided expression of its policy, with regard to the fulfilment of the 11th Article of the Terms of Union, in order that the information may be given to the Legislature at the opening of the coming Session.

And they request that the decision arrived at be communicated to Your Honor by telegram at the earliest moment possible; and the Committee respectfully suggest, that if the present Report be sanctioned, Your Honor will be pleased to forward the same to His Excellency the Governor General; and also draw his attention to the Minutes of Council, each bearing date the 25th day of July last, on the same subject, one being a protest against the breach of Article 11, and the other a denial of the right of the Dominion Government to a conveyance or reserve of any of the public lands for Railway purposes until the line of Railway should be defined.

Certified.

(Signed,) W. J. Armstrong,
Clerk of Executive Council.

(2.)

(Canada.—No. 370.)

Downing Street,
15th January, 1874.

My Lord,—I have the honor to acknowledge the receipt of your despatch, No. 301, of the 26th of December, enclosing a copy of a despatch from the Lieutenant Governor of British Columbia, with a copy of a minute of his Executive Council, referring to the non-fulfilment, on the part of the Canadian Government, of the 11th Article of the terms of Union between that Province and Canada in respect to the construction of the Pacific Railway.

I have the honor to be, My Lord,
Your Lordships most obedient humble servant,
(Signed,) Kimberly.

Governor General
The Right Honorable
The Earl of Dufferin, K. P., K. C. B.
&c. &c. &c.

(2½.)

(Confidential—Copy 3,494.)

Ottawa, February 19, 1874.

My Dear Sir,—In your conversations with leading men in and out of the Government in Columbia, it will be well to let them understand that in proposing to take longer time than is provided in constructing the railway, we are actuated solely by an urgent necessity. That we are as anxious as possible to reach the object sought by all—the early construction of the road.

We are, however, advised by our Engineers, that it is a physical impossibility to construct the road in that time—that is within the time provided in the terms of the Union, and that any attempt to do so can only result in very great useless expense and financial disorder. You can point out that the surveys for the Intercolonial Railway were begun in 1864, and the work carried on uninterruptedly ever since, and although the utmost expedition was used, it will require still eighteen months to complete it. If it requires so much time in a settled country to build 500 miles of railway with facilities every where for procuring all supplies, one may conceive the time and labor required to construct a line five times the length through a country all but totally unsettled.

You will point out that it is, because we desire to act in good faith towards Columbia, that we at once avow our inability to carry out the exact conditions of the terms of Union. That it would have been an easy matter for us to have said nothing about it, or carelessly to have assumed the task of finishing the road before the month of July, 1881. Acting from a desire to deal frankly and honestly with Columbia, we considered what we could do to afford, at the earliest possible date, some means of travel across the continent preliminary to and in advance of a complete line of railway.

You will point out that, as part of the Dominion, it is as much in their interest as in ours to pursue a careful, judicious policy; also, that in assuming a disposition in spite of all reason to insist on impossibilities they are only setting at defiance all the rest of the Dominion and the laws of nature.

That by insisting on the "pound of flesh," they will only stimulate a feeling on the part of people generally to avoid in the future giving anything but the "pound of flesh."

You will remember that the Dominion is bound to reach the seaboard of the Pacific only, not Victoria or Esquimalt, and you will convey an intimation to them that any further extension beyond the head waters of the Bute Inlet, or whatever other portion of the sea-waters may be reached, may depend entirely on the spirit shown by themselves in assenting to a reasonable extension of time or a modification of the terms originally agreed to.

You will also put them in remembrance of the terms they themselves proposed, which terms were assented to by their Local Legislature, and point out that it was only the insane act of the administration here which gave such conditions of Union to Columbia; that it could only have been because that administration sought additional means of procuring extensive patronage immediately before the general election, and saw in coming contests the means of carrying the elections, that the Province obtained on paper terms which at the time were known to be impossible of fulfilment.

If you find any favorable disposition among the leading men of the Province towards affording a generous consideration to the obvious necessity of giving a sufficient time for pushing the road through Columbia, you will endeavor to ascertain what value they attach to such consideration.

You will point out that the action of this Government in the matter of the graving dock, and the agreement to advance in cash the balance of the amount of debt with which Columbia was allowed to enter the Confederation, showed that it was not considering itself bound to the exact terms of Union, but was willing to go beyond them when the necessities of the Province seemed to demand such action, and that we not unnaturally expect similar action on the part of the Province.

In the event of your finding that there is a willingness to accept a proposition to extend the time for building the road, you will endeavor to obtain some proposition from them, directly or indirectly, and communicate this to us by cipher telegraph at once.

If, on the other hand, they make or indicate no proposition, you will telegraph to us what you think would be acceptable, but wait a reply before making any proposition.

In the event of the leading men evincing a disposition to negotiate, you will endeavor to secure something like a combination of parties to sanction any proposition likely to be generally accepted.

It will be well that you should take some means of ascertaining the popular view of the Railway question. This may be done by mingling among the people and allowing them to speak freely while you listen, remembering in taking impressions that your audience may be impressed by special local considerations rather than the general question.

It will be well not to confine yourself to the vicinity of the Government offices or Victoria, but to cross to the main land and meet with the people at Westminster and other towns and villages on the lower reaches of the Frazer.

It may be that you will find there is a disposition manifested to negotiate at Ottawa, in which case you will advise us of the existence of such a desire.

You will take special care not to admit in any way that we are bound to build the railway to Esquimalt or any other place on the Island; and while you do not at all threaten not to build there, to let them understand that this is wholly and purely a concession, and that its construction must be contingent on a reasonable course being pursued regarding other parts of the scheme.

It may be that the Local Government will desire to constitute the members for the Commons a delegation to discuss matters here; if this be the case, you will still remain until we shall communicate with you.

You will take every opportunity of noting the various matters connected with Dominion business, in accordance with instructions that will be sent.

I am, my dear Sir,
Yours faithfully,
(Signed,) A. MACKENZIE.

(Copy.)

OTTAWA, Feb. 19th, 1874.

DEAR SIR,—Allow me to introduce Mr. James D. E. Edgar, of Toronto, who visits your Province on public business for the Government. Mr. Edgar will confer with yourself and other members of the Government of Columbia on the question lately agitating the public mind in Columbia, and will be glad to receive your views regarding the policy of the government on the construction of the railway.

But for the meeting of Parliament in four weeks, some members of the Government would have visited your Province, but Mr. Edgar, as a public man, is well known here and fully understands the questions he will discuss with you.

I need not, I am sure, assure you of my own sincere desire to do all I can, not only to act justly but generously to Columbia.

It is in your interest and is the interest of the Dominion that we should both act with a reasonable appreciation of difficulties which are unavoidable, and devise means to remove them or overcome them.

We have induced Mr. Edgar to go to Columbia, as we thought you would prefer a full conference with an agent to a tedious and possibly unsatisfactory correspondence.

I have the honor to be,
Yours truly,
(Signed,) A. MACKENZIE.

Hon. Geo. A. Walkem,
Attorney-General, Victoria.

(Copy.)

February 21st, 1874.

SIR,—The bearer is James D. Edgar, Esq., Barrister, Toronto, who visits Columbia as the Agent of the Dominion Government, to consult with your Government with reference to the late agitation concerning an extension of time for the construction of the Pacific Railway beyond that promised in the terms of Union.

Mr. Edgar will explain to Your Excellency our anxiety to do everything in our power to meet the views of your people.

He will be glad to receive your suggestions concerning matters which may require attention.

I am, Sir, very respectfully,
Your obedient servant,
(Signed,) A. MACKENZIE.

His Excellency
Lieutenant-Governor T. W. Trutch,
Victoria, British Columbia.

(No. 130.)

GOVERNMENT HOUSE,
OTTAWA, May 15th, 1874.

MY LORD,—I have the honor to enclose for your Lordship's information a newspaper report of the speech delivered by Mr. Mackenzie on the 12th instant., when introducing Resolutions for a Bill to provide for the construction of the Pacific Railroad, together with a summary of this speech, and an article from the *Globe* newspaper of the 12th instant, explanatory of the Government project.

Globe, 13th and 14 May.
Globe, 12th May.
Globe, 13th May.

I have, &c.
(Signed) DUFFERIN.

The Right Honorable
The Earl of Carnarvon,
&c., &c., &c.

(No. 131.)

GOVERNMENT HOUSE,
OTTAWA, May 15th, 1874.

MY LORD,—In continuation of my despatch, No. 130, of this day's date, I have the honor to enclose an extract from the Toronto *Mail*, an opposition paper, criticising the scheme of the Government.

May 14. For article see Scrap Book. Page 40.

I have, &c.
(Signed) DUFFERIN.

The Earl of Carnarvon.

(Copy—Canada—No. 110.)

DOWNING STREET, 18th June, 1874.

MY LORD,—The intimation which I have received by telegraph of the departure from British Columbia of the President of the Council and Attorney-General of that Province, sent to this country for the purpose of appealing against the course proposed by your Government, and sanctioned by the Dominion Parliament, in regard to the Pacific Railway, together with the reports of the proceedings in that Parliament, and other informal communications, have led me to apprehend that the difference of opinion which has unfortunately occurred, may not only prove difficult to adjust, but may not impossibly, if it remains long unsettled, give rise to feelings of dissatisfaction and to disagreements, the existence of which within the Dominion would be a matter for serious regret.

2. It is not my wish, nor is it a part of my ordinary duty to interfere in these questions. They appear to me to be such as it should be within the province and competency of the Dominion Government and Legislature to bring to a satisfactory solution, and you will readily understand that Her Majesty's Government would be very reluctant to take any action which might be construed as expressing a doubt of the anxiety of the Dominion Government and Parliament to give the fullest consideration to such representation as may be made on the part of British Columbia, and to deal in the fairest and most liberal spirit with what may be established as being the just claims of that Province.

3. At the same time, I am strongly impressed with the importance of neglecting no means that can properly be adopted for effecting the speedy and amicable settlement of a question which cannot without risk and obvious disadvantage to all parties remain the subject of prolonged and it may be, acrimonious discussion, and it has occurred to me that as in the original terms and conditions of the admission of British Columbia into the Union, certain points (as for example the amount of land to be appropriated for the Indians, and the pensions to be assigned to public officers deprived of employment) were reserved for the decision of the Secretary of State, so in the present case it may possibly be acceptable to both parties that I would tender my good offices in determining the new points which have presented themselves for settlement. I accordingly addressed a telegram to you yesterday to the effect that I greatly regretted that a difference should exist between the Dominion and the Province in regard to the railway, and that if both Governments should unite in

desiring to refer to my arbitration all matters in controversy, biding themselves to accept such decision as I may think fair and just, I would not decline to undertake this service.

4. The duty which, under a sense of the importance of the interests concerned, I have thus offered to discharge is, of course, a responsible and difficult one, which I could not assume unless by the desire of both parties, nor unless it should be fully agreed that my decision, whatever it may be, shall be accepted without any question or demur. If it is desired that I should act in this matter, it will be convenient for each party to prepare a statement, to be communicated to the other party, and after a reasonable interval a counter statement; and that on these written documents I should, reserving of course to myself the power of calling for any other information to guide me in arriving at my conclusion, give my final decision.

5. I request you to transmit a copy of this despatch, with the utmost possible speed, to the Lieutenant-Governor of British Columbia. I have communicated to Mr. Sproat, the agent for British Columbia, for transmission by telegraph to the Government of that Province, the purport of the telegram which I addressed to you yesterday, in order that my offer may come before both parties as soon as possible.

I have, &c.

(Signed,) CARNARVON.

Governor General
The Right Honorable
The Earl of Dufferin, K.P., K.C.B.,
&c., &c., &c.

(Copy.)

From Earl of Carnarvon to Governor General.

Received in OTTAWA, 18th January, 1874.

I regret extremely the difficulty between Dominion of Canada and British Columbia as to terms of Union in connection with Pacific Railway. Her Majesty's Government are willing to give their good offices in adjusting the matter. If both parties unite in referring all matters of difference to my arbitration, binding themselves to abide by such award as I may deem just and fair, I will not refuse to undertake the duty.

(No. 182.) QUEBEC, 9th July, 1874.

MY LORD,—I have the honor to acknowledge the receipt of your Lordship's despatch, No. 110, of the 18th of June, in which you refer to a misunderstanding that has occurred between the Dominion Government and that of British Columbia, and in which you have made so considerately a suggestion in regard to the settlement of the dispute.

In accordance with your instructions, I have forwarded a copy of the despatch to the Lieutenant-Governor of British Columbia, and I have also communicated it to my Government.

There has not yet been time for them to acquaint me with their view in regard to the extremely considerate and friendly suggestions your Lordship is good enough to convey, but in connection with subject matter to which the despatch under acknowledgment refers, I have the honor to enclose, for your Lordship's information

8th July, 1874. a memorandum of a Committee of Council on the points in dispute between the Dominion Government and the Government of British

Columbia, together with a report by Mr. Edgar of his mission to that Province, accompanied by copies of his correspondence with Mr. Walkem, the Attorney-General of British Columbia.

I have, &c.,

The Earl of Carnarvon. (Signed,) DUFFERIN.

To the Honorable the Secretary of State for Canada:

TORONTO, June 17th, 1874.

SIR,—I have the honor to report that in the month of February last, I was requested by the Canadian Government to proceed to the Province of British Columbia on their behalf. My mission was for the purpose of ascertaining the true state of feeling in the Province upon the subject of certain changes which were deemed necessary, in the mode and in the limit of time for the construction of the Canadian Pacific Railway, as well as to attend to any other business required, and to act as Canadian agent in bringing about some such feasible arrangement as might meet the general approval of the Local Government and the people of British Columbia, in place of the original conditions respecting the commencement and completion of the railway that are contained in the Eleventh Article of the terms of Union. In that clause the language referring to railway construction, is as follows:—

"The Government of the Dominion undertake to secure the commencement "simultaneously, within two years from the date of Union, of the construction of a "railway from the Pacific towards the Rocky Mountains, and from such point as may "be selected east of the Rocky Mountains towards the Pacific, to connect the seaboard "of British Columbia with the railway system of Canada; and further to secure the "completion of such railway within ten years from the date of the Union."

The views and policy of his Government upon the question of the Canadian Pacific Railway were communicated to me in several interviews by the Hon. Mr. Mackenzie, and I also had the benefit of conversations upon the same subject with many members of the administration before I left Ottawa. On the eve of my departure, I received from Hon. Mr. Mackenzie certain further instructions and directions for my guidance which were contained in the following letter:—

OTTAWA, Feb. 19th, 1874.

MY DEAR SIR,—In your conversations with leading men in and out of the Government in Columbia, it will be well to let them understand that in proposing to take longer time than is provided for constructing the railway we are actuated solely by an urgent necessity; that we are as anxious as possible to reach the object sought by all, viz: the construction of the road.

We are, however, advised by our Engineers that it is a physical impossibility to construct the road in that time—that is within the time provided by the terms of Union, and that my attempt to do so can only result in very great useless expense and financial disorder. You can point out that the surveys for the Intercolonial Railway were begun in 1864, and the work carried on uninterruptedly ever since, and although the utmost expedition was used, it will still require eighteen months to complete it.

If it required so much time in a settled country to build 500 miles of railway, with facilities every where for procuring all supplies, one may conceive the time and labour required to construct a line five times that length through a country all but totally unsettled.

You will point out that it is because we desire to act in good faith towards Columbia that we at once avow our inability to carry out the exact conditions of the terms of Union, that it would have been an easy matter for us to say nothing about,

or carelessly to have assumed the task of finishing the road before the month of July, 1881.

Acting, however, from a desire to deal frankly and honestly with British Columbia, we considered what we could do to afford at the earliest possible date some means of travel across the continent preliminary to, and in advance of a complete line of railway.

You will point out that, as part of the Dominion, it is as much in their interests as in ours to pursue a careful judicious policy, also that in assuming a disposition, in spite of all reason, to insist on impossibilities, they are only setting at defiance all the rest of the Dominion and the laws of nature. That by insisting on "*the pound of flesh*" they will only stimulate a feeling on the part of people generally to avoid in future giving anything but "*the pound of flesh.*"

You will remember that the Dominion is bound to reach the "*seaboard of the Pacific*" only, not Victoria or Esquimault, and you will convey an intimation to them that any further extension beyond the waters of Bute Inlet, or whatever other portion of the sea waters may be reached, may depend entirely on the spirit shown by themselves in assenting to a reasonable extension of time, or a modification of the terms originally agreed to.

You will also put them in remembrance of the terms they themselves proposed, which terms were assented to by their Local Legislature, and point out that it was only the insane act of the administration here, which gave such condition of Union to Columbia; that it could only have been because that administration sought additional means of procuring extension of patronage immediately before the general election, and saw in coming contracts the means of carrying the elections, that the Province obtained on paper terms, which at the time, were known to be impossible of fulfilment.

If you find any favorable disposition among the leading men of the Province towards affording a generous consideration to the obvious necessity of giving a sufficient time for the pushing the road through Columbia, you will endeavour to ascertain what value they attach to such consideration. You will point out that the action of this Government in the matter of the graving dock, and the agreement to advance in cash the balance of the amount of debt, with which Columbia was allowed to enter the Confederation, shewed that it was not considering itself bound to the exact terms of Union, but was willing to go beyond them when the necessities of the Province seemed to demand such action, and that we not unnaturally expect similar action on the part of the Province.

In the event of your finding that there is a willingness to accept a proposition to extend the time for the building of the road, you will endeavour to obtain some proposition from them, directly or indirectly, and communicate this to us by cypher telegraph at once.

If on the other hand they make or indicate no proposition, you will telegraph to us what you think would be acceptable, but wait a reply before making any proposition.

In the event of the leading men evincing a disposition to negotiate, you will endeavour to secure something like a combination of parties to sanction any proposition likely to be generally acceptable.

It will be well that you should take some means of ascertaining the popular view of the railway question. This may be done by mingling among the people, and allowing them to speak freely while you listen; remembering in taking impressions that your audience may be impressed by special local considerations rather than general questions.

It will be well not to confine yourself to the vicinity of the Government offices, or Victoria, but to cross to the main land, and visit the people at Westminster, and other towns and villages on the lower reaches of the Frazer. It may be that you will find there a disposition manifested to negotiate at Ottawa, in which case you will advise us of the existence of such a desire. You will take special care not to admit in any way that we are bound to build the railway to Esquimault, or to any other

place on the Island, and while you do not at all threaten not to build there, to let them understand that this is wholly and purely a concession, and that its construction must be contingent on a reasonable course being pursued regarding other parts of the scheme.

It may be that the Local Government may desire to constitute the members for the Commons a deputation to discuss matters here; if this be the case, you will still remain until we shall communicate with you.

You will take every opportunity of noting the various matters connected with the Dominion business in accordance with instructions that will be sent.

I am, my dear Sir,
Yours faithfully,
(Signed,) A. MACKENZIE.

J. D. Edgar, Esq.,
Toronto.

When I received the above letter I lost no time, and starting upon my journey and leaving Toronto, February 23rd, I arrived upon March 9th at Victoria, the capital of British Columbia. On the day that I landed in Victoria, the Hon. Mr. Walkem, leader of the Local Government, called upon me, and I made him aware of the object of my mission. Upon the same day I handed him Hon. Mr. Mackenzie's letter of 16th February (Appendix A), also informing him that I had letters from His Excellency the Governor-General to his Honor the Lieutenant-Governor, which were next day delivered. Very soon afterwards Mr. Walkem introduced me to his colleagues as the representative of the Canadian Government.

Upon my arrival in the Province, I found that an intense interest was manifested by all the population in whatever related to the question of railway construction. It is difficult at a distance to conceive the importance that is attached to the railway by the British Columbians. On account of the vast construction expenditure, and the sparseness of the population who would participate in the immediaite benefits derivable from it, an interest of a direct and personal character is felt upon this subject. The entire white population of the Province, according to the census of 1870, was 8,576 souls. Of this number there were upon the mainland 3,401, and upon Vancouver Island, 5,175. The white population to-day has probably increased to 10,000. With the exception, perhaps, of the gold mines, who are confined to the main land, there is no class in the Province that would not derive immediate personal advantages from the railway construction expenditure. Those in business, in trade, and in agriculture would feel the stimulus instantly; while those of means and leisure would be enriched by the increase in the value of their property. The circumstances of the early settlement of the Province gave it a population of peculiar intelligence; and the fact that most of the rougher kind of labor is performed by Chinamen and Indians, has afforded in an especial way to the people of Victoria, the Provincial Metropolis, leisure and opportunity for the fullest discussion of their great question of the day. Their keen intelligence and zeal in public affairs suggests a parallel in the history of some of the minor States of ancient Greece or Italy. Although a strong feeling of jealousy of the greatness of Victoria undoubtedly exists in parts of the main land, yet that town is the chief centre of public opinion. Its population is almost equal to the whole of the rest of the Province, and in its midst are the head-quarters of Government, of the courts, of the churches, and of trade. Within three miles there is the fine harbor of Esquimault, with its arsenal and British ships of war.

To Victoria the question of the location of the railway terminus is all important, because there is nothing in the terms of Union which settles that there shall be any portion of the line upon Vancouver Island, a revocable Order in Council, and the intrinsic merits claimed for the Island location, are the grounds upon which they hoped to secure the terminus at Esquimault. When it became well understood that the surveys were not yet so far advanced as to warrant the Canadian Government in fixing the permanent route and Western terminus of the railway, it was strongly urged upon me by many persons in Victoria that the construction of the line of railway should be at once undertaken by the Dominion from the harbor of Esquimault to

the port of Nanaimo, on the east coast of Vancouver Island, a distance of about seventy miles. It was argued that at whatever point upon the mainland the Pacific Railway might be brought to the coast, a steam ferry thence to Nanaimo might be established, and would render their portion of railway a means of connection with Esquimault, which is said to be the finest harbor upon the shores of the Northern Pacific. It was also insisted that from its opening there would be a considerable and profitable traffic over this line in the carriage of coal to Esquimault for the mines at Nanaimo and Departure Bay.

Moreover, it was contended that in view of the admitted impossibility to complete the construction of the trans-continental railway within the time originally limited, some substantial concessions should be made to the people of the Island, as compensation for their disappointment and prospective losses.

A contention similar to the last mentioned one was also pressed upon me warmly by leading men of the mainland, who considered that they were now entitled to have some definite understanding arrived at, not so much in regard to the ultimate completion, as to the early, vigorous, and continuous construction of the railway upon the mainland. It was represented that those engaged in agriculture and stock raising in the interior parts of the country were almost without a market for their produce, partly because the gold miners were leaving in considerable numbers, and partly for the reason that in anticipation of railway construction they had raised more crops than usual. The great distance to the coast, and the stupendous mountain ranges to be traversed, prevented them from getting the bulky products of their land to the Island markets of Victoria or Nanaimo. Being familiar with the difficulties to be met with by engineers in seeking for a railway route through their country, the main land people were not disposed to blame the Dominion for insisting upon further time and surveys before fixing the location. Their immediate necessities also induced them to attach more importance to the securing of an early and steady expenditure amongst themselves than to the maintaining of any arbitrary time limit for completion, while they also expressed their perfect appreciation of the agreement that a vigorous expenditure of itself involves an accomplishment of the work within a reasonable period.

In the Provincial Constitution of British Columbia the working of representative institutions, and responsible parliamentary government may be studied in a simple form. The system is elaborated out of, perhaps, slender materials, but has been courageously fashioned after the model of the British Constitution. The people are represented by a House of twenty-five members, of whom thirteen are elected from the mainland, and twelve from the Island. In this House sit the Ministers of the Crown, four in number, two being Island members and two from the mainland. The deliberations are presided over by a Speaker, and due respect for the dignity of the Assembly is maintained by a Sergeant-at-Arms.

Although I had not the fortune to be in the country when the House was in session, I was able to discover among the gentlemen who hold seats, a considerable number of much experience, and somewhat above the average intelligence of Provincial legislators. To those accustomed to older Canadian constituencies, each with populations varying usually from fifteen to thirty thousand souls, it is somewhat novel to see the smallness of electoral districts in British Columbia. Yet it would be quite unfair to fix the number of electors as the standard of the intelligence of the representative, for one of the ablest of the Provincial Ministers, after an exciting contest at the last election, succeeded in polling but sixteen votes in his constituency, whilst his opponent suffered a decisive defeat, having polled exactly half that number.

The Session of the Provincial Legislature had terminated on the 2nd March, a week before my arrival, and the House had unanimously agreed to a resolution upon the subject of the eleventh, or railway clause, in the terms of Union with the Dominion, which was calculated to have an important bearing upon all negotiations with the Local Government for a change in that clause. The language of the resolution is as follows:—"That in view of the importance of the Railway Clause of the terms "of Union between Canada and British Columbia being faithfully carried out by

"Canada, this House is of opinion that no alteration in the said clause should be per-
"mitted by the Government of this Province *until the same has been submitted to the*
"*people for endorsation.*" When I ascertained that this resolution had been passed, that the Provincial Parliament had yet more than a year to run and that the Ministry had in it a sufficient working majority, it at once became apparent that any proposals to alter the railway clause could possess few attractions in the eyes of the party in power. While prepared to admit that the Province would be most reasonable, and would not be disposed to insist at all upon the original time limit for completion, yet members of the Administration, looking at it from their own point of view, very naturally urged that this was a peculiarly unfortunate time to seek any alterations. I also discovered that the first Act of the Provincial Statute Book of 1873–4 contained elements of danger to the continued harmony between the General and Local Governments. This Act became necessary to authorize the Provincial to receive from the Dominion Government the large sums of money, both for the Esquimault graving dock, and for other public works, which the Local Government petitioned the Dominion Government to advance, and which requests the latter complied with as concessions to the Province in excess of what could be claimed under Articles two and twelve of the terms of Union. A saving clause or proviso was inserted in this Act containing very strong language concerning the rights and wrongs of British Columbia as regards the railway, and adding:—"This Act shall not have any force or
"effect unless the above proviso be inserted, in the same words, in any Act of Par-
"liament of Canada which may be passed for the purposes of this Act."

A profound anxiety at once manifested by Mr. Walkem and his colleagues to ascertain through me if the Canadian Ministry would propose to Parliament to adopt the words of this proviso. When I sought to get from them some proposals or suggestions as to their terms of the concessions that should be made to British Columbia, in consideration of a change in the railway terms, I was continually met by an urgent inquiry as to what was to be done about that clause. As early as the 16th of March, I was informed by telegram that the Dominion Government would not adopt the language of the proviso in their bill, but would make the concessions as originally agreed, and without conditions affecting the railway terms. The announcement of this was received by the Local Ministers with alarm and disappointment, and it afterwards became still more difficult to get a satisfactory discussion of an alteration of railway terms with any of them. Orders in Council were passed by the Local Government upon the subject, and I was continually urged to press upon the Dominion Government the anxiety of the Provincial Ministry for the adoption of the saving clause, and I took many opportunities of doing so. This pressure continued without intermission until the 25th of April, when, at the request of Mr. Walkem, I sent a despatch to Mr. Mackenzie on behalf of the former, and in his own language urging the adoption of the saving clause.

When, according to instructions, I endeavored to ascertain from Local Ministers if their unwillingness to submit proposals as to railway to the people arose entirely from our refusal to adopt the saving clause, I found that even such a concession would not induce them to bring about an appeal to the people.

According to instructions received, it was my aim from the very first to take every means of ascertaining the popular view of the railway question. Indeed when it was understood that the Canadian Government had delegated me upon this and general matters, the politeness and hospitable attentions of all classes soon rendered it an easy matter to form some estimate of public opinion. All were as willing to communicate as I was anxious to receive their various views and information. I paid two brief visits to the mainland, meeting with people of New Westminster, Hope, Yale, and some few other places, and I was so fortunate as to meet, at one time or another, nearly all the members of the Local Legislature, and many other persons of local prominence from the mainland.

The Lieutenant-Governor and the Hon. Captain Hare, Senior Naval Officer at Esquimault, kindly afforded me an opportunity of visiting the east coast of the island, in company with them, on board H.M.S. *Myrmidon*.

In discussing the question of the time for the completion of the railway, I elicited a very general expression of opinion that there was no great importance attached to any particular period for completion, but that serious disappointment had been felt at the failure to commence the work of actual construction by July of last year. Much anxiety was felt for an announcement of the policy of Canada upon the subject of the railway, and an extreme desire prevailed to have definite understanding arrived at as to what the Province could expect in place of the original railway terms, which were all but universally admitted to be incapable of literal fulfilment.

The public agitation in Victoria, of February last, might have been mistaken for a movement to insist upon, "The terms, the whole terms, and nothing but the terms," or to seek some disloyal alternative. Indeed a portion of the community, who did not sympathize with the excitement, so interpreted it. Yet I was assured by the leaders of that agitation that no such motives or intentions influenced them. The people had been aroused, by what were deemed suspicious circumstances, to fear that efforts would be made, or were being made, to secure from the Local Government an agreement to change the railway terms without a submission to the people who had directly sanctioned the original terms. The local contradictions had scarcely been accepted as satisfactory upon this point, but my denial of it on the part of the Ottawa Government, coupled with the announcement that the latter would not seek to secure any alteration without the sanction of the people of the Province, set that difficult very much at rest.

Notwithstanding the attitude that was assumed by the Provincial Government against the submission of a proposal, or the opening of negotiations to alter the railway terms, it was quite apparent that popular feeling, all over the Province, was strongly in favor of some definite settlement being arrived at upon the question. The notorious and admitted failure of the original scheme of railway construction had unsettled the business of the country, and the whole community, including even those who would have been the most exacting in bargaining with Canada for new terms, were anxious to have a proposal made and to have a full opportunity for discussing and accepting or rejecting it.

I felt, therefore, that I should take an early opportunity of arriving at the views of the Local Government upon the subject. I was given an appointment by Mr. Walkem in the first week of April, and then confidentially discussed with his Ministry the whole question of alteration in the railway terms. I may mention that upon this occasion no difficulty was raised as to my authority to represent the General Government.

At this time there was considerable irritation displayed by Ministers upon the subject at the saving clause before alluded to; they would not admit any necessity for a present settlement of the railway question, but still persisted that next year, or some future time, should be awaited for the making of any such propositions; and they were particularly careful to avoid saying what concessions in their opinion would be acceptable to the Province in lieu of the original terms. The attitude of the Local Ministry rendered it more important than ever that the popular feeling should be accurately ascertained, and it was my aim to discover it by unreserved discussion with as many men as possible of the different parties and localities.

It was now quite apparent that the Local Ministers were determined to be obstructive, and it became all the more necessary to satisfy the people in so far as their views were found to be reasonable. After receiving from me the best information I could supply, Hon. Mr. Mackenzie directed me to make the Provincial Government certain proposals which were so arranged as to give large and certain advantages to the mainland equally with the Island; and on the 6th May, I was instructed to put them formally in writing and give them to the Local Premier and a copy to the Lieutenant-Governor. Upon the 8th May I had prepared, and I read over to Mr. Walkem, the letter of that date containing the proposals (Appendix B) and upon the following day I handed it to him, and furnished a copy to His Honor the Lieutenant-Governor as directed, accompanied with a short note

(Appendix C). I had made arrangements for another visit to the mainland to ascertain something more of the feeling there, while the Provincial Government were having the proposals under consideration. Before sailing for New Westminster, however, I received the letter from Mr. Walkem (Appendix D) in which he raised objections to recognizing me as the agent of the General Government. It struck me as so peculiar a communication on Mr. Walkem's part, after he and his colleagues had recognised me as such agent almost every day for two months, that I felt it would be better not to be too hasty in accepting that as a serious and final reply to the proposals, but to await the lapse of a few days to be occupied by me in visiting New Westminster, Burrard's Inlet, Yale and some other places on the mainland. Upon returning to Victoria on Saturday, 16th May, I was waited upon by a deputation of leading gentlemen, connected with both sides of local politics, who informed me that it had been announced in the House of Commons at Ottawa, by Hon. Mr. Mackenzie, that proposals had been made on behalf of his Ministry, through myself, to the Provincial Government as to the alteration of the railway terms; and yet that it was denied by members of the Local Ministry, and by their newspaper organ, that any proposals whatever had been made. They represented that the popular feeling was very much excited upon the subject, and that the people were anxious to have the earliest opportunity of considering and deciding upon the question, and I was asked to inform them whether such proposals had been made. Upon receiving an affirmative reply they took their leave, and shortly afterwards, as the intelligence spread, considerable excitement was manifested at the treatment the proposals were receiving at the hands of Local Ministers.

In order to afford Mr. Walkem another opportunity to reply to the proposals, or to consider them, if he were at all desirous of doing so, I again addressed him, and in a letter of 18th May, (Appendix E) endeavoured to point out that he could not ignore the communication of 8th May, and reiterated the request on behalf of the Government of Canada, that the proposals should receive the consideration to which they were entitled. In reply to this I received the letter, (Appendix F) and upon the 19th May, under directions from Hon. Mr. Mackenzie, I left Victoria upon my return journey without any further official communication with the Local Ministry.

I may be permitted to mention that His Honor the Lieutenant-Governor, throughout the whole of my visit, was always most obliging in giving me upon all public questions very full information, which his large experience in the Province rendered of the highest value. He also manifested an earnest wish to see a definite and amicable settlement of the railway question speedily arrived at between the General and Provincial Governments.

In accordance with the direction contained in the last paragraph of Hon Mr. Mackenzie's letter to me of the 19th February, I took every opportunity during my stay in British Columbia, of noting various matters connected with Dominion business and interests. In several despatches to Heads of Departments, as well as in verbal communications with Ministers, I have already called attention to some important subjects of that kind, and I propose to have the honor of communicating in separate reports or despatches upon several other points of interest and importance connected with Dominion affairs in the Pacific Province.

I have the honor to be, Sir,
Your obedient servant,
(Signed,) J. D. EDGAR.

APPENDIX A.

OTTAWA, February 16th, 1874.

DEAR SIR,—Allow me to introduce Mr. James D. Edgar, of Toronto, who visits your Province on public business for the Government. Mr. Edgar will confer with yourself and other members of the Government of Columbia on the questions lately

agitating the public mind in Columbia, and will be glad to receive your views regarding the policy of the Government on the construction of the railway.

But for the meeting of Parliament in four weeks, some member of the Government would have visited your Province, but Mr. Edgar as a public man is well known here, and fully understands the questions he will discuss with you.

I need not, I am sure, assure you of my sincere desire to do all I can to not only act justly but generously to Columbia.

It is in your interest and in the interest of the Dominion that we should both act with a reasonable appreciation of difficulties which are unavoidable, and devise means to remove them or overcome them.

We have induced Mr. Edgar to go to Columbia as we thought you would prefer a full conference with an Agent to a tedious and possibly unsatisfactory correspondence.

I have the honor to be, yours truly,

(Signed,) A. MACKENZIE.

Hon. G. A. Walkem,
Attorney-General, Victoria,
British Columbia.

APPENDIX B.

VICTORIA, B.C., May 8, 1874.

SIR,—I have the honor to inform you that I have been instructed by the Premier of Canada to make you aware of the views of his administration upon the subject of the construction of the Canadian Pacific Railway, in order that British Columbia may have full opportunity of considering and deciding upon a question so closely affecting her material interests. The scheme originally adopted for the carrying out of this work, has, for a variety of reasons, proved unsuccessful, and to devise a plan for a more certain accomplishment has been the aim of the Dominion Cabinet. The chief difficulty to be encountered in attempting to carry out the existing system of construction is to be found in the stipulation as to completion of the railway by the month of July, 1881. In proposing to take a longer time for constructing the railway, the Canadian Government are actuated solely by an urgent necessity. They are advised by their engineers that the physical difficulties are so much greater than was expected that it is an impossibility to construct the railway within the time limited by the terms of Union, and that any attempt to do so can only result in wasteful expenditure and financial embarrassment. It is because they desire to act in good faith towards British Columbia that the Canadian Ministry at once avow the difficulty of carrying out the exact terms of Union, whilst they have no desire to avoid the full responsibility of Canada to complete the railway by all means in her power and at the earliest practicable date.

The eleventh Article of the terms of Union, embodies the bold proposition that the railway should be commenced in two and completed in ten years from the date of Union, to connect the seaboard of British Columbia with the railway system of Canada. Feeling the impossibility of complying with this time limit for completion, the Government is prepared to make new stipulations and to enter into additional obligations of a definite character, for the benefit of the Province. They propose to commence construction from Esquimault to Nanaimo immediately, and to push that portion of railway on to completion with the utmost vigor and in the shortest practicable time.

The engineering difficulties on the mainland have unfortunately turned out to be so serious that further surveys must necessarily be made before the best route can be determined upon. The Government have already asked Parliament for a large sum for the purpose of carrying on these surveys, and no expenditure will be spared to achieve the most speedy and reliable selection of a permanent location of the line upon

the mainland. It is useless to propose an actual construction being undertaken before the location has been determined upon; but in order to afford as much benefit from the works of construction from the very first, as can possibly be derived by the people of the interior, the Government would immediately open up a road, and build a telegraph line along the whole length of the railway in the Province, and carry telegraph wire across the continent. It is believed that the mere commencement to build a railway at the seaboard, as stipulated for in the existing terms, would give but little satisfaction to the producers living upon the east side of the Cascade Mountains, who would be unable without a road being first constructed, to find a market all along the whole extent of the railway, wherever construction was progressing. It would then be the aim of the Government to strain every nerve to push forward the construction of the railway; and they would endeavor at the same time so to arrange the expenditure that the legitimate advantages derivable from it, would, as much as possible, fall into the hands of our own producers. In addition to constructing the road to facilitate transport along the located line, they are anxious to avail themselves of the large supplies of all kinds of provisions now existing, or capable of being produced, in the interior, and would proceed from the very first with all the works of construction in that portion of the country that their energy could sanction.

It is to be observed that while the terms of union contemplated the completion of the whole railway within a certain number of years, they made no provisions of any certainty of expenditure in any particular time, or in any particular portion of the line. To predicate the highest expenditure, which in any one year might be warranted in a particular portion of a great work like this, is certainly difficult; and it is still more difficult to arrive at the lowest fixed annual sum, which in every year and under all circumstances might be judiciously expended as a minimum in local construction. To a country like British Columbia, it is conceded, however, to be an important point that not only the prompt and vigorous commencement, but also the continuous prosecution of the work of construction within the limits of the Province should be guaranteed. In order therefore to secure an absolute certainty in this direction, and although the length of line within the Province is estimated at only about one-fifth of the whole length, the Dominion Government are disposed to concede to British Columbia that the moment the surveys and road on the mainland can be completed, there shall be in each and every year, and even under the most unfavorable circumstances, during the construction of the railway, a minimum expenditure upon works of construction within the Province, of at least one million and five hundred thousand dollars. That this will secure the continuous progress of the works in the Province, without any intermission is quite apparent, and it must also be perfectly clear that so large an annual sum could not be expended by any Dominion administration in a remote district without holding out to the country some early prospect of a return for it, and at the same time showing that they were proceeding with the works with sufficient rapidity to bring the investment into an early condition to earn something. In reference to this point, I may be permitted to refer to the fact that the delegates from British Columbia, who negotiated the terms of Union were instructed by the Provincial Legislature to accept an undertaking from Canada, to build the railway with a guaranteed annual expenditure in the Province upon construction, of one million of dollars, to begin at the end of three years after union. We must assume that this guarantee of continuous construction was only abandoned by the delegates upon a conviction of both the sincerity and the feasability of the offer of early completion that was made to them. I trust that the proposals of the Dominion Cabinet, which I have sketched above, will be considered and accepted by British Columbia, as an earnest effort on the part of the former to carry out the spirit of the obligations to the Province.

The leader of the Canadian Government has instructed me to place these matters before you, as leader of the Provincial Administration, and at the same time to furnish a copy to His Excellency the Lieutenant-Governor. The substance of these proposals has been sent to me by telegraphic cypher, and based upon that, I have the honor of communicating them to you. The Dominion Government would be glad to have the

consideration this proposal entertained by your Administration and to learn the conclusion of the Government of British Columbia upon the subject.

I have the honor to be, Sir,

Your obedient servant,

(Signed,) J. D. EDGAR.

Hon. George A. Walkem, M.P.P.,
Attorney-General.

APPENDIX C.

VICTORIA, B. C., May 9th 1874.

SIR,—I have the honor to inform Your Excellency that in accordance with instructions from Hon. Alexander Mackenzie, leader of the Canadian Government, I have submitted to the Hon. G. A. Walkem, leader of your Ministry, the views of the former upon the question of the Canada Pacific Railway, with a view to the relaxation of the terms of Union so far as regards the time limited for the completion of the railway. I was at the same time instructed to furnish for Your Excellency's information a copy, which I now have the honor to enclose, of the communication addressed by me to your Minister upon that subject.

I have the honor to be,

Your Excellency's obedient servant,

(Signed,) J. D. EDGAR.

His Excellency
The Hon. Joseph W. Trutch,
Lieutenant-Governor of British Columbia.

APPENDIX D.

ATTORNEY-GENERAL'S DEPARTMENT,

VICTORIA, May 11th, 1874.

SIR,—I have the honor to acknowledge the receipt on Saturday, the 9th instant, of your letter of the previous day's date.

In reply to your request that I should submit your proposals for a change in the railway clause of the terms of Union to the Local Administration for their consideration and acceptance, I have the honor to inform you that I am not in a position to advise His Excellency the Lieutenant-Governor in Council to treat such proposals officially, nor can I tender such advice until I shall have been informed that you have been specially accredited to act in this matter as the agent of the General Government, and that they will consider your acts or negotiations in the matter binding upon them.

I have the honor to be, &c.,

(Signed,) G. A. WALKEM,
Attorney-General.

James D. Edgar, Esq.,
Victoria.

APPENDIX E.

VICTORIA, May 18th, 1874.

SIR,—I have the honor to acknowledge having received your letter of the 11th inst., just before leaving for the mainland. I am sure you cannot have forgotten that letters from the highest dignitaries at Ottawa, which have been long ago delivered by

me both to His Excellency the Lieutenant-Governor and to yourself, have informed you that I came to this Province on behalf of the Dominion Government, and possessing their entire confidence. In my communication of the 8th inst., I stated most distinctly that I was making the proposals contained in it by the instructions and on behalf of the Canadian Ministry. You have, however, done me the honor of assuming that my statement was incorrect, and that I am acting without authority or instructions. I can afford to pass over without notice the personal insinuations, but I must most strongly protest against such extraordinary treatment of a document which emanates from the Government of Canada, upon a subject of such deep and pressing moment to British Columbia. I have therefore the honor to request that the proposals of the Dominion Government may receive the consideration at the hands of the Provincial Administration to which such communications are entitled, and which the extreme importance of the subject demands.

I have the honor to be,
Your obedient servant,
(Signed,) J. D. EDGAR.

Hon. George A. Walkem,
Attorney-General, &c.

APPENDIX F.

VICTORIA, May 18th, 1874.

SIR,—In reply to your letter of this date, I must express my surprise and regret that you should have taken umbrage at the contents of my letter of the 11th inst. Mr. Mackenzie is an official, and his only letter to me respecting your visit, has expressly narrowed and confined the object of your mission to the holding of a personal interview with my colleagues and myself in order that our "views regarding the policy "of the Government on the construction of the railway should be ascertained without "tedious and possibly unsatisfactory correspondence"—I quote his words. These things having been done, the special aim desired, I may be permitted to think, has been attained by Mr. Mackenzie.

When, however, you proceed further and propose changes to this Government of the gravest import nce to the Province, I must be pardoned for considering it my duty in my public capacity to ask for your official authority for appearing in the *role* of an agent contracting for the Dominion of Canada. This information I have not yet received.

I have the honor to be,
Your obedient servant,
(Signed,) GEO. A. WALKEM.

J. D. Edgar, Esq.

COPY *of a Report of a Committee of the Honorable the Privy Council, approved by His Excellency the Governor General in Council, on 8th July,* 1874.

The Committee of Council, after due deliberation, consider that the proposed mission of Mr. Walkem, Attorney-General of British Columbia, to England on behalf of the Government of that Province, to complain to the Imperial Government of the non-fulfilment by the Dominion Government of the terms of Union, and the telegraphic message of the Right Honorable the Secretary of State for the Colonies with reference to the said mission, in which he offers his good offices in arriving at some understanding between British Columbia and the Dominion, render it desirable that a brief statement should be submitted showing the position of the question, and the action taken by the present Government of Canada in relation thereto.

The Order in Council under which British Columbia was admitted into the Union provided in the 11th Section that:

"The Government of the Dominion undertake to secure the commencement

"simultaneously, within two years from the date of the Union, of the construction of a "railway from the Pacific towards the Rocky Mountains, and from such point as may "be selected east of the Rocky Mountains towards the Pacific, to connect the sea-board "of British Columbia with the railway system of Canada; and further to secure the "completion of such railway within ten years from the date of the Union."

The passage of such a provision was very strongly opposed in Parliament, the Government of the day securing only a majority of ten in support of the measure. In order to induce even this majority to sustain them, the following resolution was proposed and carried by the Government:

"That the railway referred to in the address to Her Majesty concerning the Union "of British Columbia with Canada, adopted by this House on Saturday, the 1st April "instant, should be constructed and worked by private enterprise, and not by the "Dominion Government, and that the public aid to be given to secure that undertaking "should consist of such liberal grants of land, and such subsiny in money or other "aid *not increasing the present rate of taxation*, as the Parliament of Canada shall "hereafter determine."

The late Government were compelled by their followers in the House to adopt this resolution regarding the taxation consequent on the obligation to build the railway as the condition of obtaining their support. Even with this qualifying resolution promised the section respecting the railway was carried but by a majority of ten, the usual majority being from fifty to seventy.

It is impossible to conceive how such terms could even have been proposed, as it was quite clear to every person that they were incapable of fulfilment, especially as the British Columbia Legislature never asked such extravagant terms. The clause of the terms adopted by that body having reference to the railway was as follows:—

"Inasmuch as no real union can subsist between this colony and Canada without "the speedy establishment of communication across the Rocky Mountains by coach "road and railway, the Dominion shall within three years from the date of Union "construct and open for traffic such coach road from some point on the line of the Main "Trunk Road of this colony to Fort Garry, of similar character to the said Main Trunk "Road; and shall further engage to use all means in her power to complete such "railway communication at the earliest practicable date, and that surveys to determine "the proper line for such railway shall be at once commenced; and that a sum not less "than one million dollars shall be expended in every year from and after three years "from the date of Union in actually constructing the initial sections of such railway "from the seaboard of British Columbia to connect with the railway system of Canada."

Mr. Trutch, the delegate of the British Columbia Government, present in Ottawa during the discussions on the terms of Union, expressed himself as follows at a public meeting, in order to reassure those who were apprehensive of the conveyances of so rash an assumption of such serious obligations:—

"When he came to Ottawa with his co-delegates last year, they entered into a "computation with the Privy Council as to the cost and time it would take to build "the line, and they came to the conclusion that it could be built on the terms pro-"posed in ten years. If they had said twelve or eighteen years, that time would "have been accepted with equal readiness, as all that was understood was that the "line should be built as soon as possible. British Columbia had entered into a part-"nership with Canada, and they were united to construct certain public works, but "before one would protest against anything by which it should be understood that "the Government were to borrow one hundred millions of dollars, or to tax the "people of Canada and British Columbia to carry out those works within a certain "time (loud cheers) he had been accused of having made a very Jewish bargain; "but not even Shylock would have demanded his 'pound of flesh' if it had to be cut "from his own body. (Laughter and cheers.)"

These expressions show very clearly that the terms agreed to were directory rather than mandatory, and were to be interpreted by circumstances, the essence of the engagement being such diligence as was consistent with moderate expenditure, and no increase in the then rate of taxation.

When the present Government assumed office in November, 1873, the condition of affairs regarding the railway was as follows:—A sum of over a million of dollars had been expended in prosecuting the surveys, over one-half of which was spent in British Columbia, but the engineers had not been able to locate any portion of the line.

A Company, under the Presidency of Sir Hugh Allan, had been formed by the late Government to construct the line. That Company had undertaken to complete the railway for a grant of thirty millions of money and a grant of twenty thousand acres of land per mile, retaining possession of the railway when built as their own property. The President and a delegation of the Directors of this Company visited England to make financial arrangements to enable them to commence the work of construction. Their mission proved a total failure. Their failure was so complete that soon after the return of Sir Hugh Allan and his co-delegates from England, they relinquished their charter, and the Government paid them the sum of one million dollars, which had been deposited with the Receiver-General under the terms of the agreement.

The British Columbia Government had also complained that the commencement of the works of construction had not been made within the time provided. Sir John A. Macdonald, however, giving an informal opinion that the terms as to commencement were sufficiently and substantially kept by the active prosecution of the surveys.

This Government had therefore to provide some other method for the prosecution of the work, to endeavor to keep substantially good faith with British Columbia, to avoid further taxation and, if possible, secure the consent and co-operation of the Government and people of British Columbia.

The new bill, which has since become law, was prepared, which enables the Government (with the approval of Parliament) to get the work executed in one or several contracts, by a company or companies, which may or may not become proprietors of the line after it is constructed.

Mr. James D. Edgar was despatched on a special mission to the Province of British Columbia, charged to confer with the Government, and also to visit all classes or parties, and ascertain their views, and to submit any proposal he might be directed to make to the local authorities or to receive any proposition from them and forward the same to Ottawa for consideration. A copy of the instructions sent to Mr. Edgar, and copies of certain telegrams already forwarded, and Mr. Edgar's report accompanying this minute, explain sufficiently the nature and result of Mr. Edgar's mission. It was at first expected that a good understanding would be arrived at, and judging from circumstances, local political complications alone prevented some arrangement being come to.

The reason alleged for refusing to consider the proposition Mr. Edgar was finally directed to make, that Mr. Edgar was not accredited by this Government, was evidently a mere technical pretence. All that Mr. Edgar had to do was simply to present the proposals and ascertain on the spot whether they would be entertained by the Government.

If satisfactory to them, the Dominion Government would, as a matter of course, have them sanctioned in due form; or if any counter proposition had been made, instructions would be given to Mr. Edgar concerning them.

The propositions made by Mr. Edgar involved an immediate heavy expenditure in British Columbia not contemplated by the terms of Union, namely, the construction of a railway on Vancouver's Island, from the Port of Esquimault to Nanaimo, as compensation to the most populous part of the Province for the requirement of a longer time for completing the line on the mainland. The proposals also embraced an obligation to construct a road or trail and telegraph line across the continent at once, and an expenditure of not less than a million and a half within the Province annually on the railway works on the mainland, irrespective of the amounts which might be spent east of the Rocky Mountains, being a half more than the entire sum British Columbia demanded in the first instance as the annual expenditure on the whole road.

In order to enable the Government to carry out the proposals, which it was hoped the British Columbia Government would have accepted, the average rate of taxation was raised at the late Session about fifteen per cent. The customs duties being raised from fifteen per cent. to seventeen and a half per cent., and the excise duties on spirits and tobacco a corresponding rate, both involving additional taxation exceeding three millions of dollars on the transactions of the year.

The public feeling of the whole Dominion has been expressed so strongly against the fatal extravagance involved in the terms agreed to by the late Government, that no Government could live that would attempt or rather pretend to attempt their literal fulfilment. Public opinion would not go beyond the proposal made through Mr. Edgar to the Government.

There is also reason to believe that local political exigencies alone induce the Government of British Columbia not to entertain these proposals.

Since these propositions have been before the people meetings have been had on Vancouver's Island and on the mainland, when the action of the Local Government was condemned, and a call made to accept the proposals offered. A very influential portion of the local press has also declared in favor of the course pursued by the Dominion Government.

It may not be out of place to mention that the action of the Dominion Government regarding the graving dock, shows a desire to do everything that can fairly be asked, whether there be an obligation or not under the terms of the Union. The Dominion was only bound to guarantee the interest on one hundred thousand pounds at five per cent. for ten years after the dock should be constructed. The Local Government found it impossible to obtain any contractor to undertake the work on the terms they were able to offer, based on the Dominion guarantee, and they solicited this Government to assist otherwise. This was agreed to, and Parliamentary authority was obtained at the late Session to enable the Governor General in Council to advance $250,000 as the work progressed.

The report of Mr. Edgar will fully explain the object and effect of his mission as the agent of the Government. The Committee advise, therefore, that a copy of the said report and appendices be transmitted to the Right Honorable Lord Carnarvon Secretary of State for the Colonies, with this minute.

Certified.

(Signed,) W. A. HIMSWORTH,
Clerk, Privy Council.

(No. 183.)

QUEBEC, 9th July, 1874.

MY LORD,—I have the honor to forward, for your Lordship's information, a printed circular from the Department of Public Works inviting proposals for the erection of a line of telegraph along the general route of the Canadian Pacific Railway.

I have, &c.,
(Signed,) DUFFERIN.

The Right Honorable
The Earl of Carnarvon,
&c., &c., &c.

Canadian Pacific Railway—Telegraph Line.

Proposals are invited for the erection of a line of telegraph along the general route of the Canadian Pacific Railway, as may be defined by the Government. The proposals to embrace the following points, viz.:—

The furnishing of all materials, labor, instruments and everything necessary to put the line in operation.

The maintenance of the line for a period of five years after its completion.

In the wooded sections the land to be cleared to a width of 132 feet or such

greater width as may be necessary to prevent injury to the telegraph from fires or falling trees.

Distinct proposals to be made for each of the following sections, such proposals to state the time when the party tendering will undertake to have the telegraph ready for use in each case:

1. Fort Garry to a point opposite Fort Pelly, about 250 miles.
2. Fort Garry to the bend of the North Saskatchewan, about 500 miles.
3. Fort Garry to a point in the longitude of Edmonton, about 800 miles.
4. Lac La Hache, or other convenient point on the existing telegraph system in British Columbia, to Fort Edmonton, about 550 miles.
5. Fort Garry to Nepigon, Lake Superior, about 420 miles.
6. Ottawa to Nepigon, Lake Superior, about 760 miles.

The above distances are approximate. They are given for the general guidance of parties desiring information. Any increase or diminution in the ascertained mileage after construction will be paid for or deducted, as the case may be, at a rate corresponding with the sum total of the tender.

Parties tendering must satisfy the Government as to their ability to carry out the work and maintain it for the specified time.

Proposals addressed to the Minister of Public Works will be received up to the 22nd day of July next.

By Order.

Department of Public Works,
June, 1874.

F. Braun,
Secretary.

(No. 192.)

Ottawa, 18th July, 1874.

My Lord,—I have the honor to enclose a copy of an approved Report of a Committee of the Privy Council requesting me to inform your Lordship that Mr. Walkem, the Attorney-General of the Province of British Columbia, has been deputed by that Government as a special agent to lay before your Lordship the claims of British Columbia, under the 11th clause of the terms of the Union with the Dominion of Canada.

8th July, 1874.

I have, &c.,
(Signed,) Dufferin.

The Right Honorable
The Earl of Carnarvon.

Copy *of a Report of a Committee of the Honorable the Privy Council, approved by His Excellency the Governor General in Council, on the 8th July,* 1874.

On a despatch dated 11th June, 1874, from His Honor the Lieutenant-Governor of British Columbia, enclosing a minute of the Executive Council of that Province representing that British Columbia is suffering great injury from the failure by Canada to carry out the obligations of the 11th clause of the terms of Union, and that it is advisable in the interests of that Province that the case be laid before the Imperial Government by means of a memorial to be presented to the Secretary of State for the Colonies by the Attorney-General of British Columbia as special agent and delegate of that Government.

The Lieutenant-Governor states that, in accordance with the advice of his Ministers, he has appointed the Honorable George Anthony Walkem, Attorney General of that Province, to be such special agent and delegate, and at their request he begs that Your Excellency be informed that Mr. Walkem has been duly appointed as such special agent and delegate, and that Your Excellency be moved to acquaint the Right Honorable Her Majesty's Principal Secretary of State for the

Colonies, that Mr. Walkem has been authorized and instructed to place in his hands the memorial of that Government, appealing to Her Majesty, and to support the prayer thereof.

On the recommendation of the Honorable the Secretary of State, the Committee advise that the above request be acceded to.

Certified.

(Signed,) W. A. HIMSWORTH,
Clerk, Privy Council.

(No. 198.)

OTTAWA, 22nd July, 1874.

MY LORD,—I have the honor to forward herewith three copies of the Act of last Session, "An Act to provide for the construction of the Canadian Pacific Railway." One copy is attested by the Deputy Clerk of the Senate.

I have, &c.,

The Right Honorable
The Earl of Carnarvon.

(Signed,) DUFFERIN.

(No. 206.)

OTTAWA, 31st July, 1874.

MY LORD,—I have the honor to transmit a copy of a despatch and enclosure from the Lieut.-Governor of British Columbia, together with the petition to Her Majesty therein referred to from the inhabitants of Victoria, respecting the non-fulfilment by Canada of the terms of Union.

2nd July, 1874.

I have, &c.,

(Signed,) DUFFERIN.

The Earl of Carnarvon.

(Copy.—No. 207.)

SAULT STE. MARIE, July 31st, 1874.

MY LORD,—In further reference to your public despatch, No. 110, of 18th June, which I communicated to my Ministers I have the honor to enclose an approved Order in Council, in which my Government sets forth more at large its views with respect to its pending dispute with British Columbia, and expresses a desire that your Lordship would use your good offices in promoting a settlement of the misunderstanding, in accordance with the suggestion you have been good enough to make.

23rd July.

I have, &c.,

(Signed,) DUFFERIN.

The Right Honorable
The Earl of Carnarvon.

COPY *of a Report of a Committee of the Honorable the Privy Council, approved by His Excellency the Governor General in Council, on the 23rd July,* 1874.

The Committee of Council have had under consideration the despatch from the Right Honorable the Secretary of State for the Colonies, No. 110, relative to the proposed mission of a member of the British Columbia Government to England, for the purpose of complaining of the alleged non-fulfilment of the terms of Union between that Province and the Dominion as to the construction of the Pacific Railway, and containing an offer on the part of Lord Carnarvon in the following terms: "If both "Governments should unite in desiring to refer to my arbitration all matters in contro-"versy, binding themselves to accept such decision as I may think fair and just, I would "not decline to undertake this service;" and further stating that he could not assume such duty "unless by the desire of both parties, and unless it should be fully agreed

"that my decision, whatever it may be, shall be accepted without any question or "demur;" concluding with a request that in the event of this offer being accepted, a statement of the case should be prepared by each Government to be submitted for consideration.

The Committee advise that Lord Carnarvon be informed that the papers already transmitted to the Colonial Office, with the minute of Council of July 8th, having special reference to Mr. Walkem's communication in Ottawa of the 15th July, convey substantially all that this Government have to say upon the subject; and that the Government would gladly accept his Lordship's offer, if it were possible to define, with any degree of exactitude, the matter in dispute.

When the present Government assumed office, they found that the British Columbia Government had protested against the non-commencement of works of construction on the railway on or before the 20th day of July, 1873, as agreed to in the eleventh section of the Order in Council relating to the Union. They also found that the means taken by the late Dominion Government for proceeding with the works of construction had totally failed, although the works preliminary to an actual commencement had been prosecuted with all possible despatch.

There can be no question of the extreme difficulty involved in the survey of a line of railway across an uninhabited continent, a distance of twenty-five hundred miles. To properly complete this survey and ascertain the best route for the railway would require not two years simply, but at least five or six years, as all experience of works of this magnitude and character both in the Dominion and elsewhere has sufficiently demonstrated.

The expenditure which had taken place up to that time was very large, exceeding one million of dollars, and yet the engineers had been quite unable to locate any portion of the line in the more difficult parts of the country to be traversed.

Under these circumstances the Government conceive that there was no reasonable or just cause of complaint on the part of the British Columblia Government.

No other steps could have been taken further than prosecuting the surveys until the assembling of Parliament towards the close of the month of March of this year.

The Government were then prepared with a new bill, taking ample powers for proceeding with the works as expeditiously as the circumstances of the country would permit. No complaint, official or otherwise, has been made as to the sufficiency of this measure to accomplish the object in view. It was distinctly understood by the British Columbia delegation at the time the terms of union were agreed upon that the taxation of the country was not to be increased on account of this work beyond the rate then existing.

So anxious, however, were the present Government to remove any possible cause of complaint, that they did take means to increase the taxation very materially in order to place themselves in a position to make arrangements for the prosecution of the initial and difficult portions of the line as soon as it was possible to do so,—and at the same time, a special confidential agent was deputed to British Columbia for the express purpose of conferring with the Government of that Province, and to endeavor to arrive at some understanding as to a course to be pursued which could be satisfactory to British Columbia and meet the circumstances of the Dominion.

It should be mentioned that before the late Government left office, it had been distinctly understood, as one of the results of the visit to England by the Directors of the Allan Company, that an extension of time of at least four years would be absolutely necessary.

Mr. Walkem, of British Columbia, quite understood this, and there is reason to believe that it would have been assented to by all parties.

The proposal made through Mr. Edgar to the British Columbia Government is one which the Dominion Government think should have been accepted as reasonable and just, and as one quite in accordance with the moral obligations imposed on this Government, if not with the actual letter of the agreement.

It must be remembered that British Columbia earnestly petitioned the Dominion

Government to modify the terms of Union in its own favor in relation to the construction of the graving dock. The Dominion Government cordially assented to provide the money for the construction of the work, instead of abiding by the agreement to guarantee merely the Provincial bonds for ten years, as provided by the terms of Union. This at once shows the liberality of the Dominion Government, and their willingness to consider and meet exceptional circumstances wherever they existed. And this manifestation of liberality on the part of this Government, they conceive should have been reciprocated in other matters by the Provincial Government.

The Dominion Government were also willing to exceed the terms of union by constructing a railway on the Island of Vancouver, although they were bound only to reach the *seaboard* of the Pacific.

At the present time the only violation of the terms of the compact which can be alleged, is that the works of construction were not actually commenced on the 20th July, 1873. But it is doubtful if even that allegation can be upheld.

It was all but impossible to proceed more rapidly with the work of survey, and a very extravagant expenditure was the result of the haste already shown in endeavoring to locate the line.

This may be understood from the fact that the surveys of the Intercolonial Railway, 500 miles long, occupied not less than four years, though the route was through a settled country, and they were then very incomplete, causing subsequent serious embarrassments to the contractors, and the presentation by them of endless claims for compensation.

Mr. Walkem in his conversations admits frankly that the literal fulfilment of the terms for the completion of the line on a certain day in 1881 cannot be expected. The only questions, therefore, that can now arise are, (1) whether due diligence and expedition have been exerted by the Dominion Government in the prosecution of the works, and (2) whether the offers of compensation for the alleged non-fulfilment of the terms were just and fair.

While expressing a very strong conviction that everything has been done that could possibly be done under the circumstances, and that the Dominion Government have shown a disposition to go far beyond the spirit of the engagement entered into with British Columbia, considering the expressions of opinion by Mr. Trutch as the delegate of British Columbia at the time of the union, and the facts set forth in the several documents already forwarded to the Colonial Office, the committee advise that Lord Carnarvon be informed they would gladly submit the question to him for his decision as to whether the exertions of the Government, the diligence shown, and the offers made, have or have not been fair and just and in accordance with the spirit of the agreement.

The Committee advise that a copy of this minute be forwarded to the Right Honorable the Secretary of State for the Colonies.

Certified,

(Signed,) W. A. Himsworth,
Clerk, Privy Council.

(Canada.)

Downing Street, 16th August, 1874.

My Lord,—With reference to my despatch, No. 110, of the 18th of June, I have now to acquaint you that I have seen Mr. Walkem, the Premier of British Columbia, deputed by his Government to represent to me the claims of the Province relative to the delays which have occurred in the construction of the Pacific Railway; the completion of which works within a certain understood time was one of the principal considerations that influenced the Union of British Columbia with the Dominion of Canada in 1871; I will only add on this head that Mr. Walkem laid his case before me in temperate and reasonable terms.

2. I have also received a telegram from the Lieut.-Governor of British Columbia, stating that upon the advice of his responsible Ministers he accepts, on behalf of

British Columbia, the arbitration which I thought it my duty to offer, and the conditions of which I explained to your Lordship in my despatch of the 18th of June.

3. I have further received your despatch of the 31st July, enclosing copy of the Report of the Canadian Privy Council of the 23rd of July, in which your Ministers express their readiness to submit for my decision the question whether the exertions of the Dominion Government in the prosecution of the work, the diligence shown, and the offers made by them to British Columbia, have or have not been fair and just and in accordance with the spirit of the agreement entered into between Canada and British Columbia at the date of the Union.

4. I appreciate the confidence which has been thus placed in me by both parties to this controversy, and so far as lies in my power, I am most desirous of contributing to the settlement of a difference. which although hitherto conducted with great moderation, and in a conciliatory spirit on both sides, might easily assume more serious dimensions.

5. I feel sure that the Dominion Government will agree with me that the sooner this controversy can be closed the better, and that to arrange matters amicably, and with as little resort as possible to formal procedure, will best promote that object, and will be most congenial to the feelings of all parties.

6. With this view, I will proceed to state the case as I understand it, and the impressions which I have formed as to the course that ought to be taken.

The proposals made by Mr. Edgar, on behalf of the Canadian Government, to the Provincial Government of British Columbia, may be stated as follows:—

(1.) To commence at once, and finish as soon as possible, a railway from Esquimault to Nanaimo.

(2.) To spare no expense in settling as speedily as possible the line to be taken by the railway on the mainland.

(3.) To make at once a waggon road and line of telegraph along the whole length of the railway in British Columbia, and to continue the telegraph across the continent.

(4.) The moment the surveys and road on the mainland are completed, to spend a minimum amount of $1,500,000 annually upon the construction of the Railway within the Province.

7. I am under the impression, after conversing with Mr. Walkem, that he is not fully empowered on the part of British Columbia to make specific proposals to the Government of Canada, or to me, as to what terms British Columbia would be willing to accept, but he has stated very clearly, in conversation at this office, the objections entertained by his Government and in the Province to the proposals of your Government; and they, or a considerable part of them, are fully set forth in the petition to the Queen, of which, as it has been published in the Colonial press, you no doubt have a copy.

8. Taking each point *seriatim*, as numbered in the last preceding paragraph but one, I understand it to be urged:—

(1.) That nothing is being done by the Dominion Government towards commencing and pushing on a railway from Esquimault to Nanaimo.

(2.) That the surveying parties on the mainland are numerically very weak; and that there is no expectation in British Columbia, or guarantee given on the part of the Dominion, that the surveys will be proceeded with as speedily as possible.

(3) That the people of British Columbia do not desire the waggon road offered by the Dominion Government, as it would be useless to them; and that even the telegraph proposed to be made along the line of the railway cannot, of course, be made until the route to be taken by the railway is settled.

(4.) That "the moment the surveys are completed," is not only an altogether uncertain, but, at the present rate of proceeding, a very remote period of time, and that an expenditure of $1,500,000 a year on the railway within the Province will not carry the line to the boundary of British Columbia before a very distant date.

8. Mr. Walkem further urges that by section 11 of the Canadian Pacific Railway Act of 1874, it is competent to the Dominion House of Commons to reject at any

time the contract for a section of the railway, and thus to prevent the continuous construction of the work.

9. Referring first to this latter point, I do not understand that it is alleged by Mr. Walkem, nor do I for a moment apprehend that the proviso was introduced with any belief that it would delay the construction of the railway. I conceive that all that was intended by it was to retain the power of exercising an adequate supervision over the financial details of the scheme; nevertheless, the objection stated by Mr. Walkem appears to me one which the Dominion Government should seriously consider, as their policy in so important a matter ought not to be left open to criticism, and British Columbia may fairly ask, according to the letter and the spirit of past engagements, for every reasonable security that the railway will be completed as speedily as possible.

10. Strong as are, doubtless, the objections urged by Mr. Walkem to the proposals which I understand Mr. Edgar to have made on behalf of your Ministers, and important as is the subject-matter of controversy, I, as at present advised, can see no reason why the views of both parties should not be reconciled to their satisfaction and with justice to all interests concerned.

11. On the one hand I cannot entertain the least doubt of the sincere intention of the Canadian Government and Parliament to adhere as closely as possible to the pledges given to British Columbia at the time of the Union; to do that which is just and liberal towards the Province, and in fact to maintain the good faith of the Dominion in the spirit if not in the letter of the original agreement under circumstances which I admit to be of no ordinary difficulty.

12. On the other hand, however, it would be unfair to deny that the objections stated by Mr. Walkem have a certain foundation and force, and I have every confidence in order to obtain the settlement of a question of such vital importance to the interests of the whole Dominion, the Canadian Government will be willing to make some reasonable concessions such as may satisfy the local requirements of British Columbia, and yet in no way detract from the high position which the Dominion Parliament and Government ought in my judgment to occupy.

13. I am of opinion, therefore, on a general review of all the considerations of the case, and as an impartial but most friendly adviser, who, if I may be allowed to say so, has the interests of both parties and the prosperity of the whole Dominion deeply at heart, that the following proposals would not be other than a fair basis of adjustment.

14. (1.) That the section of the railway from Esquimault to Nanaimo should be begun at once.

(2.) That the Dominion Government should greatly increase the strength of the surveying parties on the mainland, and that they should undertake to expend on the surveys, if necessary, for the speedy completion of the work, if not an equal share to that which they would expend on the railway itself if it were in actual course of construction; at all events some considerable definite minimum amount.

(3.) Inasmuch as the proposed waggon road does not seem to be desired by British Columbia, the Canadian Government and Parliament may be fairly relieved of the expense and labor involved in their offer; and desirable, as in my opinion, the construction of the telegraph across the continent will be, it perhaps is a question whether it may not be postponed till the line to be taken by the railway is definitely settled.

(4.) The offer made by the Dominion Government to spend a minimum amount of $1,500,000 annually on the railway within British Columbia, as soon as the surveys and waggon road are completed, appears to me to be hardly as definite as the large interests involved on both sides seem to require. I think that some short and fixed time should be assigned within which the surveys should be completed; failing which some compensation should become due to British Columbia for the delay.

15. Looking, further, to all the delays which have taken place, and which may yet perhaps occur; looking also to the public expectations that have been held out of the completion of the railway, if not within the original period of ten years, fixed by the terms of Union, at all events within fourteen years from 1871, I cannot but

think that the annual minimum expenditure of $1,500,000 offered by the Dominion Government for the construction of the railway in the Province, is hardly adequate. In order to make the proposal not only fair but as I know is the wish of your Ministers, liberal, I would suggest for their consideration whether the amount should not be fixed at a higher rate, say, for instance, at $2,000,000 a year.

16. The really important point, however, not only in the interests of the Province but for the credit of the Dominion and the advantage of the Empire at large, is to assume the completion of the railway at some definite period, which, from causes over which your Ministers have had no control, must now, I admit, be much more distant than had been originally contemplated, and I am disposed to suggest as a reasonable arrangement, and one neither unfair to the Dominion nor to British Columbia, that the year 1890 should be agreed upon for this purpose. In making this suggestion, I, of course, conclude that the Dominion Government will readily use all reasonable efforts to complete the line before any extreme limit of time that may be fixed. A postponement to the very distant period which I have mentioned could not fail to be a serious disappointment to the people of the Province, and to all interested in its welfare, and I should not have suggested it were it not for the full confidence which I felt in the determination of your Ministers to do not merely the least that they may be obliged, but the utmost that they may be able, in redemption of the obligations which they have inherited.

17. I have now only to repeat the strong desire which I feel to be of service in a matter, the settlement of which may be either simple or difficult according to the spirit in which it is approached, a question directly bearing upon the terms of Union, may, if both parties to it will waive some portion of their own views and opinions, be well entrusted to the Imperial authority which presided over that Union, and not improperly, perhaps, to the individual Minister whose fortune it was to consider and in some degree to shape the details of the original settlement under which the Provinces of British North America were confederated, and British Columbia ultimately brought into connection with them. If indeed the expression of a personal feeling may, in such a case as this, be indulged, I may perhaps be allowed to say how sincerely I prize the recollection of the share which I was then permitted to have in that great work, how deeply I should grieve to see any disagreement or difference impair the harmony which has been so conspicuously maintained by the wisdom and good feeling of all parties, and how entirely your Lordship and your Ministers may count upon my best efforts in furtherance of every measure that can contribute to the strength and honor of the Dominion of Canada.

18. It will be very convenient if your Government should feel able to reply by telegraph, stating generally whether the modifications which I have proposed, and which seem to me consistent with the present conditions of the question and with the true construction of the policy adopted by them, are in the main acceptable to them, in order that no unnecessary delay may take place in bringing this matter to a conclusion.

I have, &c.,
(Signed,) CARNARVON.

Governor General
The Right Honorable
The Earl of Dufferin, K. P., K. C. B.

(No. 212.)

OTTAWA, 21st August, 1874.

MY LORD,—In continuation of my despatches, noted in the margin, on the subject of the suggestions made by your Lordship for the settlement of the differences between the Government of British Columbia and that of the Dominion, I have the honor to enclose a copy of a despatch from Lieutenant-Governor Trutch acknowledging the receipt of the copy I sent him of your despatch, No. 110, of the 18th June.

No. 182, 9th July
207, 31st "

No. 3,677, 29th July, 1874.

I have, &c.,
(Signed) DUFFERIN.

The Earl of Carnarvon.

(Copy—813 D)

GOVERNMENT HOUSE,
VICTORIA, B. C.
July 29th, 1874.

MY LORD,—I have the honor to acknowledge the receipt, on the day before yesterday, of your Lordship's despatch of the 3rd inst., transmitting by direction of the Right Honorable The Secretary of State for the colonies, for the information of this Government, a copy of a despatch from that Minister to your Lordship proposing himself as arbitrator in the matters now under discussion between the Government of Canada and this Province in relation to the 11th article of the terms of Union of British Columbia with Canada.

I have submitted your Lordship's despatch, and that from Lord Carnarvon to your Lordship therein transmitted for the consideration and advice of my Executive Council.

I have, &c.,
(Signed,) JOSEPH W. TRUTCH.

His Excellency
The Right Honorable
The Earl of Dufferin, K. P., K. C. B.

(CANADA.)

September 18th, 1874.

MY LORD,—In acknowledging the receipt of your Lordship's despatch, secret, of the 16th of August, in which you have been good enough to convey to me your opinion as to the modifications which might be introduced with advantage into the terms already proffered by my Ministers for the settlement of the dispute now pending between this Government and that of British Columbia, I have the satisfaction of informing you that after a good deal of anxious deliberation Mr. Mackenzie and his colleagues have consented to adopt several suggestions recommended to them by your Lordship, should it be found absolutely impossible to terminate the controversy in any other manner.

2. The general view of my Ministers on the various points referred to are set forth at large in the enclosed Order in Council from which your Lordship will gather that it is with very considerable reluctance they have been induced to make these further concessions, feeling so strongly as they do that their original proposals fairly satisfied the requirements of the case.

3. I have no doubt, however, it will be felt throughout the country that the only mode by which the Dominion could be satisfactorily extricated from the false position in which she was placed by her treaty obligations to fulfil engagements which were physically impossible of execution, was by a large and generous interpretation of the consequent claims against her.

4. I have further the honor to transmit a sketch map of the area now under exploration in British Columbia, accompanied by a memorandum by Mr. Fleming, the engineer-in-chief, by which it will be perceived that every effort is being made to hurry forward the surveys with all possible despatch, and that the employment of any additional staff would uselessly increase the expense without forwarding the work.

I have, &c.,
(Signed,) DUFFERIN.

The Right Honorable
The Earl of Carnarvon
&c., &c., &c.

COPY *of a Report of a Committee of the Honorable the Privy Council, approved by His Excellency the Governor General, on the* 17*th September*, 1874.

The Committee of Council have had under consideration the despatch of the Right Honorable Lord Carnarvon relating to the complaints of the British Columbia

Government with respect to the Pacific Railway, and suggesting certain modifications of the proposals made by the Dominion Government, through Mr. Edgar, on the 8th May last.

These proposals were prompted by a desire to provide against future difficulty, in view of the then well ascertained fact that the terms of Union had become impossible of literal fulfilment, on the one hand, and on the other hand giving due weight to the very strong feeling entertained against the fatal extravagance which these terms involved to the country. The proposals may thus be summarized :—

1. To build a railway from Esquimault to Nanaimo, on Vancouver Island, in excess of the terms of Union, and to begin the work immediately.

2. To commence the construction of the railway on the mainland as soon as the surveys could be completed, and to expend on the work not less than one and a half millions annually.

3. To take the necessary steps, meanwhile, to secure the construction of a telegraph line across the continent on the located line for the railway, at the same time cutting out the railway track and building thereon a trail or road, which would become available as part of the permanent works.

The arrangement proposed by Lord Carnarvon embodies some amendments. His Lordship suggests :—

1st. The immediate construction, as proposed, of the short line on Vancouver Island.

2nd. After the location of the line the expenditure of two millions on the mainland, instead of one and a half millions.

3rd. The increase of the engineering force to double the number now employed; the expenditure on the survey, if not of an amount equal to the proposed annual expenditure on construction, of some other specific sum; the prescribing of a limited time for the completion of the survey; and the payment of a sum of money as compensation in the event of its not being so completed.

4th. The guarantee of the completion of the entire railway in 1890.

It is also suggested that the construction of the telegraph line and road need not be proceeded with, as Mr. Walkem does not consider either as of any use to the Province.

The Committee recommend that the first consideration, which is precisely what was previously offered, be again concurred in.

In regard to the second proposal, the Committee recommend that Lord Carnarvon be informed (if it be found impossible to obtain a settlement of the question by the acceptance of the former offer) that the Government will consent that after the completion of the survey, the average annual minimum expenditure on the mainland shall be two millions. There is every reason to believe now that a majority of the people of Columbia would accept the propositions previously made. Judging from a petition sent from the mainland, signed by 644 names (a copy of which petition is enclosed), there is almost an entire unanimity there in favor of these proposals, and assurances were given very lately by gentlemen of the highest position on the Island that the course of the Local Government would not meet general approval there. An application was made by one prominent gentleman, an ex-member of Parliament, to the Government here, to know if the proposals made would still be adhered to, he pledging himself to secure their acceptance by the bulk of the people.

It is therefore earnestly hoped that no change will be considered necessary, as it will be difficult to induce the country to accept any further concessions.

The third condition requires an increase of the engineer force employed on the surveying service; the completion of the survey within a specific time; and in case that time should be exceeded, the payment to the Province of a money compensation.

The Committee respectfully submit that the result arrived at by the foregoing suggestion is already being accomplished with the utmost despatch admitted by the circumstances of the case.

The Chief Engineer was instructed to provide all the assistance he required in order to complete the surveys within the shortest possible period, and he engaged

a large force; a force larger indeed than can with profit be employed until the route is definitely determined.

Whatever may be the route finally chosen, the line will of necessity traverse a country with exceedingly rough topographical features for a distance of five or six hundred miles from the eastern slope of the Rocky Mountains to the extreme limit of the Province on the Pacific.

The country is an immense plateau, which maintains its general elevation to within a few miles of the sea, but often rises into unshapely mountain ranges; some of these ranges tower to a height of over 9,000 feet.

The boundary of the plateau on the west is the Cascade Range; this forms a huge sea wall along the coast, and has interposed a much more formidable obstacle to the surveyors than the Rocky Mountains Attempts have been made at five or six points to pierce the barrier, but, except at the Fraser River and at Bute Inlet, without success.

From the results of last year's explorations the Bute Inlet route seemed on the whole to be the best, but it is not unassociated with serious difficulties. For a distance of twenty miles the ascent or grade is about 150 feet to the mile.

The straits which form the approach to the harbor from seaward are encumbered by islands, and when reached the harbor is found to be destitute of anchorage. The dangers of navigation are increased not alone by the precipitations and rocky shores, but by the rapidity of the tide which rushes through the narrow channels with a velocity of from seven to nine miles an hour.

It was supposed when work was resumed last spring that a practicable route would be found from the point where Fleming's line touches the north branch of the Thompson River westward towards what is known as Big Bend, on the Fraser River, from which no serious impediment exists until the commencement of the rapid descent to the sea at Bute Inlet is reached. Had this supposition proved correct, it is probable the Government might have been prepared at the end of this year to proceed with the exact location of the line. But the explorations carried on to the close of July last resulted in the discovery of a high range of mountains which fill the country from near the junction of the Clearwater with the Thompson northward to the great bend of the Fraser; and, without a very long detour south or north, they bar the way to the west. The Chief Engineer therefore advised a re-examination of the Fraser Valley, or more correctly speaking, ravine, inasmuch as no broad valley anywhere exists, the rivers in their courses having cleft ways for themselves through the rocks, which in some cases they have pierced to a depth of 1,500 feet by a width of not more than a single mile, thus giving as the normal condition exceedingly precipitous banks. This new examination of the Fraser River route will occupy at least the whole season.

A memorandum from the Chief Engineer will give the strength of the force and show its distribution. Nearly two seasons were passed in examining the Rocky Mountain Range and the Valley of the Columbia in the endeavor to obtain a favorable pass. The result was that the explorers were driven north to what is known as Jasper House Pass.

These facts are mentioned to give some idea of the enormous labor involved, and the impossibility of placing a large force in the field to do engineering work, when it is not yet known where the engineering work is to be done. The exploratory survey must be tolerably complete before the exact location of any portion of the line can be contemplated or possible, and before plans can be made of bridges and other works of construction required, and nothing but the urgency of the contract so imprudently entered into with British Columbia would otherwise have induced the Government to employ more than half the force now engaged.

As pointed out in previous memorandum, the expenditure to the end of last year in British Columbia alone was considerably over half a million of money more than the whole expenditure upon the 2,000 miles eastward of that Province.

The Chief Engineer was informed last winter that it was the desire of the Government to have the utmost expedition used in prosecuting and completing the

surveys; and in the engagements which he has entered into these directions have been fully considered.

The fourth condition involves another precise engagement to have the whole of the railway communication finished in 1890. There are the strongest possible objections to again adopting a precise time for the completion of the lines. The eastern portion of the line, except so far as the mere letter of the conditions is concerned, affects only the provinces east of Manitoba, and the Government have not been persuaded either of the wisdom or the necessity of immediately constructing that portion of the railway which traverses the country from the west end of Lake Superior to the proposed eastern terminus on Lake Nipissing near Georgian Bay, nor is it conceived that the people of British Columbia could, with any show of reason whatever, insist that this portion of the work should be completed within any definite time, inasmuch as if the people who are chiefly if not wholly affected by this branch of the undertaking are satisfied it is maintained that the people of British Columbia would practically have no right of speech in the matter.

It is intended by the Government that the utmost diligence shall be manifested in obtaining a speedy line of communication by rail and water from Lake Superior westward, completing the various links of railway as fast as possible, consistent with that prudent course which a comparatively poor and sparsely settled country should adopt.

There can be no doubt that it would be an extremely difficult task to obtain the sanction of the Canadian Parliament to any specific bargain as to time, considering the consequences which have already resulted from the unwise adoption of a limited period in the terms of Union for the completion of so vast an undertaking, the extent of which must necessarily be very imperfectly understood by people at a distance. The Committee advise that Lord Carnarvon be informed that, while in no case could the Government undertake the completion of the whole line in the time mentioned, an extreme unwillingness exists to another limitation of time; but if it be found absolutely necessary to secure a present settlement of the controversy by further concessions, a pledge may be given that the portion west of Lake Superior will be completed so as to afford connection by rail with existing lines of railway through a portion of the United States and by Canadian waters during the season of navigation by the year 1890 as suggested.

With regard to the ameliorating proposal to dispense with the formation of a road or trail across the country, and the construction of a telegraph line, on the representation of the British Columbia delegate that neither is considered necessary, it is proper to remark that it is impossible to dispense with the clearing out of a track and the formation of a road of some sort in order to get in the supplies for the railway, and the proposal was, that as soon as the general route of the railway could be determined and the location ascertained, a width of two chains should be cleared out in the wooded districts, a telegraph line erected, and that a sort of road passable for horses and rough vehicles should be formed and brought into existence, not as a road independent of the railway, but as an auxiliary to and a necessary preliminary to railway construction, the cost incurred forming part indeed of the construction of the railway itself.

In so vast a country where there are no postal facilities and where there can be no rapid postal communications for many years hence, it is absolutety essential that a telegraph line should be erected along the proposed route, as the only means by which the Government and contractors could maintain any communication. The offer therefore to dispense with a telegraph line is one which cannot be considered as in any way whatever affording relief to the Dominion, the undertaking to construct the telegraph line must rather be looked upon as an earnest of the desire of the Government to do every thing in reason, in order to keep within the spirit of its engagements.

The intention of the Government will be seen from the following quotations from the Act of last Session:—

"A line of electric telegraph shall be constructed in advance of the said railway

" and branches along their whole extent respectively as soon as practicable after " the location of the line shall have been determined upon."

Having dealt with the modifications suggested by Lord Carnarvon, it is proper to notice *seriatim* the several grounds of complaint as stated in the despatch.

1st. " That nothing is being done by the Dominion Government towards com- " mencing and pushing on a railway from Esquimault to Nanaimo."

The Dominion has no engagement to build such a railway, and therefore there can be no just complaint that it is not commenced. The construction of such a railway was offered only has compensation for delay in fulfiling the engagement to build a railway to the " Pacific seaboard."

2nd. " That the surveying parties on the mainland are numerically weak, and " that there is no expectation in British Columbia, or guarantee given, that the " surveys will be proceeded with as speedily as possible."

On this point it is sufficient to state that, as remarked elsewhere, the utmost expedition possible has been used, and that the allegations in the petition are incorrect.

3rd. " That the people of British Columbia do not desire the waggon road " offered by the Dominion Government, as it would be useless to them; and that " even the telegraph proposed to be made along the line of the railway cannot of " course be made until the route to be taken by the railway is settled."

It may be noticed in connection with this extraordinary statement that the construction of such a road was one of the conditions imposed by the Local Legislature in their resolutions adopted as the basis whereon to negotiate the terms of Union. It would therefore seem that such a declaration now is intended more to lessen the value of the proposals made to British Columbia than to indicate public sentiment in the Province. As pointed out elsewhere, the work is practically a part of railway construction, and it is also confidently believed will be of very great advantage to the people generally.

4th. Mr. Walkem further urges "That by Sec. 11 of the Canadian Pacific Rail- " way Act of 1874, it is competent to the Dominion House of Commons to reject at " any time the contract for a section of the railway, and thus to prevent the " continuous construction of the work."

This is simply a complaint that the present Government provided for Parliamentary supervision over the letting of such vast contracts. It was contended by the opposition in 1872 that in the matter of a contract for so large a work, for which the Dominion was to pay thirty millions of dollars, and allot nearly sixty million acres of land, the formal sanction of Parliament should be obtained. Accordingly, when it became their duty under altered political circumstances to submit a new measure to Parliament, in lieu of the one which had failed of success, they were bound to secure by statutory enactments full control to Parliament over the letting of the contract or contracts.

In all extraordinary contracts entered into by the Government of England or Canada, this course has been followed: as, for instance, in contracts for the conveyance of mails by ocean steamers.

It will also be apparent that no Government decision could prevent future Parliamentary action.

The insertion of this section therefore is in pursuance of a well settled public policy, not to permit the executive too extensive powers without specific Parliamentary sanction; and even the present opposition demanded that the restriction should apply to minor works on the branches provided for in the Act.

Neither the Canadian Government nor Parliament can be suspected of having inserted such a clause for the improper purpose of using it to retard progress otherwise possible. Nothing has occurred which could justify such a suspicion.

Since the passage of the Act, the Government have placed the grading of the Pembina Branch under contract and hope soon to place the Nipissing Branch under contract. The contracts for the telegraph lines from Fort William to the existing telegraphic stations in British Columbia will be closed in a few days.

It only remains to say that the Government, in making the new proposals to British Columbia, were actuated by an anxious desire to put an end to all controversy, and to do what is fair and just under very extraordinary circumstances, and that these proposals embraced the most liberal terms that public opinion would justify them in offering.

It is proper, further, to remark that there has been no just cause of complaint at all, inasmuch as the report of the Chief Engineer shows that nothing more could have been done to forward the work.

The Act passed last Session is a very complete one, and amply provides for the construction of the railway subject to the Parlimentary supervision referred to.

The lot of British Columbia is cast in with the other North American Provinces, and it becomes the duty of all the confederated Provinces to consider to some extent the general welfare. It is especially the duty of the smaller Provinces to defer somewhat to the opinions of the old and populous Provinces from which the revenue for the building of all such works is derived.

Certified.

(Signed,) W. A. HIMSWORTH,
Clerk, Privy Council.

Copy of Petition.

"That in view of the action taken by an association calling itself "The Terms "of Union Preservation League," meeting in the City of Victoria, on Vancouver "Island, in petitioning Her Most Gracious Majesty, the Queen, relative to the non-"fulfilment of one of the conditions of the terms of Union, and affirming in said "petition that Esquimault, on Vancouver Island, had been decided to be the terminus "of the Canadian Pacific Railway, and that a portion of the line had been located "between the harbor of Esquimault and Seymour Narrows, and praying that Her "Majesty act as Arbitrator, and see that justice be done to British Columbia, we, the "undersigned, respectfully submit as follows:

"That in our opinion, the order of the Privy Council of Canada, of 7th June, 1873, is in no way binding upon Your Excellency's present Government, and that a line of railway along the seaboard of Vancouver Island to Esquimault is no part of the terms of Union.

"That in any arrangement which may be entered into for an extension of time for the commencement or completion of the railway, any consideration granted by the Dominion of Canada to the Province of British Columbia, should be such as would be generally advantageous to the whole Province, and not of a merely local nature, benefiting only a section thereof.

"That the league referred to, acting under the impression that further surveys may detract from the favorable opinion now entertained by the Engineers of the Bute Inlet route, are desirous of forcing Your Excellency's Government into an immediate selection.

"That we consider it would be unwise, impolitic, and unjust to select any line for the railway until time be given for a thorough survey of the different routes on the mainland, believing as we do, that such survey must result in the selection of Fraser Valley route, which is the only one that connects the fertile districts of the interior with the seaboard.

"That as it is evident that the surveys are not yet sufficiently advanced to allow of an intelligent decision on the question of route being arrived at, we consider that a vigorous and immediate prosecution of the surveys by Your Excellency's Government to be followed in 1875, by the commencement of construction on the mainland will be a faithful carrying out of the spirit of the terms of Union.

"Your petitioners therefore humbly pray that Your Excellency take the views expressed in this our petition into your most favorable consideration."

The Earl of Carnarvon to the Earl of Dufferin.

DOWNING STREET, November 17th, 1874.

MY LORD,—I duly received your despatch of the 18th September, inclosing an Order in Council setting forth the views of your Ministers as to the proposals contained in my despatch of the 16th August, for the settlement of the controversy between Canada and British Columbia respecting the Pacific Railway. I subsequently again saw Mr. Walkem, and at his request I have delayed the announcement of the terms which, in my opinion, may properly be laid down as fair and reasonable, until the receipt of a further written communication from him, which has now reached me, and a copy of which I enclose.

The statements thus placed before me are so clear and complete as to assist me materially in appreciating the position in which the question now stands, and in judging without hesitation what modification of the original terms should be adopted. And I would here express my satisfaction at the temperate and forbearing manner in which points involving most important consequences have been argued on both sides, and the pleasure which I feel in being able to think that asperity of feeling or language may have been, in some degree, avoided through the opportunity of submitting the whole case to the independent judgment of one who may at least claim to have the interests of both parties equally at heart.

I explained very fully in my despatch of the 16th August, the opinion which I entertained on each of the principal questions at issue, and I need now add but little to the simple statement of my decision. That decision is necessarily, as both parties are aware, in the nature of a compromise, and as such it may perhaps fall short of giving complete satisfaction to either. If, on the one hand, your Ministers, as you inform me, consent with reluctance to the further concessions which at an earlier stage I suggested, they will not, on the other hand, fail to bear in mind that even after those concessions are made British Columbia will receive considerably less than was promised to her as the condition of entering the Dominion. I prefer rather to reflect that under the amended terms now to be established, British Columbia will, after all, receive very great and substantial advantages from its union with Canada, while the Dominion will be relieved of a considerable part of those obligations which were assumed in the first instance without a sufficient knowledge of the local conditions under which so enormous and difficult an undertaking was to be carried into effect, and to fulfil which would seriously embarrass the resources of even so prosperous a country as Canada.

Adhering then to the same order in which, on the 16th August, I stated the principal points on which it appeared to me that a better understanding should be defined, I now proceed to announce the conclusions at which I have arrived. They are:—

1. That the railway from Esquimault to Nanaimo shall be commenced as soon as possible, and completed with all practicable despatch.

2. That the surveys on the mainland shall be pushed on with the utmost vigour. On this point, after considering the representations of your Ministers, I feel that I have no alternative but to rely, as I do most fully and readily, upon their assurances that no legitimate effort or expense will be spared, first to determine the best route for the line, and secondly to proceed with the details of the engineering work. It would be distasteful to me, if indeed, it were not impossible to prescribe strictly any minimum of time or expenditure with regard to work of so uncertain a nature; but happily, it is equally impossible for me to doubt that your Government will loyally do its best in every way to accelerate the completion of a duty left freely to its sense of honor and justice.

3. That the waggon road and telegraph line shall be immediately constructed. There seems here to be some difference of opinion as to the special value to the Province of the undertaking to complete these two works; but after considering what has been said, I am of opinion that they should both be proceeded with at once, as indeed is suggested by your Ministers.

4. That $2,000,000 a year, and not $1,500,000, shall be the minimum expenditure on railway works within the Province from the date at which the surveys are sufficiently completed to enable that amount to be expended on construction. In naming this amount I understand that, it being alike the interest and the wish of the Dominion Government to urge on with all speed the completion of the works now to be undertaken, the annual expenditure will be as much in excess of the minimum of $2,000,000 as in any year may be found practicable.

5. Lastly, that on or before the 31st of December, 1890, the railway shall be completed and open for traffic from the Pacific seaboard to a point at the western end of Lake Superior, at which it will fall into connection with existing lines of railway through a portion of the United States, and also with the navigation on Canadian waters. To proceed at present with the remainder of the railway extending by the country northward of Lake Superior, to the existing Canadian lines, ought not, in my opinion, to be required, and the time for undertaking that work must be determined by the development of settlement and the changing circumstances of the country. The day is, however, I hope, not very distant when a continuous line of railway through Canadian territory will be practicable, and I therefore look upon this portion of the scheme as postponed rather than abandoned.

In order to inform Mr. Walkem of the conclusions at which I have arrived, I have thought it convenient to give him a copy of this despatch, although I have not communicated to him any other part of the correspondence which has passed between your Lordship and me.

It will, of course, be obvious that the conclusions which I have now conveyed to you upholds, in the main, and subject only to some modifications of detail, the policy adopted by your Government with respect to this most embarrassing question. On acceding to office your Ministers found it in a condition which precluded a compliance with the stipulations of Union. It became, therefore, their duty to consider what other arrangements might equitably, and in the interests of all concerned, be substituted for those which had failed. And in determining to supplement the construction of some part of the new railway by that vast chain of water communications which nature might seem to have designed for the traffic of a great country, I cannot say that they acted otherwise than wisely. I sincerely trust that the more detailed terms which I have now laid down, as those on which this policy should be carried out will be found substantially in accordance with the reasonable requirements of the Province, and with that spirit of generous and honorable adherence to past engagements which ought, in an especial degree, to govern the dealings of a strong and populous community with a feebler neighbor, and which I well know to be the characteristic of all parties and statesmen alike within the Dominion of Canada.

I have, &c.,

(Signed,) CARNARVON.

(North America, No. 76.)*

Mr. Walkem to the Earl of Carnarvon.

LONDON, October 31st, 1874.

MY LORD,—I now beg leave respectfully to offer, for your Lordship's consideration, a recapitulation and review of the main points of the question at issue between Canada and British Columbia, respecting the breach by the former of the railway agreement in the terms of Union.

Although I have been favored by your Lordship with many and lengthened interviews on the subject, I hope that the grave nature of the interests committed to my care, as well as the important influence which your Lordship's action at the present time is sure to exercise upon the political and industrial growth of the Province, will be of sufficient excuse for again troubling you.

* Printed for the use of the Colonial Office, November 10th, 1874.

A written communication of the kind proposed, may also usefully serve to define more clearly some of the views which I have advocated on behalf of the Province.

Before proceeding further, I trust that I may be permitted to tender the expression of my grateful sense of the attention with which your Lordship has been pleased to receive, not only the statement of the case of British Columbia, as set forth in the petition of its Government, but also the comments upon it which I have from time to time made.

The Provincial Government will be glad to learn—what your Lordship has been good enough to state—that you have been gratified with the temperate spirit in which their case has been presented for the consideration of Her Majesty's Government.

It was, as I had the honor to mention at my first interview, with a strong feeling of regret, that the Government of the Province felt themselves under the necessity of seeking the advice and intervention of Her Majesty's Government in this matter. The Provincial Government desired to work in harmony with the Dominion Government, and I may safely say that such intervention would not have been sought, had a sufficient effort been made by the Dominion to comply with the spirit of the railway agreement.

The key to the general policy of Her Majesty's Government, in relation to British North America, is, so far as I understand, to be found in the preamble of the Act of Confederation, which briefly declares that "Union would conduce to the wel-"fare of the Provinces * * * federally united * * * and promote the interests of "the British Empire." The Imperial policy thus declared has also been the policy of Canada. British Columbia, likewise, has endeavored on her part loyally to follow it. It is from a due regard for the principles laid down in the Confederation Act, and from a natural and, I hope, proper desire to protect her own special interests as a Province, that British Columbia has protested against the non-fulfilment by Canada of the railway agreement of the terms of Union.

This railway agreement, while purposely and in part framed, as I shall hereafter show, to promote the interests of British Columbia, is not an agreement for the construction of a railway within merely provincial limits for simply provincial purposes. It is an agreement of a much more comprehensive character, designed, in fact, mainly to advance, and indeed to effect, a real Union and consolidation of the British Possessions on the Continent of North America. In the attainment of this great end, British Columbia is, owing to her present isolation, especially interested.

A short reference to a few facts, which led to the Union of the Province with Canada, will best explain her true position.

In pursuance of the general Confederation policy declared in 1867, Her Majesty's Government, in 1869, addressed a despatch to the Governor of British Columbia, expressing a desire that British Columbia should be incorporated with Canada. This despatch not only re-states the principles set forth in the Confederation Act, but also shows in what respect they are peculiarly applicable to British Columbia. The following is a quotation from the despatch:—

"Her Majesty's Government," writes the Secretary of State, "anticipate that the interests of every Province of British North America will be more advanced by enabling the wealth, credit, and intelligence of the whole to be brought to bear on every part, than by encouraging each in the contracted policy of taking care of itself, possibly at the expense of its neighbor.

"Most especially is this true in the case of internal transit. It is evident that the establishment of a British line of communication between the Atlantic and Pacific oceans is far more feasible by the operations of a single Government responsible for the progress of both shores of the continent, than by a bargain negotiated between separate, perhaps in some respects rival, Governments and Legislatures. The San Francisco of British North America would, under these circumstances, hold a greater commercial and political position than would be attainable by the capital of the isolated colony of British Columbia.

"Her Majesty's Government are aware that the distance between Ottawa and

Victoria presents a real difficulty in the way of immediate Union. But that very difficulty will not be without its advantages, if it renders easy communication indispensable, and forces onwards the operations which are to complete it. In any case it is an understood inconvenience, and a diminishing one, and it appears far better to accept it as a temporary drawback on the advantages of Union, than to wait for those obstacles, often more intractable, which are sure to spring up after a neglected opportunity."

Here four propositions are laid down:—

1st. That the Canadian Federal system is based upon a union of the "wealth, credit and intelligence" of the several Provinces, which will, when properly applied promote the welfare of each.

2nd. That to secure this result, "easy * * * internal * * * communication" through British territory "is indispensable."

3rd. That the absence of this "easy * * * internal * * * communication," and "the distance between Ottawa and Victoria" constitute "a real difficulty in the way of immediate union."

4th. That this "real difficulty" will operate as a mere "temporary drawback on the advantages of union," as it will be sure to "force onwards" those "operations" necessary to remove it.

It is to hasten the removal of this "temporary drawback," and to "force onwards," in the sense of the above despatch, these necessary operations which have been long deferred, that the Government of British Columbia have sought the intervention of Her Majesty's Government.

The strength of the above propositions, viewed in connection with the general confederation policy, was fully recognized by the then Government of the Dominion. They agreed with Her Majesty's Government, that without "easy communication" and "internal transit" between Ottawa and Victoria, the union of British Columbia and Canada could not be effective. Afterwards, when the whole matter was practically studied by the Government of the Dominion, it seems to have been their decided opinion that "easy communication" across the Continent could mean nothing less than a railway; and that, with respect to British Columbia, the "temporary drawback on the advantages" of confederation, mentioned by Her Majesty's Government, should not be allowed to last for more than ten years from the date of Union.

Hence the Dominion undertook "to secure the commencement simultaneously," on the 20th July, 1873, "of the construction of a railway from the Pacific towards the Rocky Mountains, and from such point as may be selected east of the Rocky Mountains towards the Pacific, to connect the seaboard of British Columbia with the railway system of Canada; and further, to secure the completion of such railway within ten years from" July, 1871. And British Columbia, on her part, entered into certain obligations in favor of the Dominion, with regard to the public lands of the Province. The word "simultaneously," which appears in this argreement, was designedly inserted with two objects:—

1st. That Canada should commence construction works at the two most available points, and thus ensure the early and rapid progress of the railway; and

2nd. That the admitted disadvantages under which British Columbia would labour until the completion of the main line should to some extent be counterbalanced by the benefits of early expenditure upon railway works in the Province.

The agreement thus entered into was inserted in, and formed the most essential part of the terms of Union mutually accepted, in 1871, by British Columbia and Canada. These terms were placed before the people of the Province at a general election. They were shortly afterwards considered and formerly approved by the Provincial Legislature. They were subsequently fully debated, and accepted by both Houses of the Parliament of Canada; and they were finally sanctioned and ratified by Her Majesty in Council. No question, therefore, could have been more thoroughly ventilated; no conclusion more deliberately arrived at. As a strong practical proof of the continued interest felt by Her Majesty's Government in the

success of the Confederation thus established, the Imperial Parliament in July 1873, guaranteed a loan of £3,600,000, to be raised by Canada mainly for the construction, among other public works, of the Canada Pacific Railway.

It may now be useful to present to your Lordship a brief statement of the manner in which the conditions of the Railway Agreement have been observed.

The petition of the Government of British Columbia shows the following facts:—

That the Province has fulfilled her part of the agreement; and has endeavoured to aid the Dominion Government to carry out their part;

That the Dominion Government have not, during the three years succeeding Union, made due effort to complete the railway surveys in British Columbia;

That the Dominion Government did not, on the 20th July, 1873, commence the "simultaneous" railway construction provided for in the agreement;

That they also have hitherto failed to commence any railway construction whatsoever in the Province, though they might have commenced such construction, as they admitted in May last that they were then in a position to begin the railway.

Some further circumstances connected with these matters are detailed in the petition. It is therein shown that in June, 1873, the Dominion Government selected the Harbour of Esquimault, on the Pacific, as the western terminus of the Canadian Pacific Railway; that they at the same time decided that a portion of the main line should be "located" between the terminus and Seymour Narrows; that some weeks prior to the day named in the agreement for the commencement of the construction of the main line, they secured from the Provincial Government "in furtherance of such construction" a reserve of a valuable tract of land lying along this projected line and some 3,000 square miles in area; that, as already stated, no construction whatsoever was or has been commenced within the Province; that, the land so reserved has been thus rendered comparatively valueless to the Province, as it has ever since been closed to settlement and to the investment of capital.

Against the continuance of the above state of things, the Province, through its Legislature and its Government, from time to time entered protest after protest, but without effect, and without even eliciting any reply from the Dominion Government beyond a formal acknowledgment of the receipt of the despatch enclosing each protest. The last protest was forwarded in February of the present year. Subsequently the correspondence took place which is appended to the petition. From the questions raised by this correspondence, all those which are unimportant may be usefully eliminated. I propose, therefore (subject, perhaps, to a slight digression, where necessary), to confine my observations to the principal points in a letter from Mr. Edgar to myself, which contains certain proposals as regards railway matters.

The Provincial Government did not at the time understand that these proposals were officially made. They were subsequently withdrawn by the Dominion Government, and only at the moment of such withdrawal declared by them to have been made with their authority and on their behalf. The above letter, which thus became invested though but for a brief time with an authoritative character, is valuable as the only official intimation to the Provincial Government of the policy of the present Dominion Government on the subject of the Pacific Railway. In addition to certain proposals or offers to British Columbia, the letter contains important statements, and some specific admissions, which favor the Provincial case.

I shall discuss these offers *seriatim*, and endeavor to ascertain their value taken in connection with the conditions attached to them, which conditions, as I shall afterwards show, virtually amount to a surrender by British Columbia of her existing railway agreement. I shall then offer some comments upon the above statements and admissions, using generally, as far as may be, the language in which they are expressed in the letter, in order to lessen the danger on my part of any inadvertent misconstruction of their meaning.

The offers made are as follows:—

No. 1. The Dominion will "commence construction from Esquimault to Nanaimo "immediately, and push that portion of railway on to completion within the shortest "practicable time."

The offer to commence work immediately at Esquimault (which, as already stated, was selected as the western terminus of the main line by an order of the Privy Council of Canada as far back as June, 1873) is simply an offer to do what the Dominion was bound to have done in July, 1873, and what they might have done at any time since, and which they admit in this letter was quite practicable in May last. The offer, your Lordships will notice, is a very limited one. No definite provision is made for the extension of the main line beyond Nanaimo (about 60 miles from Esquimault); nor, indeed, is any definite period fixed for the completion of even this short portion of the railway, which would take neither much time nor money to construct. The promise to complete it "in the shortest practicable time,"—a promise in effect attached to all the offers in the letter,—is one which, slightly qualified, is implied in the present, and in every other agreement of a similar character, in which no stipulation is inserted for the performance of work within a given time. The phrase is much too elastic in its meaning to admit of any definite interpretation. It may, for the present, therefore, be fairly omitted from special consideration, except as some evidence of a general intention on the part of the Dominion Government. I must assume, what the language conveys, that the words "the portion of railway," means the Esquimault and Nanaimo portion or part of the main railway, which is the only railway referred to in the letter. This would tend to show that the position of the terminus is not questioned. No other allusion to the terminus is made in the letter.

No. 2. The Dominion will prosecute and complete the surveys, and then determine "the location of the line upon the mainland."

This promise is reasonable on the face of it, but it is very vague. In May last, the Government of the Dominion informed the Provincial Government that "there was no reason to believe that it would be possible to complete the surveys before the close of the year," 1874. The reasonable inference deducible from this statement is, obviously, that the surveys would be finished at the end of 1874. If a longer period had been deemed necessary for the purpose, the fact would have been stated. Considering the intimation thus given, and looking to the long interval of time that has elapsed without any decision as to the route having been arrived at, it might have been expected that the letter would have positively guaranteed the completion, in 1874, of these and all other indispensable surveys within the Province at least, and have further placed beyond conjecture the commencement of construction works early in 1875. I have been informed by a railway engineer here that, as a matter of practice, the exploratory surveys settle the general bearing or course of a line of railway, and that the subseqent location surveys may be proceeded with at several points along such line simultaneously, and the work of construction be commenced at those points without waiting for the actual location of the whole line. Such being the case, there is no valid reason, in view of all the facts above stated, why this practice should not be followed with respect to the Pacific Railway. The general course of the railway within the Province at least, should be determined this year, and location surveys immediately followed by actual construction, should be commenced early in 1875, at various points on the mainland and on the island. This is what British Columbia above all things desires, and any definite arrangement which will secure her wants in this respect will give the Province much satisfaction.

No. 3. The Dominion will "open up a road and build a telegraph line along the "whole length of the railway in the Province, and carry the telegraph wire across "the continent."

The performance of this offer, both as to the road and the telegraph line, would depend, in point of time, upon the performance of the preceding offer (No. 2), as the above works would, according to the letter, only be commenced after the completion of the surveys and the location (within the Province) of the whole line along which they are proposed to be constructed. The fact is known to your Lordship that the road here meant is a waggon road intended, for a time at least, to supply the place of the railway. A personal knowledge of the country justifies me in stating that a very large portion of the £50,000 or £60,000 required for its construction would be money

simply thrown away. I can also unhesitatingly state that the road would, even as a temporary substitute for the railway, be wholly unacceptable to the Province at large, including the farmers and producers of the "interior," in whose interests, and for whose benefit it is alleged that the offer is especially made. For the transport of supplies and to meet engineering necessities along the line as railway works progress, a merely passable road is necessary and must be constructed; this, in fact, is all that is required. The telegraph line, when finished, would doubtless be useful, but its construction is a question which should be treated independently of the railway agreement. The railway is what is required, and the people of the Province would prefer seeing the time and money which are proposed to be expended on the above works appropriated to the larger and infinitely more beneficial enterprise.

No. 4. When the "surveys and road on the mainland can be completed, there "shall be in each and every year * * * * during the construction of the rail-"way, a minimum expenditure upon the works of construction within the Province, "of at least $1,500,000," and the Dominion "will proceed from the very first with all "the works of construction," on the mainland, "that their engineers could sanction."

The expenditure above proposed may be considered, first, in relation to its amount; and next, with reference to the date of its commencement. The amount falls far short of what British Columbia has been led to expect. The cost of the line in British Columbia has been roughly estimated at $35,000,000 (£7,000,000). Assuming this estimate to be correct, and that ten years would see the completion of the railway, the Province, in accepting the terms of union, had a fair expectation of an average yearly expenditure within her limits of, say, $3,500,000 (£700,000). After a delay of over three years, with its consequent loss to the Province, it is now proposed by the letter that this amount shall be reduced to the sum of $1,500,000, (£300,000). Again, dividing the whole cost $35,000,000 (£7,000,000), by this sum, a period of twenty-three and a half years would be obtained as the time required for the completion of the Provincial section of the line alone, and this period would be only computed from the date when expenditure would be commenced, and not from the date of the letter. It is true that the expenditure proposed is to represent a minimum outlay, which, after several years might for obvious reasons increase with the progress of the work, but I submit that in estimating the value of this or of any similar proposal, the actual figures given—and not contingent amounts which might never be spent—must be the bases of calculation.

Moreover, not only is the proposed expenditure inadequate, but the period when it is to be begun is left largely open to doubt. The letter states that the expenditure will follow the completion "along the whole length of the railway in the Province," of the waggon road mentioned in offer No. 3. The completion of this road, in turn, has to depend upon the completion of all the surveys, and upon the location of the whole line on the mainland (see offer No. 2); and the completion of these surveys and the location of this line are, in point of time, wholly left open to uncertainty. It is stated that from the "very first" construction work on the mainland will be done at such places as the sanction of the engineers will warrant, but this sanction will naturally be deferred until the expenditure, which has been proposed to cover construction work generally, should be commenced. Taken throughout, no offer could well be more indefinite than the above.

Adding all the uncertainties mentioned to the fixed period of 23½ years (or even to a reduced period), it would appear that the above offer may be described as one for the postponement of the completion of the line within the Province for a lengthened period, possibly until some time in the next century.

Your Lordship will observe, what I must consider an important matter, that all the preceding offers refer, and are strictly confined to the British Columbian portion of the railway. The letter is wholly silent as to the extension of the line beyond the eastern frontier of the Province. British Columbia is thus by implication virtually requested to surrender one of the elements most important to her in the contract, namely, the right to insist upon all rail communication with the Eastern Provinces.

I shall now, as proposed, make a few comments upon certain statements and admissions contained in the letter. Probably the most important of the former is the statement that the Dominion Government "are advised by their engineers that " the physical difficulties are so much greater than was expected, that it is an impossi- " bility to construct a railway within the time limited by the terms of Union, and " that any attempt to do so can only result in wasteful expenditure and financinl " embarrassment." Upon this point the Provincial Government are without any information save what is afforded by the last report as published of the Chief Engineer of the Dominion Government. A reference to this report would lead the reader to a rather contrary conclusion to that above expressed. On page 34, section 5, the Chief Engineer makes the following statement:—"It may indeed be now accepted as a certainty, that a route has been found generally possessing favorable engineering features, with the exception of a short section approaching the Pacific coast; which route, taking its entire length, including the exceptional section alluded to, will, on the average, show lighter work, and will require less costly structures than have been necessary on many of the railways now in operation in the Dominion. It is worthy of notice that this report, so favorable to the enterprise, is dated only some four months prior to the date of the letter now under discussion. During the interval between these dates, all surveys in the Province had been suspended. I may further remind your Lordship that the charter for the construction and completion of the railway in ten years from 1871, according to the terms of Union, was keenly competed for by two separate combinations, including men of great railway experience, large capital, and high position in the Dominion. These companies, apparently, did not consider the undertaking to make the railway within the stipulated time impracticable. On the contrary, up to February, 1873, so eager was the competition, and so powerful were the organizations in point of wealth, influence and ability, that the Dominion Government decided to give the charter to neither; and, upon the two companies failing to amalgamate, as suggested by the Government, the Government, under certain powers conferred by Parliament, formed a new company, based upon the principle that each Province should be represented in the undertaking. To this new company a charter was granted on the 5th of February, 1873. With the political or other causes which subsequently led to the surrender of the charter, it is not my duty to deal. The strong fact remains that two responsible and rival companies were willing, and a third undertook, to construct a through line of railway to connect the east and west of the Dominion in eight years from February 1873. Neither in the prospectus of the successful company nor in the voluminous correspondence which took place previously between the two unsuccessful companies on the subject of their respective claims to the charter, and of their proposed amalgamation, was any doubt expressed as to the possibility of fulfilling this time obligation. Had such a doubt existed, it is fair to infer that the Dominion Government would have requested the assistance of the Province to remove it. No such request was, however, made.

With respect to the statement before your Lordship that the chartered company considered an extension of four years necessary to place the financial success of the enterprise beyond doubt, the Provincial Government are without any information save what is contained in, or may be inferred from, the last paragraph of section 8 of the charter granted to the Company, which reads as follows:—The Company "shall " complete the whole railway within ten years from the said 20th of July, 1871, unless " the last mentioned period shall be enlarged by Act of Parliament, in which case the " company shall complete the whole railway within such extended period." Admitting, for the sake of argument, however, that such extension of four years was deemed necessary, the completion of the line would not have been deferred beyond 1885. The extract already quoted from the Engineer's Report, dated, as it is, about twelve months after the date of the charter, and made after a further knowledge of the country had been acquired, tends strongly to confirm the views of the respective companies that the completion of the railway was practicable in 1881, or at the furthest in 1885.

The value of the above facts and correspondence is material, as showing, in the first place, that it was considered all important that a definite period should be assigned for the execution of a work upon which confederation hinges; and in the next place, that 1881, or at most 1885, was a reasonable definition of that period.

The Province, after all her disappointments, above all things desires that the "prompt commencement, continuous prosecution," and early completion of the railway shall be definitely assured or, in the language of the letter, "be guaranteed." The Provincial Government, therefore, strongly but respectfully resist the contention of the Dominion Government that the commencement, prosecution and completion of the line shall be left open to a doubtful and indefinite period.

The further opening statement in the letter, that the Dominion Government are willing "to enter into additional obligations of a definite character the benefit of the "Province," may be said to have been disposed of as the nature and character of these "obligations" have, in the analysis made of the offers, been already examined. I shall therefore pass on to what I have termed the admissions in the letter. The most important of these is an admission which may be inferred from the offer made by the Dominion Government to "commence railway construction immediately from "Esquimault to Nanaimo." Here it is admitted that the Dominion Government were in a position, at least in May last (the date of the letter), if not before, to have begun the railway in the Province. There is, and has been, therefore no excuse for delay in pushing forward the work.

Of scarcely less importance is a second admission, which reads as follows: "To "a country like British Columbia it is conceded, however, to be an important point "that not only the prompt and vigorous commencement, but also the continuous pros- "ecution of the work of construction within the limits of the Province, should be "guaranteed."

To these two admissions may be added a third, and last: the Dominion Government, while conceding that railway construction should be commenced at the seaboard of the Province, consider it most important that every effort should be made by them to push forward the construction of the railway on the mainland, in order that the legitimate advantages of expenditure should, as far as possible, fall into the hands of the farmers and producers of the interior.

This is an object which the Provincial Government have much at heart, and strongly desire to see realized.

With the clear and just sense which the Dominion Government thus appear to have of what is due to the Province; with their full appreciation, on the one hand, of the wants of the interior, and on the other, of the requirements of the Island, it might have been expected that they would, as "a Government responsible for the "progress of both shores of the continent," at least have given some more definite as well as some practical meaning to their expressions of solicitude for the welfare of the people of the Province.

I have thus dwelt upon the letter at considerable length, as your Lordship's attention has been specially directed to it in connection with the present case. I conceive the following to be a synopsis of its offers and conditions: Canada will commence, on the Island, immediate construction of the railway at Esquimault, and finish about sixty miles of it (time of completion indefinite). On the mainland she will prosecute the surveys for the remainder of the line, and finish these surveys (time also indefinite). She will thereafter "locate" the line falling within the Province (time also indefinite). When this can be achieved, she will make along this "located" line, a waggon road (which the Province does not want), and a telegraph line (which the Province has not asked for), and will carry the latter across the continent (time of completion of both road and telegraph line indefinite). Ultimately, after the completion of the surveys and of the road, but not before, Canada will begin, and will continue railway works in the Province, and spend thereon, year by year, not less than £300,000 (whether this sum will include the Esquimault line or not is doubtful. It is the only expenditure offered. As I have shown your Lordship, Canada thus proposes to ensure to the Province the completion of the line within her

limits in twenty-three and a half years, or less, dating from the unknown period at which the offered expenditure can be commenced). Canada will do all this work "in the shortest time practicable," a phrase a shade stronger than the words "with due diligence," three words, the construction of which has given rise to much doubt, and to much painful litigation. In consideration of these offers (if accepted), British Columbia shall, (1st) abandon all claim to the completion of the Canadian Pacific Railway within a definite time; and (2nd) shall (virtually, though not quite so expressed) surrender her right to, and interest in, the completion of about 2,000 miles of the line necessary to connect the eastern frontier with Eastern Canada. Apart from the very objectionable features of the last two conditions, the indefinite character of the above proposals made to the Province is in marked contrast to the statement of the Dominion Government that, "to a country like British Columbia," it is important that the early completion of the railway within her limits should be ensured; and, therefore, that a guarantee should be given by the Dominion Government for "its prompt commencement" (which depends on the prompt completion of the surveys), and also for "its continuous construction" (which depends on yearly specific expenditure). This concludes my remarks upon the letter.

I have endeavored to place before your Lordship a full history of the position of British Columbia with respect to confederation. A very unsatisfactory state of affairs has been disclosed, if the question be regarded simply as a question between the Dominion and one of her Provinces. On the part of the Dominion there have been delays, default, and avowal of default, followed by offers and conditions such as I have described.

The peculiar situation of British Columbia, her remoteness, her weak political position, her dependence on the good faith of the Dominion, the hopes that have been held out and deferred, the grievous loss that has ensued, the consequent utter prostration of her interests, all these give her claims upon Canada, which the present Dominion Government have, as already shown, to a certain extent acknowledged in words. These claims the Provincial Government hope will not be overlooked by your Lordship in considering the reasonable measure of justice to which the Province is entitled under the terms of Union. The Province has not expected anything that is unreasonable, and does not do so now. It is her urgent desire that matters should be forthwith placed on a fair business-like footing, and above all, on a footing of certainty, with proper safeguards to ensure that certainty, so that a good and cordial understanding may be restored and not again be disturbed.

I have, &c.,
(Signed,) GEO. A. WALKEM,
President of the Executive Council of British Columbia.

(No. 313.)

OTTAWA, 18th December, 1874.

MY LORD,—I have the honor to transmit to your Lordship a copy of an Order of the Privy Council, in which my Ministers convey to your Lordship their best acknowledgment for the pains and trouble you have been good enough to take in promoting the settlement of the difference which had arisen between British Columbia and the Government of the Dominion.

I have, &c.,
(Signed,) DUFFERIN.

The Earl of Carnarvon,
&c., &c., &c.

(902 D.)

COPY *of a Report of a Committee of the Honorable the Privy Council, approved by His Excellency the Governor General in Council, on the* 18*th December*, 1874.

The Committee of Council have had under consideration the despatch of the Right Honorable Lord Carnarvon, Secretary of State for the Colonies, of November 17th, conveying a statement of the new terms with British Columbia, which, in his Lordship's opinion, may properly be laid down as fair and reasonable concerning the construction of the Pacific Railway.

In the minute of July 23rd, the Government of the Dominion advised that his Lordship should be informed of their willingness to leave it to him to say whether the exertions of the Government, the diligence shown, and the offers made were or were not fair and just, and in accordance with the spirit of the original agreement, seeing it was impossible to comply with the letter of the terms of Union in this particular.

The conclusion at which his Lordship has arrived "upholds," as he remarks, in the main and subject only to some modifications of detail, the policy adopted by this Government on this most embarrassing question.

The minute of Council of September 17th contained a statement of reasons showing why some of these modifications should not be pressed, but the Government actuated by an anxious desire to remove all difficulties, expressed a willingness to make these further concessions rather than forego an immediate settlement of so irritating a question, as the concessions suggested might be made without involving a violation of the spirit of any Parliamentary resolution, or the letter of any enactment.

The Committee of Council respectfully request that Your Excellency will be pleased to convey to Lord Carnarvon their warm appreciation of the kindness which led his Lordship to tender his good offices to effect a settlement of the matter in dispute; and also to assure his Lordship that every effort will be made to secure the realization of what is expected.

Certified.
(Signed,) W. A. HIMSWORTH,
Clerk, Privy Council.

(Canada.—No. 4.)

Earl Carnarvon to Earl Dufferin.

DOWNING STREET, 4th January, 1875.

MY LORD,—I have the honor to acknowledge the receipt of your despatch of the 18th of December, forwarding to me a copy of an Order of the Dominion Privy Council expressing the acknowledgments of the Government of Canada for the services which I have been fortunate enough to render in promoting the settlement of the differences which had arisen between British Columbia and the Government of the Dominion with respect to the construction of the Pacific Railway.

It has been with great pleasure that I have received this expression of their opinion. I sincerely rejoice to have been the means of bringing to a satisfactory conclusion a question of so much difficulty, of removing, as I trust, all ground of future misunderstanding between the Province of British Columbia and the Dominion, and of thus contributing towards the ultimate completion of a public work in which they, and indeed the whole Empire, are interested.

I have the honor to be, my Lord,
Your Lordship's most obedient humble servant,
(Signed,) CARNARVON.

Governor General
The Right Honorable
The Earl of Dufferin, K.P., K.C.B.
&c., &c., &c.

(Copy No. 18.)

BRITISH COLUMBIA,
GOVERNMENT HOUSE, 31st March, 1874.

SIR,—I have the honor to enclose herewith a minute of the Executive Council of this Province, together with a copy of the Act respecting Articles 2 and 12 of the terms of Union, passed at the recent Session of this Legislature of British Columbia, and to which this minute refers; and, in accordance with the advice and desire of my Ministers, I beg you to lay this despatch and its enclosure before His Excellency the Governor General, and to commend the request of this Government, expressed in the said minute, to His Excellency's favorable consideration.

Minute of Council, 30th March, 1874.

I have the honor to be, Sir,
Your obedient servant,
(Signed,) JOSEPH W. TRUTCH.

The Honorable
The Secretary of State
for Canada.

COPY *of a Report of a Committee of the Honorable the Executive Council, approved by His Excellency the Lieutenant-Governor, on the 30th day of March,* 1874.

The Committee of Council have had under consideration a memorandum dated 16th March, 1874, from the Honorable the Minister of Finance, submitting that as authority has been given by the Legislature for the expenditure in excess of revenue, of the sum of $300,000 or thereabouts, it is advisable that immediate steps should be taken to insure that that sum shall be at the call of the Government when required, and recommending that a copy of the "Act to alter the terms of Union 1874," be sent to the Dominion Government with the request that the Provincial Government be informed by telegram if it is the intention of the Dominion Government to introduce a corresponding measure to the Parliament of Canada, in order that should a negative answer be returned, no time may be lost in obtaining the funds elsewhere under the powers conferred by the "British Columbia Loan Act, 1874."

The Committee concur with the recommendation of the Minister of Finance, and advise its approval, and request that Your Excellency will be pleased to forward a copy of this report through the proper channel to the Dominion Government, at the same time asking that a measure to compliment the Act to alter the terms of Union 1874, be introduced to the Parliament of Canada, and that a telegram anticipating any written reply may be sent to Your Excellency.

Certified.
(Signed,) W. J. ARMSTRONG,
Clerk, Executive Council.

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37 Vict.] [No. 1.

TERMS OF UNION AMENDMENT.

An Act respecting Articles 2 and 12 of the Terms of Union,

[*Assented to 2nd March,* 1874.]

Preamble.

WHEREAS, by Article 2 of the terms of Union between this Province and the Dominion of Canada, Canada became liable for the actual debt due by the Province at the date of Union, and agreed to pay to the Province, half-yearly in advance, interest at the rate of five per centum per annum on the difference between such actual debt, and a certain amount hereinafter called the "allowed debt," which allowed debt has been fixed and determined by chapter 30 of the Acts of the Parliament of the Dominion of Canada, passed in the 30th year of the present reign.

And, whereas, it has been agreed by and between the Dominion Government and the Provincial Government that, notwithstanding the provisions contained in Article 2, and with a view of enabling the Province to undertake the construction of important public works, that the Dominion Government shall pay to the Provincial Government such sums of money together not exceeding the difference between the actual debt and the said allowed debt, as may from time to time be applied for, and to be charged against such difference of debt aforesaid.

And, whereas, it has also been agreed by and between the two Governments that the Dominion Government shall pay to the Provincial Government the sum of $250,000 to aid in the construction of a graving dock at Esquimault, in lieu of the guarantee of five per cent. per annum on £100,000 for ten years, as set forth in Article 12 of the terms of Union.

And, whereas, the sanction of the Parliament of the Dominion of Canada and of the Legislature of British Columbia is necessary to ratify such agreements.

Therefore Her Majesty, by and with the advice and consent of the Legislative Assembly of the Province of British Columbia, enacts as follows:

Respecting Article 2 of terms of Union.

1. Notwithstanding anything contained in Article 2 of the terms of Union aforesaid, it shall be lawful for the Government of British Columbia, subject to the above recited conditions, from time to time, to apply for and to receive from the Dominion Government such sums of money as shall together not exceed the difference between the actual debt and the allowed debt of the Province.

Respecting Article 12.

2. In lieu of Article 12 of the terms of Union aforesaid, it shall be lawful for the Government of British Columbia to apply for and to receive from the Dominion Government $250,000 in aid of the construction of a graving dock at Esquimault; and upon payment of such sum Article 12 shall be void and of no effect.

Refund of money advanced.

3. It shall be lawful for the Province of British Columbia to refund, at any time to the Dominion the sums so advanced as aforesaid, to be held upon and subject to the same conditions by the Dominion Government as the moneys now held by them.

Saving clause.

4. Provided that the provisions of this Act, or any negotiations made or entered into in connection therewith, or the payment by Canada, or the acceptance by British Columbia of any moneys under or by reason thereof, shall not in any manner affect the railway or other clauses of the terms of Union, or operate so as to waive or in any way affect any right or rights which British Columbia may now or may hereafter possess, for or in respect of any existing breach or breaches, or of any future breach or breaches by Canada of the terms of Union between Canada and British Columbia, or operate as a waiver of the right of the Province to insist upon the commencement, and the vigorous prosecution by the Dominion Government of the construction of a railway simultaneously "from the "Pacific towards the Rocky Mountains, and from such point as may be selected east "of the Rocky Mountains towards the Pacific, to connect the seaboard of British "Columbia with the railway system of Canada;" or of the right to have secured the completion of such railway within ten years from the date of the Union, conformably to section 11 of the terms of Union.

Suspending clause.

5. This Act shall not have any force or effect unless the above proviso be inserted, in the same words, in any Act of the Parliament of Canada which may be passed for the purposes of this Act.

(Copy No. 28.)

BRITISH COLUMBIA,
GOVERNMENT HOUSE, 18th May, 1874.

Minute of Executive Council.

Tel. Mess., May 18th, 1874.

SIR,—I have the honor to enclose herewith a minute of the Executive Council of this Province to state that, in accordance with the advice of my Ministers therein expressed, I have this day addressed to you a message by telegraph, of which a copy is appended hereto.

I have the honor to be, Sir,
Your obedient servant,
(Signed,) JOSEPH W. TRUTCH.

The Honorable
The Secretary of State,
Ottawa.

(Copy.)

Lieutenant-Governor to the Honorable W. Scott.

VICTORIA, 18th May, 1874.

My Ministers request to be informed by telegraph whether Mr. Edgar is empowered to negotiate with this Government, and whether propositions purporting to be made by him, on behalf of the Dominion Government, will be considered binding by that Government.

(Signed,) JOSEPH W. TRUTCH.

(Copy.)

DEPARTMENT SECRETARY OF STATE,
10th June, 1874.

SIR,—I have the honor to acknowledge the receipt of your despatch, No. 28, of the 18th ult,, purporting to enclose a minute of your Executive Council, and also copy of a telegram founded thereon, and sent by you to the Secretary of State on the 18th ult., on the subject of the mission of Mr. J. D. Edgar to the Government of British Columbia.

The minute of Council referred to did not accompany your despatch.

(Signed,) EDOUARD J. LANGEVIN,
Under Secretary of State.

The Honorable
The Lieutenant-Governor of British Columbia,
Victoria.

(Copy No. 39.)

BRITISH COLUMBIA,
GOVERNMENT HOUSE, 9th June, 1874.

Minute of Council, 9th June.

Telegram from Hon. A. Mackenzie.

Telegram from Lt.-Governor.

SIR,—With reference to my telegraphic despatch to you of to-day's date, I have the honor to enclose a minute of my Executive Council in accordance with which that telegram was addressed to you, together with copies of the documents referred to in the said minute being a copy of a telegram to me from the Honorable A. Mackenzie which, at his request, I communicated to my Ministers, and a draft of the telegraphic message to you in reference thereto sent by me at the instance of my Ministry.

I have the honor to be, Sir,
Your obedient servant,
(Signed,) JOSEPH W. TRUTCH.

The Honorable
The Secretary of State,
Ottawa.

COPY *of a report of a Committee of the Honorable the Executive Council, approved by His Excellency the Lieutenant-Governor on the 9th day of June*, 1874.

On a memorandum of the 9th day of June, 1874, reporting on a telegram laid before this Council by His Excellency the Lieutenant-Governor yesterday, received by him from the Hon. Alexander McKenzie, Premier of the Dominion of Canada (copy of which is enclosed), respecting certain proposals in writing made on the 8th day of May last by Mr. Edgar to Mr. Walkem, and recommending that His Excellency be respectfully requested to send the enclosed telegraphic message in reply thereto.

The Committee advise that the recommendation be approved.

Certified.

(Signed,) W. J. ARMSTRONG,
Clerk, Executive Council.

(Copy.)

The Hon. A. Mackenzie to Lieutenant-Governor Trutch.

OTTAWA, 8th June, 1874.

On May 8th Mr. Edgar, on behalf of the Dominion Government, made certain proposals to your Government respecting the construction of the Pacific Railway, which involved immediately heavy expenditures for purchases not contemplated by the terms of union, in consideration of foregoing the limit of time for the completion of the Railway.

I exceedingly regret that your Government have not replied to the proposals or apparently considered them. I beg, therefore, that you will now inform your Ministers that the proposals are withdrawn.

(Signed,) A. MACKENZIE.

(Copy.)

Lieutenant-Governor Trutch to the Hon. R. W. Scott, Secretary of State.

VICTORIA, June 9th, 1874.

My Ministers request me to state, in reference to a telegram to me from Mr. Mackenzie dated yesterday, that it conveys the first direct information to this Government, although such information was formally applied for by telegram to you of 18th May; that the views on the railway question, contained in a letter from Mr. Edgar to Mr. Walkem, were proposals to this Government from the Dominion Government, and that they consider it remarkable that the only communication to this Government, which acknowledges such proposals as authorization, should at the same time withdraw them.

(Signed,) JOSEPH W. TRUTCH.

DEPARTMENT SECRETARY OF STATE,
25th June, 1874.

SIR,—I have the honor to acknowledge the receipt of your Despatch, No. 39, of the 9th inst., transmitting a copy of a minute of your Executive Council, together with a copy of a telegram addressed to you by the Honorable the Minister of Public Works, and also of a telegram addressed by you to the Secretary of State, in reply thereto, on the subject of the mission of Mr. J. D. Edgar to British Columbia in connection with the Pacific Railway.

I have, &c.,
(Signed,) EDOUARD J. LANGEVIN,
Under Secretary of State.

To His Honor
The Lieutenant-Governor
of British Columbia,
Victoria.

(Copy of No. 46.)

BRITISH COLUMBIA,
Government House, 26th June, 1874.

Minute of Ex. Council.

Copy of Telegram.

SIR,—I have the honor to acknowledge the receipt of your despatch of the 10th inst. referring to my Despatch, No. 28, of the 18th May, and informing me that the minute of Executive Council, which my said despatch purported to enclose, had not reached you.

I beg to enclose herewith a duplicate copy of the said minute of Council and of the telegram to you based thereon.

I have the honor to be, Sir,
Your obedient servant,
(Signed,) JOSEPH W. TRUTCH.

The Honorable
The Secretary of State,
Ottawa.

COPY *of a Report of a Committee of the Honorable the Executive Council, approved by His Excellency the Lieutenant-Governor on the* 18*th day of* May, 1874.

On a memorandum dated 16th May, 1874, from the Hon. the Attorney-General, recommending that His Excellency the Lieutenant-Governor be respectfully requested to ascertain by telegraph from the Hon. Secretary of State whether any propositions, purporting to be or to have been made by James D. Edgar, Esq., on behalf of the Dominion Government, will be considered binding by them, and further whether he has any power to enter into any negotiations with this Government.

The Committee advise that the recommendation be approved.

Certified.
(Signed,) W. J. ARMSTRONG,
Minister of Finance and Agriculture and Clerk of the Executive Council.

Certified as true copy of original report.
(Signed,) JOHN ASH,
Provincial Secretary.

(Copy Telegram.)

VICTORIA, 10th May, 1874.

My Ministers request to be informed whether Mr. Edgar is empowered to negotiate with this Government, and whether propositions purporting to be made by him on behalf of the Dominion Government will be considered binding by that Government.

(Signed,) JOSEPH W. TRUTCH,
Lieutenant-Governor.

The Honorable R. W. Scott,
Secretary of State,
Ottawa, Canada.

(Copy.)

DEPARTMENT SECRETARY OF STATE,
11th July, 1874.

SIR,—I have the honor to acknowledge the receipt of your despatch, No. 46, of the 26th ulto., covering a copy of the minute of your Executive Council, and of the telegram founded thereon, referred to in your despatch, No. 28, of the 18th May last, on the subject of the mission of Mr. J. D. Edgar to British Columbia.

I have, &c.,
(Signed,) EDOUARD J. LANGEVIN,
Under Secretary of State.

To His Honor
The Lieutenant Governor
of British Columbia,
Victoria.

OTTAWA, ONTARIO, June 8th, 1874.

Received at Victoria June 8th.

On May 8th, Mr. Edgar, on behalf of the Dominion Government, made certain proposals to your Government respecting the construction of the Pacific Railway, which involved immediately heavy expenditure for purchases (purposes) not contemplated by the terms of Union, in consideration of foregoing the limit of the time for the completion of the railway.

I exceedingly regret that your Government have not replied to the proposals, or apparently considered them. I beg, therefore, that you will now inform your Ministers that the proposals are withdrawn.

(Signed,) A. MACKENZIE.

To Lieutenant-Governor Trutch.

VICTORIA, June 9th, 1874.

My Ministers request me to state, in reference to a telegram to me from Mr Mackenzie, dated yesterday, that it conveys the first direct information to this Government (although such information was formally applied for by telegram to you of 18th May) that the views on the railway question, contained in a letter from Mr. Edgar to Mr. Walkem, were proposals to this Government from the Dominion Government, and that they consider it remarkable that the only communication to this Government which acknowledges such proposals authoritative should at the same time withdraw them.

(Signed,) JOSEPH W. TRUTCH,
Lieutenant-Governor.

The Honorable R. W. Scott,
Secretary of State,
Ottawa, Canada.

(No. 40.)

BRITISH COLUMBIA,
GOVERNMENT HOUSE, 11th June, 1874.

Minute of Ex. Council.

SIR,—I have the honor to enclose for the consideration of His Excellency the Governor General a Minute of the Executive Council of this Province, representing that British Columbia is suffering great injury from the failure by Canada to carry out the obligations of the 11th clause of the Terms of Union, and that it is advisable in the interests of this Province that the case be laid before the Imperial Government by means of a memorial to be presented to the Secretary of State for the Colonies by the Attorney-General of British Columbia, as special Agent and Delegate of this Government.

The Hon. the Secretary of State, Ottawa.

In accordance with the advise of my Ministers, I have appointed the Honorable George Anthony Walkem, Attorney-General of this Province, to be such special agent and delegate, and at their request, I beg you to inform His Excellency the Governor General, that Mr. Walkem has been duly appointed as such special agent and delegate, and to move His Excellency to acquaint the Right Honorable Her Majesty's Principal Secretary of State for the Colonies, that Mr. Walkem has been authorized and instructed to place in his hands the memorial of this Government, appealing to Her Maiesty and to support the prayer thereof.

Mr. Walkem will proceed to Ottawa by the next mail, and will take with him a duplicate of this despatch.

I have the honor to be, Sir,
Your obedient servant,
(Signed,) JOSEPH W. TRUTCH.

COPY *of a Report of a Committee of the Honorable the Executive Council, approved by His Excellency the Lieut.-Governor on the* 11*th day of June,* 1874.

The Committee of Council have had under consideration the memorandum of the Honorable the Provincial Secretary, dated 11th June, 1874, representing that the essential clause of the terms of Union provided that the Government of the Dominion should secure "the commencement simultaneously of the construction of a Rail-"way from the Pacific towards the Rocky Mountains, and from such point as may "be selected East of the Rocky Mountains towards the Pacific, to connect the sea-"board of British Columbia with the railway system of Canada; and further, to "secure the completion of such railway within ten years from the date of the Union."

That the set time for commencement of the work passed nearly a year ago, and that no commencement of construction has yet been made.

That the Secretary of State of the Dominion has informed this Government that no commencement can be made this year in consequence of the surveys being incomplete.

That by Order of the Privy Council of Canada it was decided last year that a portion of the line be located between the harbor of Esquimault and Seymour Narrows, and, that in consequence of that order, and at the request of the Dominion Government, the lands for a width of twenty miles along that line have been reserved by the Provincial Government.

That the Premier of the Dominion Government has in an infomal manner, but nevertheless in a manner acknowledged to be at the instance of the Dominion Government, offered immediately to undertake the commencement of the work, provided that British Columbia would agree to certain terms of relaxation.

That the relaxation proposed was that British Columbia was that British Columbia should agree to cancel the railway clause of the terms as regards the mainland part of the Province, and accept in lieu thereof a promise to build a wagon road after the line of railway had been permanently located, on the completion of which, at an undefined time, railway construction would commence.

That such proposal has, however, been withdrawn.

That according to the preamble of the "Canadian Pacific Railway Act, 1874," the railway is to be constructed "as rapidly as the same can be accomplished without "raising the rate of taxation."

That the bearing of the Dominion Government towards British Columbia is equivalent to the repudiation of the liability of the Dominion to fulfil as far as possible the engagement made respecting the construction of the Pacific railway.

That by the course of action taken by the Dominion Government, British Columbia has sustained, and is suffering great injury and loss.

That with a view to obtain redress, it is advisable that the case of British Columbia be submitted for the consideration of the Imperial Government.

The Committee concur with the recommendation, and advise that your Excellency do charge the Honorable the Attorney-General and the Provincial Secretary with the preparation of a memorial and remonstrance on behalf of the Provinces regarding the non-fulfilment of the terms of Union by the Dominion Government to be submitted to Her Most Excellent Majesty the Queen-in-Council.

The Committee further advise, should this report be approved, that the Honorable George Anthony Walkem be appointed a special agent and delegate instructed to proceed at once to London for the purpose of placing the memorial in the hands of the Right Honorable the Secretary of State for the Colonies, and of supporting the prayer thereof, and request your Excellency to inform the Governor General of Mr. Walkem's appointment, and ask that he be provided with a suitable introduction to Her Majesty's Principal Secretary of State for the Colonies.

Certified.

(Signed,) W. J. ARMSTRONG,
Clerk, Executive Council.

(No. 41.)

BRITISH COLUMBIA,
Government House, 11th June, 1874.

SIR,—I have the honor to enclose, with reference to my telegraphic despatch to you of this day's date, a minute of my Executive Council, in accordance with the advice contained, in which my said despatch and that to the Right Honorable, the Secretary of State for the Colonies, a transcript of which was therein reported for the information of His Excellency the Governor General, were addressed.

Minute of Executive Council.

I have the honor to be, Sir,
Your obedient servant,
(Signed,) JOSEPH W. TRUTCH.

The Honorable,
The Secretary of State,
Ottawa.

COPY *of a Report of a Committee of the Honorable, the Executive Council, approved by His Excellency the Lieutenant-Governor, on the 11th day of June,* 1874.

On a memorandum dated 11th June, 1874, from the Honorable, the Provincial Secretary, reporting with reference to the breach of the terms of Union by the Dominion Government, and the appeal to the Imperial Government thereon arising, that it is advisable that a telegram be sent to the Imperial Government, informing them that British Columbia is about to appeal against the breach by the Dominion Government of the terms of Union, and that a delegate from this Government is about to leave for London to lay such appeal before the Imperial Government.

The Committee concur and advise that your Excellency do telegraph to that effect to the Right Honorable, the Secretary of State for the Colonies, and also through the proper channel to His Excellency, the Governor General, for the information of the Dominion Government.

Certified.
(Signed,) W. J. ARMSTRONG.
Clerk, Executive Council.

(No. 42.)

BRITISH COLUMBIA,
Government House, 11th June, 1874.

SIR,—I have the honor to enclose for the information of His Excellency, the Governor General, a copy of despatch this day adddressed by me to the Right Honorable, the Secretary of State for the Colonies, with reference to my telegram to his Lordship, of this day's date, a transcript of which has already been telegraphed to you.

Copy of Telegram.

I have the honor to be, Sir,
Your obedient servant,
(Signed,) JOSEPH W. TRUTCH.

The Honorable,
The Secretary of State,
Ottawa.

(Copy.) *Lieutenant-Governor to Earl Carnarvon.*

11th June, 1874.

MY LORD,—I have the honor to state that I have this day, at the instance of my responsible advisers, addressed to your Lordship a telegraphic despatch to the following effect:—"Colonial Secretary, London, eleventh June—Ministry desire notify you "that delegate proceed immediately London, present appeal, British Columbia "against breach by Canada Railway Terms Union."

I have, etc.
(Signed,) JOSEPH W. TRUTCH.

DEPARTMENT OF SECRETARY OF STATE,
OTTAWA, 11th July, 1874.

SIR,—I have the honor to acknowledge the receipt of your despatch, No. 40, of the 11th ult., concerning a copy of a minute of your Executive Council, in reference to the alleged failure by the Dominion Government to carry out the obligations of the 11th clause of the terms of Union, and recommending that the case be laid before the Imperial Government by means of a memorial, to be presented to the Secretary of State for the Colonies, by the Attorney-General of British Columbia as special agent and delegate of the Government of that Province.

To His Honor,
The Lieutenant-Governor,
of British Columbia, Victoria.

(Signed,) EDOUARD J. LANGEVIN,
Under Secretary of State.

(759 D.)

COPY *of a Report of a Committee of the Honorable, the Privy Council, approved by His Excellency, the Gevernor Genernl in Council, on the 8th July*, 1874.

On a despatch dated 11th June, 1874, from His Honor, the Lieutenant-Governor of British Columbia, enclosing a minute of the Executive Council of that Province representing that British Columbia is suffering great injury from the failure by Canada to carry out the obligations of the 11th clause of the terms of Union, and that it is advisable in the interests of that Province that the case be laid before the Imperial Government by means of a memorial, to be presented to the Secretary of State for the Colonies by the Attorney-General of British Columbia, as special agent and delegate of that Government.

The Lieutenant-Governor states that, in accordance with the advice of his ministers, he has appointed the Hon. Geo. Anthony Walkem, Attorney-General of that Province, to be such special agent and delegate, and at their request he begs that your Excellency be informed that Mr. Walkem has been duly appointed as such special agent and delegate, and that Your Excellency be moved to acquaint the Right Honorable, Her Majesty's Principal Secretary of State for the Colonies, that Mr. Walkem has been authorized and instructed to place in his hands the memorial of that Government appealing to Her Majesty, and to support the prayer thereof.

On the recommendation of the Honorable, the Secretary of State, the Committee advise that the above request be acceeded to.

Certified.
(Signed.) W. A. HIMSWORTH,
Clerk, Privy Council.

To the Honorable
The Secretary of State,
&c., &c., &c.

DEPARTMENT OF SECRETARY OF STATE,
OTTAWA, 11th July, 1874.

SIR,—I have the honor to transmit to you a certified copy of an order of His Excellency the Governor General in Council on a despatch of His Honor the Lieutenant-Governor of British Columbia, under date the 11th ult., relative to the alleged failure of the Government of the Dominion to carry out the obligations of the 11th clause of the terms of Union.

In reference to the request of the Lieutenant-Governor that the Right Honorable the Secretary of State be informed that you have been authorized by the Government of British Columbia as their special agent and delegate to submit their memorial

appealing to Her Majesty, and to support the prayer thereof, I have to state that a despatch to that effect will be addressed by the Governor General to the Earl of Carnarvon.

I have, &c.
(Signed,) R. W. SCOTT,
Secretary of State.

The Honorable G. A. WALKEM,
Attorney-General,
British Columbia,
Ottawa.

OTTAWA, July 11th, 1874.

SIR,—As Mr. Himsworth arrived from Tadousac last night, I have the honor to request you to furnish me—to-day, if possible—with the documentary authority necessary to officially accredit me as delegate from the Government of British Columbia to Her Majesty's Government. The object of my mission has already been stated in a despatch of last June from the Government of the Province to the Dominion Government.

It is of importance that I should leave for England and bring my work to a close with all convenient speed, hence my request that you will provide me with my letters to-day.

I have the honor to be,
Your obedient servant,
(Signed) GEO. A. WALKEM,
Attorney-General, B. C.

The Honorable
The Secretary of State,
&c., &c., &c.

DEPARTMENT OF SECRETARY OF STATE,
OTTAWA, 13th July, 1874.

SIR,—With reference to my letter of the 11th inst., I have the honor to transmit to you, for the information of your Government, a copy of an Order of His Excellency the Governor General in Council, and of a letter addressed to Mr. Attorney-General Walkem on the subject of the alleged failure of the Dominion Government to carry out the obligations of the 11th clause of the terms of Union.

8th July, 1874.
11th July, 1874.

(Signed,) EDOUARD J. LANGEVIN,
Under Secretary of State.

To His Honor the Lieutenant Governor
of British Columbia,
Victoria.

(No. 52.)

BRITISH COLUMBIA,
GOVERNMENT HOUSE, July 28th, 1874.

SIR,—I have the honor to state that I have received and laid before my Executive Council your despatch of the 13th instant, transmitting a copy of an order of His Excellency the Governor General in Council, and of a letter to Mr. Attorney-General Walkem on the subject of Mr. Walkem's mission to England in support of the memorial of this Government to Her Majesty, with reference to the railway article of the terms of Union of this Province with Canada.

I have the honor to be, Sir,
Your obedient servant,
(Signed,) JOSEPH W. TRUTCH.

The Honorable
The Secretary of State,
Ottawa.

OTTAWA, May 20, 1874.

I refer Ministry to my letter by Mr. Edgar which sufficiently indicated his mission, and which they recognized. He is now recalled, and I await his return and report.

(Signed,) A. MACKENZIE.

To Lieutenant Governer Trutch,
Victoria.

OTTAWA, July 13th, 1874.

SIR,—I have the honor to forward to you for your perusal, and for the information of your Government, two copies of the protest of the British Columbia Government against the breach or infraction of the "terms of Union" with Canada by the Dominion Government, which I have been authorized to present in person to Her Majesty's Government. Two copies of the charts referred to in the protest are also herewith forwarded.

May I request you to be good enough to acknowledge their receipt.

I have the honor to be,
Your obedient servant,
(Signed,) GEO. A. WALKEM,
Attorney-General, B. C.

The Honorable Alex. Mackenzie,
Premier Dominion Government.

DEPARTMENT OF SECRETARY OF STATE,
OTTAWA, 13th July, 1874.

SIR,—I am directed to acknowledge the receipt of your letter of this date, addressed to the Hon. Mr. Mackenzie, transmitting two copies of the protest of the British Columbia Government against the alleged breach or infraction of the terms of Union with Canada by the Dominion Government, which you have been authorized to present in person to Her Majesty's Government; and also forwarding two copies of the chart referred to in the protest.

I have, &c.,
(Signed,) EDOUARD J. LANGEVIN,
Under Secretary of State.

Honorable G. A. Walkem,
Attorney General
of British Columbia,
Ottawa.

(Canada—No. 110.)

DOWNING STREET, 18th June, 1874.

MY LORD,—The intimation which I have received by telegraph of the departure from British Columbia of the President of the Council and Attorney-General of that Province, sent to this country for the purpose of appealing against the course proposed by your Government and sanctioned by the Dominion Parliament in regard to the Pacific Railway, together with the reports of the proceedings in that Parliament, and other informal communications have led me to apprehend that the difference of opinion which has unfortunately occurred, may not only prove difficult to adjust, but may not impossibly, if it remains long unsettled, give rise to feelings of dissatisfaction, and to disagreements, the existence of which within the Dominion would be a matter of serious regret.

2. It is not my wish, nor is it a part of my ordinary duty to interfere in these questions. They appear to me to be such as it should be within the province and the competency of the Dominion Government and Legislature to bring to a satisfactory solution, and you will readily understand that Her Majesty's Government would be very reluctant to take any action which might be construed as expressing

a doubt of the anxiety of the Dominion Government and Parliament to give the fullest consideration to such representations as may be made on the part of British Columbia, and to deal in the fairest and most liberal spirit with what may be established as being the just claims of that Province.

3. At the same time I am strongly impressed with the importance of neglecting no means that can properly be adopted for effecting the speedy and amicable settlement of a question which cannot, without risk and obvious disadvantage to all parties, remain the subject of prolonged, and it may be, acrimonious discussion; and it has occurred to me that as in the original terms and conditions of the admission of British Columbia into the Union, certain points (as for example, the amount of land to be appropriated for the Indians, and the pensions to be assigned to public officers deprived of employment) were reserved for the decision of the Secretary of State, so in the present case it may possibly be acceptable to both parties that I should tender my good offices in determining the new points which have presented themselves for settlement. I accordingly addressed a telegram to you yesterday to the effect that I greatly regretted that a difference should exist between the Dominion and the Province in regard to the railway, and that if both Governments should unite in desiring to refer to my arbitration all matters in controversy, binding themselves to accept such decision as I may think fair and just, I would not decline to undertake this service.

4. The duty which, under a sense of the importance of the interests concerned, I have thus offered to discharge, is, of course, a responsible and difficult one, which I could not assume, unless by the desire of both parties; and unless it should be fully agreed that my decision, whatever it may be, shall be accepted without any question or demur. If it is desired that I should act in this matter, it will be convenient for each party to prepare a statement to be communicated to the other party, and after a reasonable interval, a counter-statement, and that on these written documents I should, reserving, of course, to myself the power of calling for any other information to guide me in arriving at my conclusion, give my final decision.

5. I request you to transmit a copy of this despatch with the utmost possible speed to the Lieutenant-Governor of British Columbia. I have communicated to Mr. Sproat, the agent for British Columbia, for transmission by telegraph to the Government of that Province, the purport of the telegram which I addressed to you yesterday, in order that my offer may come before both parties as soon as possible.

I have the honor to be, my Lord,

Yours, &c.,

(Signed,) CARNARVON.

(Copy of Telegram.)

VICTORIA, B. C., 4th August, 1874.

My Ministers request me to state for the information of the Governor General that the following message, namely, "Colonial Secretary, London, 3rd August, upon advice of responsible Ministers I accept, on behalf of British Columbia arbitration offered in your despatch to Lord Dufferin 18th June. Please acknowledge. Joseph W. Trutch, Lieut.-Governor British Columbia" has been this day telegraphed to Lord Carnarvon.

(Signed,) JOSEPH W. TRUTCH,
Lieutenant-Governor.

To the Hon. R. W. Scott,
Secretary of State.

(Copy of No. 53.)

BRITISH COLUMBIA,
GOVERNMENT HOUSE, 3rd August, 1874.

SIR,—I have the honor to transmit to you, for the information of His Excellency the Governor General, a copy of a despatch addressed by me to Her Majesty's Principal Secretary of State for the Colonies, expressing the acceptance by this Government of the offer made by his Lordship in his despatch of the 18th of June, to the Governor General, to arbitrate in the difference existing between the Government of Canada and this Province in relation to the railway article of the terms of Union, together with a copy of the minute of the Executive Council of British Columbia therewith enclosed, expressing the opinions and advice of my responsible Ministers upon Lord Carnarvon's proffered arbitration, and in accordance with which my said despatch to his Lordship, and the telegraphic message therein referred to, and of which a copy is appended, as well as this communication and the telegram to you of this day's date, a copy which is also attached hereto, are at the same time despatched.

Copy of despatch

Minute of Executive Council.

Copy of telegram.

Copy of telegram.

I have the honor to be, Sir,
Your obedient servant,
(Signed,) JOSEPH W. TRUTCH.

The Honorable
The Secretary of State,
Ottawa.

(Copy)

Lieutenant-Governor to Earl Carnarvon.

3rd August, 1874.

MY LORD,—I have the honor to state that on the 28th ultimo, I received and laid before my responsible advisers a copy of your Lordship's despatch, of June the 18th, to Governor General the Earl of Dufferin, upon the pending difference between this Province and the Government of Canada, in relation to the railway article of the terms of Union, which despatch was transmitted to me by Lord Dufferin on the 3rd ultimo, in accordance with your Lordship's instructions.

I now enclose a minute of the Executive Council of this Province on your said despatch, and upon the advice of my Ministers thereon expressed I beg to signify my cordial acceptance on behalf of the Government of British Columbia of your Lordship's proffered arbitration in accordance in all respects with the conditions laid down by you in your said despatch: and to state that I have to day despatched a telegraphic message to you to this effect of which a copy is appended.

A copy of this despatch and enclosures therewith will be sent by this mail to the Secretary of State for Canada, for the information of the Governor General of Canada.

I have, &c.,
(Signed,) JOSEPH W. TRUTCH.

COPY *of a report of a Committee of the Honorable the Executive Council, approved by His Excellency the Lieutenant-Governor, on the 3rd day of August,* 1874.

The Committee of Council have had under consideration the proposal for a reference to arbitration of the question between the Province and the Dominion Government respecting the fulfilment of the terms of Union contained in the despatch dated 18th June, 1874, from the Right Honorable the Earl of Carnarvon, Her Majesty's Principal Secretary of State for the Colonies, to His Excellency the Governor General, a copy of which has been transmitted for the information of Your Excellency and referred to them for report.

In this despatch the Secretary of State observes that he is strongly impressed

with the importance of neglecting no means that can properly be adopted for effecting the speedy and amicable settlement of a question which cannot, without risk and obvious disadvantage to all parties, remain the subject of prolonged, and it may be acrimonious, discussion.

That it has occurred to him that as in the original terms and conditions of the admission of British Columbia into the Union, certain points were reserved for the decision of the Secretary of State, so in the present case it may possibly be acceptable to both parties that he should tender his good offices in determining the new points which have presented themselves for settlement.

That if both Governments should unite in desiring to refer to his arbitration all matters in controversy, binding themselves to accept such decision as he may think fair and just, he would not decline to undertake this service.

That the duty which, under a sense of the importance of the interest concerned, he has thus offered to discharge is of course a responsible and difficult one, which he could not assume unless by the desire of both parties; nor unless it should be fully agreed that his decision, whatever it may be, shall be accepted without any question or demur.

The Committee concur with the Secretary of State in regretting that a difference exists between the Dominion and this Province in regard to the railway, and that it is most desirable for all parties that all the questions in controversy should receive a speedy and amicable settlement, and they are of opinion that a reference to arbitration is the course of all others most likely to lead to so desirable a result.

They therefore advise the cordial acceptance by your Excellency of the arbitration of the Secretary of State, in accordance with the conditions laid down in His Lordship's despatch of the 18th June, 1874, and should this report be approved they recommend that the acceptance by this Government, on behalf of British Columbia, of the arbitration of the Right Honorable the Secretary of State for the Colonies, be immediately communicated by your Excellency to that Minister by telegraph and by mail, and that copies of such communications be transmitted simultaneously to the Secretary of State for Canada, for the information of His Excellency the Governor General.

(Certified.)
(Signed,) W. J. Armstrong,
Minister of Finance, and
Clerk of the Executive Council.

(Copy of Telegram.)

Lieutenant-Governor to Earl Carnarvon.

London, 3rd August.

Colonial Secretary.

Upon advice of responsible Ministers, I accept on behalf of British Columbia Arbitration offered in your despatch to Lord Dufferin, eighteenth June. Please acknowledge.

(Signed,) Joseph W. Trutch,
Lieut.-Governor, British Columbia.

Lieut.-Governor to Secretary State.

Victoria, B. C., 3rd August, 1874.

My Ministers request me to state for the information of the Governor General, that the following message, viz. :—

" London, 3rd August.

" Colonial Secretary.

" Upon advice of responsible Ministers, I accept on behalf of British Columbia

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"Arbitration offered in your despatch to Lord Dufferin, 18th June. Please "acknowledge.

"JOSEPH W. TRUTCH,
"*Lieut.-Governor British Columbia.*"

Has been this day telegraphed to Earl Carnarvon.

(Signed,) JOSEPH W. TRUTCH,
Lieutenant-Governor.

The Hon. R. W. Scott,
Secretary of State,
Ottawa, Canada.

DEPARTMENT SECRETARY OF STATE,
10th September, 1874.

SIR,—I have the honor to acknowledge the receipt of your despatch, No. 53, of the 3rd instant, and its enclosures, transmitting for the information of His Excellency the Governor General, a copy of a despatch addressed by you to the Right Honorable the Secretary of the State for the Colonies, expressing the acceptance by your Government of his Lordship's offer, as conveyed in his despatch of the eighteenth of June last, to arbitrate in the difference between the Government of British Columbia and the Dominion in relation to the railway article of the terms of Union.

Your despatch will be submitted for the consideration of the Government.

I have, &c.,

(Signed,) EDOUARD J. LANGEVIN,
Under Secretary of State.

To His Honor the Lieutenant-Governor
of British Columbia, Victoria.

(No. 8 A.) OTTAWA, July 4th, 1874.

SIR,—I have been informed that you intend to leave for Quebec to-day. If this be the case, may I be excused for pressing upon your attention my present very unsatisfactory position in having received no definite information respecting my credentials to the Right Honorable the Principal Secretary of State.

It is considered of great importance by the Government of British Columbia, that I should use all possible despatch in executing my mission to England.

May I therefore request you to inform me when I shall be put in possession of the necessary authority to enable me to accomplish my task.

I have the honor to be,
Your obedient servant,
GEO. A. WALKEM.

The Honorable A. Mackenzie,
&c., &c., &c.

(Copy No. 9 A.)

OTTAWA, July 4th, 1874.

SIR.—In reply to your letter to Mr. Mackenzie, of this morning's date, enquiring when you can procure your credentials as delegate of British Columbia to the Imperial Government, I have the honor, by request of Mr. Mackenzie, to say that the necessary Minute of Council has already been forwarded to His Excellency the Governor General for His Excellency's signature, and that it will be delivered to you immediately after the special messenger returns with it to the city.

I have the honor to be, Sir,
Your obedient servant,
(Signed,) WM. BUCKINGHAM.

Hon. Geo. A. Walkem,
&c., &c., &c.
Ottawa.

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