

be at liberty to divide any of these sections into sub-sections, and might at its discretion construct the line or any part of it as a public work. The MacKenzie Government declined to accept Esquimalt as the terminus of the railway, and made other alterations in the plans of construction, which did not satisfy the Provincial legislators, who made another appeal to the Imperial authorities. Matters between the two Governments went from bad to worse and a rupture seemed imminent. In June 1874, when feeling ran highest, Earl Carnarvon consented to arbitrate between the two parties and the terms known as the "Carnarvon terms" were accepted by both the Dominion and Provincial Governments. The immediate construction of a railway on Vancouver Island; from Esquimalt to Nanaimo was one of the clauses of this agreement, but when a Bill for this purpose was brought into the Dominion Parliament it was defeated by a majority of the Senate. Consequent upon this further delay arose and increased complaints from British Columbia. Her Majesty was again memorialized of the breach of faith on the part of the federal authorities and separation was loudly threatened. It was at this time that Lord Dufferin, then Governor-General of the Dominion, paid his memorable visit to the Pacific Province for the purpose of seeing what he could do to allay the discontent which existed. His Excellency's efforts were certainly not without good results. He brought into play all those happy gifts with which he is so plentifully endowed and left a lasting impression of his personal accomplishments and genial traits as well as appreciably mitigating the acerbity of the Provincial temper. His anxiety for a settlement of the trouble did not, however, seem to be shared by the Dominion Cabinet, and the opportunity which certainly offered itself at that time of coming to a good understanding was permitted, through the dilatoriness and incapacity of his ministers, to slip by. Matters continued to grow worse and relations more strained till 1878, when a petition was forwarded to the Queen asking that the Province be permitted to withdraw from the union, unless the Carnarvon terms were carried out before the first of May. There was also some talk of annexation, but this was confined to the American residents at Victoria. It was fortunate for all parties concerned that at this juncture a change took place in the Federal administration. At the general election of 1878 the MacKenzie Government was defeated and when the House assembled Sir John Macdonald was again called