

they called in question the nature of the guarantee. He communicated, he believed, first, semi-officially with the hon. the Minister of Marine and Fisheries, and next, he thought, with the hon. the Premier, and after the question as to whether the Province was bound to pay back any sum of money advanced on that guarantee or not, it was decided; as the House might fairly infer from the following statement in his report, that the guarantee mentioned in the Terms of Union, could not be made a charge against the Province. In his report, drawn up on his return to British Columbia, dated 2nd February, 1874, the words were as follows:—

"As a matter of record, it may here be stated that the nature of the guarantee in Section 12 of the Terms of Union respecting the Graving Dock, was considered during the negotiations with Mr. Mackenzie, and that the decision was that the £50,000 sterling in lieu of the guarantee of interest, in Section 12 of the Terms of Union, should be given to the Province as a grant or bonus, and was not to be charged as a debt against the Province."

In order to go to the Imperial Government with a confirmation from the new Dominion Government, he communicated with the present Premier, and he agreed also to grant the \$250,000 in aid of the Esquimalt Graving-dock. The question of the repayment of this money, or of charging it against the debt, was not a part of that agreement in any shape, way, manner or form; and he believed he could conclusively show the House, outside of the letter he now intended to read, that such was the case. He would read the letter from the Premier to himself:—

"OTTAWA, 14th Nov., 1873.

"MY DEAR SIR,—With reference to the proposal you submitted on behalf of the Government of British Columbia, viz., to advance £50,000 to aid in the construction of a Graving Dock at Esquimalt, in lieu of the guarantee of interest at five per centum on £100,000 for ten years, provided by the Terms of Union, I have to say that any change in the mode of aiding in the construction of this work, from that agreed to, will require the sanction of Parliament.

"I can only say, at present, that the Government will submit a measure to Parliament to carry out your proposal, or some scheme equivalent thereto.

"I am, &c.,

(Signed), "A. MACKENZIE.

"Hon. A. DeCosmos."

They had in that letter a statement from the head of the Government that he would submit a measure to Parliament to carry out his (Mr. DeCosmos') proposal. His proposal did not ask for a loan to assist the construction of the Graving Dock. His proposal to the Government, dated 29th October, 1873, stated:—

"I (the Province) proposes therefore to construct the dock if the Dominion Government will pay to the Province the sum of \$250,000 in lieu of the guarantee provided under Section twelve of the Terms of Union."

There was nothing whatever in this proposal which authorized the Government to interpret it as an application for a loan. He might go beyond that. Here was another proof that in the negotiations, so far as he was concerned, there was no reference whatever to a loan:—

"OTTAWA, Nov. 11, 1873.

"British Columbia Representatives to the Hon. A. Mackenzie:

"Sir,—We fully agree with the proposal of the late Government to ask Parliament to grant to British Columbia £50,000 sterling, in lieu of the guarantee under the Terms of Union, for the construction of a first-class Graving Dock at Esquimalt, and now have the honour to say that, if the same be submitted by the present Government to Parliament for its sanction, it will receive our undivided support.

"We have, &c.,

(Signed), "A. DeCosmos,
"E. DEWDNEY,
"J. S. THOMPSON,
"R. W. W. CARRALL,
"H. NATHAN,
"H. NELSON."

This was an additional authority showing the intention of the agent of British Columbia to ask for a grant, and not for an advance. Sometime later he wrote two letters to the Minister of Finance, asking when the Government would be prepared to bring forward a measure in respect to the Graving-dock, and he also had, at interview with the Premier on the subject. The latter brought in some resolutions on the subject, but, when these resolutions were before the House, and when the Bill was framed, he (Mr. DeCosmos) found there was a clause added by which it was proposed that this money should be charge against the debt of the Province. He immediately remonstrated with the hon. the Premier against putting a new face upon the agreement with the Province, or, in other words, for havin

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