

desiring to refer to my arbitration all matters in controversy, bidding 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 considerably 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