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*Governor Musgrave to the Governor General.*

(Copy—No. 11.)

GOVERNMENT HOUSE,  
BRITISH COLUMBIA, 20th February, 1870.

SIR,—I have the honor to forward to Your Excellency a copy of the Message with which I caused the Legislative Council to be opened on the 15th instant, and of a Resolution which the Government will introduce, embodying the terms on which it is recommended that this Colony should propose to join the Dominion of Canada.

2. The Resolution will be passed, as it will be pressed as a measure of the Government. This course is necessary to obtain a basis for negotiation, for without the aid of the official vote, opinion is so much divided among the unofficial members of the Legislative Council, that the result of any action on the subject would otherwise be very doubtful. The question of Union has never hitherto been brought before the community in definite form. The chief advocates are so much at variance among themselves, that I have found it desirable to reduce the proposition into some tangible shape, which exhibits the advantages which may be derived from Confederation.

3. The characteristics of this Colony are so unlike those of the Eastern Provinces, that it is necessary to adjust the proposed arrangements upon a basis different from that adopted in their cases.

The true number of the population is not known, and it includes a large number of Indians, who are to a great extent consumers. The white inhabitants are chiefly male adults of wasteful and expensive habits. The production of the Colony is very small, except of gold. The consequence is large importation of duty paying goods, yielding revenue from Customs far greater in proportion to our estimated population, than that obtained from Customs duties for the same number in any part of the Dominion.

4. It is proposed, therefore, that for the purposes of an arrangement with Canada, our population should be estimated from the amount of revenue contributed to the general fund of the Dominion, from the sources which would be transferred. On a moderate computation, the Customs and Excise Duties are estimated for this year at \$850,000. This sum is more than is raised from 120,000 of the population of Canada, the rate there being, as I am informed, \$2.75 per head. British Columbia claims accordingly to come into the Union with the privileges, as she relinquishes the revenue, of 120,000 of the population of the Dominion. This point being conceded, the rest of the financial arrangement proceeds upon the same principles which have been admitted and acted upon in the cases of the Eastern Provinces. And upon due consideration, I do not think the plan proposed will be found to be unfair.

5. The feature, to my mind, presenting the greatest difficulty in the terms, is contained in the 8th Article, relating to the construction of a railway and wagon road. But, whatever may be eventually agreed upon, or found impossible, with respect to these matters, so much importance is attached to the opening of communication, that it would not have been politic to omit this proposal in any terms now brought forward. Indeed, effective means of communication through British Territory must sooner or later be found to be essential to any real connection of this Province with the Dominion, and, perhaps, it is as well at once to confront this difficulty.

6. In some of the other terms proposed, this Colony may be thought by your Government to ask too much. But they must be prepared to be liberal, if they desire the Union.

Great local importance is attached to such a matter as the Graving Dock, at Esquimalt, which go far to obtain the suffrages of the commercial community of Victoria. The Imperial Government lately expressed readiness to aid in procuring the accomplishment of such a work. And the stipulations required, touching the Penitentiary, Marine Hospital, and Lunatic Asylum, will be regarded here as strong inducements. It will be necessary, if Union is to be real and entered upon cordially, that present visible advantage and local improvement should spring from the measure.