

tion, in such sort that the work should not be necessarily proceeded with in case it would involve an increase of taxation; and, that any arrangement made with the Province should be expressly, as it must in fact be, subject to the sanction of this Parliament. This understanding was carried out by the Minute of Council of September, 1875. By that minute, referring to the former negotiations, the Government declared as follows:—

“It must be distinctly borne in mind that, every step in the negotiations was necessarily predicated on and subject to the conditions of the resolution of 1871, passed contemporaneously with the adoption of the terms of Union with British Columbia, subsequently enacted in the Act of 1872, and re-enacted (after a large addition had been made to the rate of taxation) in the Act of 1874, that the public aid should consist of such subsidy in money, not increasing the then existing rate of taxation, as Parliament should determine. This determination not to involve the country in a hopeless burden of debt is sustained by public opinion everywhere throughout the Dominion, and must necessarily control the action of the Government, and it cannot be too clearly understood that any agreements as to yearly expenditure, and as to completion by a fixed time, must be subject to the condition, thrice recorded in the Journals of Parliament, that no further increase in the rate of taxation shall be required in order to their fulfilment. The sanction of Parliament to the construction of the proposed railway from Esquimalt to Nanaimo was necessarily a condition precedent to the commencement of the work. The other important features of the arrangement, namely, the limitation of the time for the completion of a certain portion, and the specification of a yearly expenditure, were deemed to be within the meaning of the Act of 1874, subject, of course, to the condition already mentioned, which was referred to in the minute of December, 1874, when the Government expressed ‘a willingness to make these further concessions * * * as the concessions suggested might be made without involving the violation of the spirit of any Parliamentary resolution, or the letter of any enactment.’”

The Government added a proposal of \$750,000 as compensation for delays. British Columbia rejected the proposal, and insisted on the fulfilment of the Carnarvon terms; she urged that the increase of taxation which had taken place in 1874, and the Railway Act of that year involved an abandonment of the resolution of 1871, by which she contended that she was never bound. On the 13th March, 1876, the Government rejoined by a minute in which they showed that the resolution of 1871 was not abandoned,

but was re-enacted; in which they admitted that it was not part of the Terms of Union in form, as they would have desired, but argued that it could not be wholly left out of account. The minute added that “the people of Canada would not consent to enter unconditionally into arrangements which though less onerous than the Terms of Union would yet involve such a burden as might but for the condition plunge the country into ruin.” The Government made no further proposal, but ended the negotiations by stating that, British Columbia having refused their offer of September, 1875, “it remains only to endeavour to construct the Railway as rapidly as the resources of the country would permit.” These minutes were dispatched to the Secretary of State for the Colonies, and also to British Columbia. During the Session of 1876, a vote, hostile to the policy of the Government, and seeking to condemn it for delay in the work, was proposed by the hon. member for Victoria (Mr. DeCosmos). It was voted down with practical unanimity, the hon. member obtaining but six or seven supporters. I think all the present Ministers voted against it; and the present First Minister both spoke and voted against it, declaring that the conduct of the hon. member for Victoria in insisting as he did on the fulfilment of the terms gave very good colour and reason for the charge contained in the minute of the Government that the action of British Columbia seemed more influenced by the desire to see many millions expended in their midst, than by the wish that the enterprise should be carried on consistently with the interests, and according to the resources of the country. Later during the Session the correspondence to which I have referred was brought down, and the House became possessed through these minutes of the declaration of the policy of the Government, and of the whole statement of the case. The House was made aware of the decision of the executive not to make any further effort to obtain the authority of Parliament for the construction of the Island Railway, and of their solemn declaration that they had not intended in the former negotiations, did not then intend, and would not agree, to make any unconditional agreements, to make any agreements otherwise than subject to the