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# CORRESPONDENCE

RESPECTING THE

## CANADIAN PACIFIC RAILWAY ACT

SO FAR AS REGARDS

### BRITISH COLUMBIA.



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Presented to both Houses of Parliament by Command of Her Majesty.  
*April 1875.*

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LONDON:  
PRINTED BY HARRISON AND SONS.

1875  
(61)

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No. 1.

*The Earl of Dufferin to the Earl of Kimberley.—(Received January 8, 1874.)*

My Lord,

*Government House, Ottawa, December 26, 1873.*

I HAVE the honour to inclose, for your information, a copy of a despatch from the Lieutenant-Governor of British Columbia to the Secretary of State of Canada, forwarding a copy of a Minute of his Executive Council, referring to the non-fulfilment on the part of the Government of the Dominion of the XIth Article of the Terms of the Union with that Province in respect to the construction of the Canadian Pacific Railway.

I also beg to transmit a copy of a Report of a Committee of the Privy Council of the Dominion on the above-mentioned despatch, stating that my Government is giving its most earnest consideration to the project for the construction of a railway to the Pacific.

I have, &c.  
(Signed) DUFFERIN.

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Inclosure 1 in No. 1.

Sir,

*Government House, November 24, 1873.*

I HAVE the honour to inclose herewith a further Minute of my Executive Council referring to the non-fulfilment by the Dominion Government of the XIth Article of the Terms of the Union of this Province with Canada.

In accordance with the advice of my Ministers, expressed in this Minute, I beg you to be pleased to lay this despatch and its inclosure before his Excellency the Governor-General, and to be good enough to bring to his Excellency's attention the previous Minutes of my Executive Council on the same subject, which were forwarded for his consideration in my despatches of the 26th July last, the latter of which, conveying a protest from this Government on the failure of the Dominion Government to secure the commencement, within two years from the date of Union, of the construction of a railroad from the Pacific towards the Rocky Mountains, as provided in the XIth Article of the Terms of Union, as yet unanswered; and to move his Excellency to communicate to this Government, in whatever manner he may deem advisable, in time to meet the requirement of the desire indicated by my Ministers, the course intended to be taken by the Dominion Government in fulfilment of the XIth Article of the Terms of Union of this Province with Canada.

I have, &c.  
(Signed) JOSEPH W. TRUTCH.

The Hon. the Secretary of State for Canada.

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Sub-Inclosure in Inclosure 1.

*Report of a Committee of the Honourable the Privy Council, approved by his Excellency the Governor-General on the 22nd of December, 1873.*

THE Committee have had under consideration the despatch dated 24th November, 1873, from the Lieutenant-Governor of British Columbia, inclosing a further Minute of his Executive Council referring to the non-fulfilment by the Dominion Government of the XIth Article of the Terms of Union of this Province

with Canada, and stating, that in accordance with the advice of his Ministers, expressed in this Minute, he requests that this despatch and its inclosure be laid before your Excellency, together with the previous Minutes of his Executive Council on the same subject, which were forwarded for consideration in his despatches of the 26th of July last, the latter of which, conveying a protest from that Government on the failure of the Dominion Government to secure the commencement, within two years from the date of Union, of the construction of a railroad from the Pacific towards the Rocky Mountains, as provided in the XIth Article of the Terms of Union, he states, is yet unanswered, and requesting your Excellency to communicate to that Government, in whatever manner may be deemed advisable, in time to meet the requirements of the desire indicated by his Ministers, the course intended to be taken by the Dominion Government in fulfilment of the XIth Article of the Terms of Union of that Province with Canada.

The Committee of Council respectfully recommend that the Lieutenant-Governor of British Columbia be informed that this Government is giving its most earnest consideration to the project for the construction of the Pacific Railway, an outline of which was given in the speech delivered by Mr. Mackenzie at Sarnia on the 25th of November: a scheme which they believe will be acceptable to the whole Dominion, including British Columbia, and that they hope to be able within a short time to communicate more definitely with that Province on the subject.

Certified,  
(Signed) W. A. HIMSWORTH,  
*Clerk, Privy Council.*

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Inclosure.

*Report of a Committee of the Honourable the Executive Council, approved by his Excellency the Lieutenant-Governor on the 22nd day of November, 1873.*

THE Committee of Council having had under consideration a Memorandum for the Honourable the Provincial Secretary, dated 19th November, 1873, setting forth the facts: That the Government of British Columbia has protested against the non-fulfilment of the XIth Article of the Terms of Union; that, beyond the acknowledgment of receipt, no reply has been made by the Dominion Government to the despatch conveying that protest:

That the Government of British Columbia, looking at the actual position of affairs, felt compelled to wait the action of the Parliament of Canada, expected shortly to meet, and which did meet on the 23rd October last past:

That the Parliament of Canada has been prorogued, not to meet until February next, without making provision for the construction of the Pacific Railway:

That the Legislative Assembly of this Province stands called to meet at Victoria on the 18th day of December next; and that the non-fulfilment by the Dominion Government of the Terms of Union has caused a strong feeling of anxiety and discouragement to exist throughout the Province. The Committee advise your Honour to ask the Dominion Government, through the proper channel, for a decided expression of its policy with regard to the fulfilment of the XIth Article of the Terms of Union, in order that the information may be given to the Legislature at the opening of the coming Session, and to request that the decision arrived at be communicated to your Honour by telegram at the earliest moment possible. And the Committee respectfully suggest that if the present report be sanctioned, your Honour will be pleased to forward the same to his Excellency the Governor-General, and also to draw his attention to the Minutes of Council, each bearing date the 25th July last on the same subject, one being a protest against the breach of Article XI, and the other a denial of the right of the Dominion Government to a conveyance, or reserve, of any of the public lands for railway purposes, until the line of railway should be defined.

Certified,  
(Signed) W. J. ARMSTRONG,  
*Clerk, Executive Council.*

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## No. 2.

*The Earl of Kimberley to the Earl of Dufferin.*

My Lord,

*Downing Street, January 15, 1874.*

I HAVE the honour to acknowledge the receipt of your despatch of the 26th of December,\* inclosing a copy of a despatch from the Lieutenant-Governor of British Columbia, with a copy of a Minute of his Executive Council, referring to the non-fulfilment on the part of the Canadian Government of the XIth Article of the Terms of Union between that Province and Canada in respect to the construction of the Pacific Railway.

I have, &c.  
(Signed) KIMBERLEY.

## No. 3.

*The Earl of Dufferin to the Earl of Carnarvon.—(Received May 28.)*

My Lord,

*Ottawa, May 15, 1874.*

I HAVE the honour to inclose, for your Lordship's information, a newspaper report of the speech delivered by Mr. Mackenzie, on the 12th instant, when introducing resolutions for a Bill to provide for the construction of the Pacific Railroad, together with a summary of this speech, and an article from the "Globe" newspaper of the 12th instant, explanatory of the Government project.

I have, &c.  
(Signed) DUFFERIN.

## Inclosure 1 in No. 3.

*Extract from the Toronto "Globe" of May 12, 1874.*

THE CANADIAN PACIFIC.—THREE years ago, when, by the compact with British Columbia, the Dominion of Canada engaged within ten years to construct a railroad from Lake Nipissing, in Ontario, to the Pacific Ocean, the Government of the day possessed absolutely no information as to the nature of the vast undertaking to which they pledged the good faith and resources of the country. The whole of the intervening period since that rash bargain was made has been occupied in ascertaining, at an enormous cost, what the commonest prudence should have suggested to be the first proceeding. Even yet, we believe, the information obtained is not complete, although, probably, sufficient may be known to justify a fair estimate of the difficulties to be encountered and the stupendous character of the task to be performed. In the end we shall probably gain by the delay. The question to be settled was not merely by what route it might be practicable to span the continent of British North America. The construction of the road will be a work of years, but that period will be as nothing in the lifetime of a nation; whilst the method of constructing and operating this gigantic enterprise in the manner most likely to ensure success, and to secure the largest possible benefits at the lowest possible cost is a matter that may affect the welfare of the Dominion for all future time. Prudent calculations and cautious movements to-day may count for millions in the next half century. We shall doubtless be able to judge, when the reports of the various surveys, so far as they are completed, are before the public, how far the investigations that have been going forward since 1871 have accomplished the desired results. In the meantime we shall give an outline of such general information as we have been able to collect on the subject.

The readers of the "Globe" are already informed of the main features of the scheme about to be submitted to Parliament. The outlines of that measure indicate, to some extent, the conclusions of those on whose explorations it is founded. The area which has been subject to survey can hardly cover less than 1,000,000 square miles. Its extreme limits embrace 54 degrees of longitude and 10 of latitude, or, reduced to miles, represent 2,700 miles in length, and from 300 to 500 miles in breadth. A large proportion of this was, three years ago, an unknown wilderness. If a comparison of the extent of what we will call the Canadian Pacific territory were sought in the eastern hemisphere



we should find its counterpart in a region stretching from the coast of France across Belgium, Holland, Germany, Prussia, and Russia, to the Ural Mountains in Asia, and covering a considerable portion of these countries. The botanical and geographical characteristics of this region naturally divide it into three great sections.

Commencing with the most westerly, which is partially wooded and almost entirely mountainous, we find, perhaps, the most difficult and costly portion of the work to be accomplished. Two great mountain ranges bar the pathway of the surveyor who desires to run a line from the Saskatchewan to the Pacific; first, the Rocky Mountains proper, and next, as the coast is approached, the Cascade range. The former, however, present a series of elevated plateaux, with passes that admit of comparatively easy access. The highest of these passes are from 6,000 to 7,000 feet above the sea level, the lowest, 2,000 feet. Numerous independent ranges, known as the Cariboo, Selkirk, and Gold ranges, form a sort of advanced guard to the Rocky Mountains on the western slope. The Cascades rise abruptly from the sea level, looking bold, defiant, and all but insurmountable. The average height of many is from 5,000 to 8,000 feet. It will tax all the skill of the engineer to reduce the gradients in this district to working limits. Between the Rocky and Cascade Mountains lies an elevated plateau, intersected by rivers running through deep channels and threading their way around mountains that here and there lie in their route.

With the central or prairie section recent travellers have now made us better acquainted. It extends from a short distance east of the Rocky Mountains to the Lake of the Woods, and may be described as a vast triangle of an area of 300,000,000 acres in extent, its apex lying at the westward, and its base at its eastern extremity. Its most striking peculiarities are its great lakes and magnificent rivers, forming altogether a grand system of water communication, stretching, with few interruptions, for nearly its whole length. The rivers are described as being seldom obstructed by falls or dangerous rapids, and presenting, as a rule, a uniform descent. Captain Butler's work has lately familiarized us with many of the features of the northern part of this region, which is, to a large extent, rich and fertile, with a fair allowance of woodland. Its southern portion, however, is in many parts barren and uninviting.

The settlement of this country in advance of the railway would solve many difficult problems with regard to the construction and final success of the Canadian Pacific road. For accomplishing this object, Nature has fortunately supplied most powerful auxiliaries in the magnificent lakes and rivers by which it is intersected. Lakes Winnipeg, Winnipegosis, and Manitoba form a chain of water communication, broken only by comparatively unimportant interruptions, far into the interior of the country. The Saskatchewan, too, may, with a moderate expenditure in engineering improvements, be rendered navigable for steamers of light draught through the summer months. Its chief obstacles are the Grand Rapids, at the point where it flows into Lake Winnipeg, which a portage railway of three miles in length would overcome. Next in importance to these rapids are Cole's Falls or Rapids, close to the confluence of the two branches which ultimately form the main stream. They are about twelve miles in length, and have a fall of 12 feet. There are one or two smaller rapids, and the channel would require some dredging and the removal of the huge boulders which have been in times past deposited in the bed of the river, in order to make navigation safe and easy. For steamers or railway purposes, however, this country, rich as it is in many respects, would afford no adequate supply of fuel. But here, again, the coal beds already discovered will come to our aid, although it is quite possible that coal might have to be floated down the river to the depots provided from the seams already discovered above Fort Edmonston. In the prairie region, too, a natural supply of pure water is often found to be scarce, and the geological survey will no doubt direct its attention by boring to ascertain how this necessity may be supplied.

The next great span of country lying before us is the section between the point at which the prairie region ceases and the Nipissing terminus of the projected road. The Reports already published have told of the great difficulty experienced at the outset in discovering a suitable route for a railway through this tangled woodland wilderness. We have reason to believe, however, that perseverance has already accomplished a good deal in this direction, and that a route will be found free from any very appalling obstacles to the construction of the railway. To all who have reflected upon this matter two main objects to be attained will have presented themselves. First, it would be, of course, desirable to follow as nearly as possible an air line from Nipissing to Fort Garry; and, secondly, it would be incumbent on the engineers to approach as nearly as possible to the head of the lake navigation communicating with the St. Lawrence. Everyone is now acquainted with the rugged and uneven character of the country immediately north

and west of Lake Superior. To the rear, however, of the rocky region it is alleged the land is tolerably level, and free from serious obstructions to the progress of the railroad.

Having thus, in very general terms, described the character of the country to be traversed, we may forecast, so far as the materials to hand will allow, the probable route of the Canadian Pacific. That Vancouver Island must ultimately have its railroad terminating at the magnificent Harbour of Esquimalt is tolerably certain. The distance to Esquimalt from Seymour Narrows, where the main line, if its terminus were located in Vancouver Island, might be expected to cross, is about 100 miles, and, except for some 25 miles, a route might be found admitting of the tolerably easy construction of the railroad through a country partly agricultural and rich in coal beds and other mineral deposits. On the other hand, the task of connecting Vancouver with the mainland would be very costly, and require engineering works of great magnitude. A steam ferry might supply for a time the connecting link. A railroad crossing the strait would involve the construction of several bridges, with a clear span varying from 100 to 150 feet each, and the intervening islands would impose a heavy amount of rock excavation and tunnelling on the constructors. These circumstances will have to be regarded in considering the propriety of immediate operations in the island itself. Public policy might demand that they should be grappled with, but the legal obligations of the country towards British Columbia do not actually compel the Dominion to enter upon this undertaking. The Pacific coast can be reached in the terms of the contract with British Columbia by fixing the terminus on the mainland; and without in the least, therefore, proposing to discourage the idea that Vancouver Island is to enjoy the full benefit of this great national enterprise, it may be well, in tracing prospectively the route of the main road, to eliminate the Vancouver Island branch or continuation from our calculations.

Starting eastward from Waddington Harbour, on Butc Inlet, the first 44 miles will present, perhaps, the most repellent features of the undertaking, although the gravest difficulties of this section are to be met with in a distance of some 15 miles. It is probable that the Cascades will be crossed by the great canon of the Homathco River at an altitude of 2,285 feet above the sea level, the ascent being abrupt, and severely taxing the skill of the engineers to reduce the gradients to working proportions that will be equal to the duty of surmounting them. A glance at the map will indicate as the probable route of the railway, after leaving the canon, a line running by way of Lake Latla across the Chilicotin Plains to the Fraser, near Soda Creek; thence by Lac de la Hache to the valley of the Thompson, near Clearwater, and then following the course of the Fraser to Yellow-head Pass, which is crossed at an altitude of 3,760 feet. Descending the eastern slopes of the Rocky Mountains the road would, probably by way of the Caledonian and Jasper valleys, finally strike the plains of the north arm of the Saskatchewan. Those who are most familiar with the route between the head of the Homathco canon and Fort Edmonton, on the eastern side of the mountains, speak of it as presenting no very extraordinary difficulties. The distance is 162 miles, and the greatest depression of the ground is said to be 800 feet below the head of the canon, and Yellow-head Pass only 1,500 feet above it. But it must be remembered that the authorities on these points are mostly engineers or surveyors, or persons who speak and write under inspiration, and it is the natural tendency of men who are daily engaged in the task of overcoming obstacles to make light of them. Captain Butler and others have made the public familiar with the more northerly pass, by which the Peace River flows, and either this or Smoky River Pass would probably be as eligible in many respects as Yellow-head Pass as a means of crossing the Rocky Mountains. We assume, however, that the route selected will be the one by which the Cascades can be surmounted most easily. As was lately announced, explorations are going forward, as to the merits of a route through British Columbia in the direction of the River Skeena. Enough has been said to show that the whole of this grand section is sufficiently beset with obstacles and difficulties to make the most exhaustive inquiry necessary before any one route is finally determined upon.

The prairie section of the route is one that recent travel and explorations have very generally familiarized us with. It will probably present the fewest obstacles to the construction of the road; but the first report issued of the progress of the surveys, if we are not mistaken, led to the conclusion that heavy bridging and some other works of considerable magnitude would have to be undertaken in this region. Meantime the announcements of the Premier indicate that by the utilization of the water communications the building of the railway west of Fort Garry and east of the Rocky Mountains may be for the moment deferred.

In considering the third and last grand section we have to bear two or three important matters in mind. It is desired ultimately to build a through line, as direct as practicable, from the south of Lake Nipissing to Fort Garry. It is important that the line should approach as nearly as possible to the waters of Lake Superior. It is necessary that the readiest possible means should be found of connecting the oldest portions of Canada with the Red River Settlements. It was originally supposed that the road should have to run to the northward of Lake Nipigon, a branch line connecting Thunder Bay with the main road. From information that has reached us we have reason to believe that these several problems may be solved in the following manner:—It is said that a practicable route has been discovered through to the rocky region at the head of Lake Superior, the road approaching the lake as near as Lake Helen, which is an expansion of the Nipigon River, about ten miles north of Nipigon Bay. By a little dredging this point can be reached by steamers, and a Thunder Bay branch line be avoided. It would be further from Fort Garry than Thunder Bay, but then, on the other hand, it combines the advantage of being at the same time a Lake Superior terminus and a station on the main road when this is finally built. By the cost of locks, Chief's Bay could be reached and the line located on Lake Nipigon itself. The distance from the south-east of Lake Nipissing—the ultimate eastern terminus of the Pacific—to Lake Helen is 557 miles. At Nipissing the line would be 730 feet, and at Helen 604 feet above the sea level, the highest intervening summit being 1,420 feet above the sea level; and between this and the point next in altitude lies a comparatively flat country for 370 miles. The real difficulties of this section are found, as might be anticipated, when Lake Superior is approached within twenty or thirty miles of Lake Helen. The gradients on the whole of the stretch from Lake Nipissing to Helen are not, in fact, heavier than those on many existing lines in Ontario.

From Lake Helen it is probable a north-westerly course would be taken until the neighbourhood of Chief's Bay, on Lake Nipigon, is reached, whence the road would run due west to Rat Portage at the northern end of the Lake of the Woods. Thence it would still run west, with a slight bend to the northward, to Lake Manitoba. The whole distance from Lake Manitoba to Lake Nipissing by the shortest route, including a connection with the Lake Superior navigation, will be 1,038 miles. The country between Lake Helen and Lake Manitoba is reported to present no very serious impediments to the construction of such a road.

We must await the publication of the Surveyor's report before entering more minutely into the merits of the rival routes from Nipigon or Thunder Bay. In the former case Nipigon River and Lake Helen open up a means of access to the railroad, as we have already seen, of some ten miles in length; in the latter a similar duty for eight miles would be performed by the Kaministiquia River. The relative advantages of the two bays in a climatic sense, are also matters of dispute. But there is one important consideration that gives Thunder Bay a present advantage. We want, above everything, to establish early and easy access to our north-west territory. At present the contiguity of Thunder Bay to the lake communication with the north-west makes it the point of departure. If a railroad were built for the forty odd miles now known as the Dawson Road, and another line from the Rat Portage to Fort Garry, a distance of about 100 miles, the delays of the present route would be reduced to a minimum. By the aid of the steam service already established on the lakes and rivers, and abundant facilities for moving passengers and freight across the intervening portages, Fort Garry would be easily reached in six days from Thunder Bay. If, ultimately, Lake Helen was made the starting point, the railroad to Lake Shebandowan would still be of great local value, and be available for facilitating that transport which still sought a water route, whilst the line from Rat Portage, at the northern end of the Lake of the Woods to Fort Garry, would then form a portion of the main road. The scheme would appear to commend itself very favourably to consideration.

A rough estimate of the comparative advantages in point of distance of the proposed American and Canadian lines will be interesting. From Fort Garry to Sault Ste. Marie *via* Duluth and water navigation, the distances would be 856 miles; from Fort Garry *via* Nipigon Bay and Lake Superior to the Sault it would be 664 miles; from Fort Garry to Toronto and Montreal the distances, all railway respectively, would be 1,173 and 1,285 miles; from Fort Garry *via* Pembina and Chicago the distances to Toronto and Montreal are, Toronto, 1,589, Montreal, 1,925 miles; from Fort Garry *via* Pembina, Duluth, and Sault Ste. Marie, all rail, the distance would be, to Toronto, 1,296 miles, and Montreal, 1,446, miles. In either case, therefore, the saving by the Canadian line would be very considerable.

It remains for us only to speak of the climatic peculiarities, so far as they are

known, of the proposed route. From all the information that has reached us, these do not appear to be so formidable as had been at one time anticipated. On the western slope of the Cascade Mountains the snow-fall is heavy. There probably snow-sheds would be needed to protect the line, but elsewhere the fall is not so great apparently as in some parts of Ontario and Quebec. If this be borne out by experience—and our surveyors who bring home these reports have now spent a large amount of time and labour in their observations—the Canadian Pacific, although running so much further north, will have less to fear from the rigours of winter than its competitors for trans-oceanic traffic in the more southern regions. On this and other points, however, we shall wait with interest the publication of the official reports of the several parties whose surveys and explorations are needed in order to the finding of a correct judgment.

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Inclosure 2 in No. 3.

*Extract from the Toronto "Globe" of May 13, 1874.*

**THE PACIFIC RAILWAY.**—On the order for the House to go into Committee to consider certain proposed resolutions relative to the Canadian Pacific Railway being called,

*Mr. Mackenzie* said: *Mr. Speaker*—In moving that you do now leave the chair, I propose to ask the attention of the House for a short time to some remarks that I propose to make in connection with this measure. I shall endeavour, Sir, to confine myself as closely as possible to a simple business statement of what I conceive to be necessary in submitting the resolutions of which I have had the honour to give notice. The duty is imposed upon the Government of providing some scheme for carrying out the obligations imposed by the solemn action of Parliament in this place. The original scheme, Sir, was one that I opposed at the time of its passage here, as one that in my mind then seemed impracticable within the time that was proposed, and impracticable. I may say also, with the means proposed to be used to accomplish it. I have not changed that opinion, but being placed here in the Government, I am bound to endeavour, to the utmost of my power, to devise such means as may seem within our reach to accomplish, in spirit if not in the letter, the obligations imposed upon us by the Treaty of Union, for it was a Treaty, with British Columbia. During the passage of the resolutions through the House, or through the late Parliament of this country, I expressed my mind very freely as to the nature and extent of the obligations which we were then assuming, and I expressed a very strong conviction that the passage of that measure would necessarily almost result in future calamity, certainly in future complications, which might seriously affect the political position of parties and the political position of the country generally. Sir, unfortunately—I say unfortunately, because I could wish it were otherwise—unfortunately, all that I anticipated has been fully realized. The difficulties have arisen. The late Government were able, although with some difficulty, to carry their resolutions through the House. They were able, though with difficulty, to get a majority of both Houses of Parliament to sustain them in the very extraordinary measure that they proposed—extraordinary, Sir, because it was not demanded by the Province of British Columbia. The Province of British Columbia confined itself to what seemed to me at the time a not unreasonable proposition. They were content with a proposition that this country could very easily have carried out; but the Government of the day, for some inexplicable reason, went so far beyond what that Province considered a fair and legitimate demand, as to place the whole country in jeopardy, from having undertaken a work so prodigiously in advance of what might be supposed to be the fair resources of this country.

It is worth while to glance for a while at the extent of these obligations. We know already the difficulties that have been experienced in constructing the intercolonial road, the construction of that road having been a part of the terms of Union between the Lower Provinces and the old Province of Canada. We know that that road which we had to construct was only 500 miles long; that there was ready access at every point almost along its whole course to the sea; that there was the most ample means provided in every way for carrying that road to an early and successful completion; and I recollect very well the ardent expectations entertained by many of the zealous advocates of Union. I am not sure, Sir, but I was myself among the number as to the early completion of the road, although I did not anticipate its completion at so early a day as many other Members of the old Legislative Assembly of the Province of Canada. I rather went into that work, Sir, as a necessity of the Union. I was not in favour of undertaking it at

all as a commercial transaction, but as a political necessity I accepted it, and went loyally into every means necessary to secure its completion. But I recollect very well that some prominent gentlemen in political life anticipated that that road would be constructed within three years, and anticipations were indulged in on this floor in 1867, when the Act was passed providing for its immediate commencement and construction, that within two or three years—three years at the outside—we should be able to make the railroad journey from the city of Halifax to connect with the railway system of the old Province of Canada.

Well, Sir, the three years have passed and four years more have passed, and it will take at least a year, probably two years, before it will be possible to realize the accomplishment of that very desirable wish to have a complete connection between the system of railway east and west. Yes, Sir, in 1871, when the difficulties were thoroughly understood, and it was quite apparent that the contracts for the construction of that smaller work could not be completed within two or three years of the time that was anticipated, under these circumstances, and at this time, the late Parliament of Canada, under the guidance of the right honourable gentleman opposite, gravely undertook to construct a road five or six times the length of that to which I have alluded, pledged the honour and good faith of this country to its commencement within two years (that is the commencement of the actual work of construction), and pledged the honour and good faith of the country to its entire completion within ten years. As I have remarked, I thought at the time this was an exceedingly extravagant undertaking, and I appealed to the House, not as a mere party opponent of the right honourable gentleman, but as one who felt a great interest in the accomplishment to the Union which we were then discussing—as one who was pledged, if any one in this country was pledged, to adopt every reasonable proposal which could be undertaken to accomplish the complete unification of British America. The difficulties which had to be encountered in constructing a railway at least 2,500 miles long, through a country almost entirely uninhabited, possessing a population of only 15,000 to 20,000 people, and that in the centre of the continent, with a point at which to begin on this side where no person lived, and a point at the other end where very few people lived, the difficulties, Sir, were enormous. With no settled points for the road except these two, and the point where it might touch Lake Superior, it had to traverse a country east of Fort Garry and west of the Rocky Mountains, remarkable for its rough natural features and the engineering difficulties which were sure to present themselves.

However, Sir, the work was undertaken, and we know that precisely what was anticipated has taken place. The honourable gentleman opposite, with his Ministerial majority, succeeded in getting this undertaking assumed by Parliament, and of course, Sir, they took the most extensive powers possible in order to implement their engagement. They took powers so extravagant that I was obliged at the time to call the attention of Parliament to them: but with all these powers, with all that authority which they vested in themselves, after sending a delegation, they accomplished,—what? Why, Sir, they accomplished absolutely nothing. (Hear, hear.) They never received one single offer of any amount from any body of capitalists, or from any company, unless, indeed, we except the famous Sir Hugh Allan Company, which was a mere combination for the purpose of finding capitalists who would undertake it. They had no capital themselves, and did not pretend to have any. They relied entirely upon the success of their mission to England, which proved an entire failure. We have had no history presented to the country of that mission yet. We do not know what proposals were submitted in London, or to whom they were submitted. All that we know is that a delegation of the directors of that Company went to England, passed some weeks or months there, did nothing, came back, and threw up the charter, thereby acknowledging their utter inability to carry out the undertaking. (Hear, hear.) Sir, the incoming Administration were placed in a position of peculiar difficulty in connection with this matter. We had to undertake to vindicate the good faith of the country, and do something which would enable this Parliament to carry out, in spirit if not in letter, the serious undertaking of building this railway as far as the shore of British Columbia. The legal terms are exact. We are bound within a specific time to construct a road to connect with the railway system of Ontario on the east to the Pacific coast on the west. (Mr. Bunster—hear, hear.) There is a moral obligation beyond the legal obligation. I recollect quite well, although I do not intend to base any argument upon the fact, that when the British Columbia Delegation was present in this city, and one of its members, Lieutenant-Governor Trutch, was speaking at a public meeting on the subject, and referring to speeches made by myself and other gentlemen on the floor of this House, he declared his impression to be that the exact terms of the resolutions that were passed,

endorsing the Union, could only be adhered to if it were in the power of the country to accomplish what was required. We know that Sir George Cartier, the gentleman then leading the House, the leader of the Government being then absent at Washington, was appealed to in order to quieting the apprehensions and make smooth the objections existing amongst his followers, which were known to be so great as to make it nearly impossible to carry through the measure. When thus appealed to he came down to Parliament and moved the following resolution, which was adopted:—

“That the House will to-morrow resolve itself into a Committee to consider the following proposed resolution:—‘That the railway referred to in the Address to Her Majesty concerning the union of British Columbia with Canada, adopted by the House on Saturday, the 1st April instant, should be constructed and worked by private enterprise, and not by the Dominion Government; and that the public aid to be given to secure that undertaking should consist of such liberal grants of land and such subsidy in money or other aid, not unduly pressing on the industry and resources of the Dominion, as the Parliament of Canada shall hereafter determine.’” Well, Sir, we now desire the gentlemen who undertook that responsibility to show us how it is possible to construct a railway 2,500 miles long, with a population of 4,000,000, passing during almost its entire length through an uninhabited country of a very rough character. How it is possible to have the exact terms of the Union observed, and at the same time have no extra taxation pressing unduly upon the resources of the Dominion, is a question which presents itself for solution. I believe it is utterly impossible to do so. (Hear, hear.) I believe there can be no question that whoever builds the road, and whenever it may be built, it must be constructed with money furnished by the people of this country. It is true, Sir, that we have a vast extent of land, the greater proportion of which is good, that may perhaps be sold and yield a considerable amount of money. We all hope it will do so, but we must not adopt such a measure as will effectually exclude, as I believe the measure of the late Government would have excluded, settlement, and prevent the growth of the country. (Hear, hear.) We are reduced then to the necessity of considering whether we will attempt to keep up a fictitious price for land, or make it so cheap as that it merely requires the railway to be built to command immediate settlement by a large population. We know, Sir, that the obligations imposed by the building of the road will not terminate with the conclusion of its construction. Supposing it only takes the minimum amount estimated by Mr. Sandford Fleming, 100,000,000 dollars, you have a pretty good appreciation of what it must cost the company in the end. When you double the debt of the country you will not be able to accomplish the borrowing of the sum of money that would be required to build this road, paying the attendant expenses of management, and the debt and everything else connected with it—you will not be able, I say, to borrow the requisite sum of money below 6 per cent. on the amount. If you add 6 per cent. upon the minimum amount to the existing obligations of this country, you will have, in addition to our present annual burdens; 6,000,000 dollars, which, added together would make a continuous application of 12,000,000 dollars before you have a cent to apply to the ordinary business of the country. Then we come to the consideration of what would be the position of the road after it was completed, supposing we were able to fulfil the obligation which gentlemen opposite undertook; and supposing we finished it in seven years, we have Mr. Fleming’s authority—assuming him as an authority, and I think he is very much within the bounds, that until at least 3,000,000 of people are drawn into that uninhabited territory, it is quite impossible to expect the road to pay its running expenses. Mr. Fleming estimates these at not less than 8,000,000 dollars per annum, and they have still further to be supplemented by the proportion of money required each year to renew the road. It is known, however, I believe, to railway authorities, that considering the difficulties of climate and with the ordinary traffic, the road will require renewal, that is the renewal of sleepers and rails, every eight or ten years on an average. No doubt with steel rails substituted for iron the time for their renewal would be considerably enlarged, but to what extent I am at present unable to say. However, we may assume that it would be very much longer than the duration of the ordinary rails.

*Mr. Tupper.*—What do you estimate as the duration of the ordinary rails?

*Mr. Mackenzie.*—From eight to ten years, that, at least, is the opinion of Mr. Walter Shanly, whom I assume to be a competent authority. Supposing then that the road were completed, we would have, in addition to the burdens imposed upon us by the interest of the money, to provide for the working of the railway a sum at least equal to that amount, or 6,000,000 dollars every year, in order to keep it in repair. I present these statements not as my own, but as those of the engineers in connection with the enterprise, as well as some of the most eminent engineers we have, who have been

entrusted with the greatest works constructed on the continent. Before proceeding further, let me refer to an additional obligation assumed by the right honourable gentlemen opposite. We were bound by the terms of union to reach the sea board of the Pacific wherever we could touch its waters. There our obligations ended; but the late Government undertook that the terminus should be placed at the further extremity of the Island of Vancouver, thus adding about 240 miles to the obligations already existing. But that is nothing. We happen to know something more, and I think it was known at the time that an Order in Council was passed, which I shall not accept as an obligation entirely binding upon the country, but one which we have to regard from the point of view I shall present to the House. At present we know from the surveys of the country by engineers who have undertaken the work, that, after reaching Bute Inlet, you have still to traverse, if you carry the railway to Vancouver, a distance of 50 miles before you reach the narrows between the island and the mainland; and from the point where you leave the mainland till you reach Vancouver there are another 30 miles to be traversed. Upon these 80 miles we have no less than 3,880 feet of bridging, in a distance almost exactly equal to a mile and a half, a work of a much more formidable character than the bridge over the St. Lawrence at Montreal, composed of spans varying from 300 to 1,350 feet. The current at this point is reported by the engineers as running from 4 to 9 knots an hour. Besides, in this distance of 50 miles from Bute Inlet to the point where you leave the mainland, there is a very large number of tunnels to be constructed, varying from 100 to 3,000 feet in length, and at the islands before you reach Vancouver you have the heaviest kind of work known to railway engineers. Upon these 80 miles between Waddington Harbour and Vancouver Island, there is work of the most formidable character. These, Sir, are the chief difficulties that present themselves to our minds, and these are the facts relating to the question of the obligations which this Parliament is bound to carry out in order to maintain the good faith of the country. It, therefore, rests with the Government to take such measures as they think necessary in order to carry out as nearly as may be in spirit, if not in letter, the resolutions adopted by the late Parliament. Under these circumstances the present Government assumed office. With all these facts staring us in the face, we could not but be aware, and we were quite aware, that the difficulties to be surmounted were of an extraordinary character. We were quite aware that British Columbia claimed that the terms of Union were already violated. The right honourable gentleman opposite gave it as his opinion—and I have a very great regard for his opinion upon legal questions generally—that the work of construction was commenced when the surveys were commenced. Whether he was correct or not I do not think it necessary to say at the present moment. It will be remembered that a surveyor was sent by the Government of the right honourable gentleman to Esquimalt at a critical moment to drive in some stakes in order to make it appear as if this were a commencement of the work. We thought, in the first place, after having had time to consider what should be done, that the best course to pursue in the meantime would be to confer with the local Government of British Columbia, and endeavour to ascertain from them if any means could be arranged whereby an extension of time could be procured for the prosecution of the works which we were bound to take. With that view a gentleman was sent as a representative of this Government to that Province, and, in the course of his negotiations with the local Government, it became apparent, as it has been apparent in this House from several members from the Island of Vancouver, that it was an exceedingly important matter in their estimation that the road should be commenced at once at Esquimalt, and traverse the Island to that point where the crossing of the narrows was ultimately to be. I, for one, was quite willing, if the local Government were disposed to make some terms for the extension of time, to undertake the construction of the island portion as rapidly as possible; but if it became apparent that the local authorities were determined to adhere rigidly to the terms of Union, and demand the whole terms and nothing less, this House and the Dominion of Canada, I was and am strongly of opinion would on their part concede to them the terms and nothing more. (Hear, hear.)

Proceeding upon the belief that this was a fair representation of the opinions of the country, which had to pay for the construction of this enormous work, we instructed Mr. Edgar, who was appointed to represent the Government in the matter, to say that the Government would be prepared to undertake immediately the commencement of the work upon the island, traversing it northwards in the direction of the point of crossing, prosecute the surveys on the mainland, construct a passable road along the ridge, erect a telegraph line along the road, and as soon as the work could be placed under contract we would expend 1,500,000 dollars a year within the Province. I do not know whether the offer will be accepted or not, and, in the meantime, it is

absolutely necessary that Government should have authority to proceed with the commencement of the works in such a way as they think will meet with the acceptance of the country generally, and the reasonable people in British Columbia. There was a very considerable amount of criticism indulged in by the right honourable gentleman opposite when I avowed my own views on this question in my election address to the people of Lambton in November—when I avowed my impression to be that we could, in the meantime, utilize the inland waters, connecting them by branches of railway, building such sections as were absolutely necessary, as quickly as possible, and in this way completing, probably within the time fixed for the final completion of the road, but certainly very soon, means of transcontinental communication between British Columbia and the Eastern portion of the Dominion. And, Sir, I think I recollect the right honourable gentleman stating that if my views were carried out, or attempted to be carried out, British Columbia would be justified in seceding from the Union. He was holding out to them all the encouragement that his distinguished position in the country enabled him to do, to make matters as unpleasant as possible, and to secede from the Union if they liked. (Hear, hear). I have a better opinion of the people of British Columbia, Sir, than to believe that they will for a moment think of adopting the extreme view of an extreme and desperate party leader. (Hear, hear). We are bound, Mr. Speaker, to consider, in reference to this measure, the general interests of the country as well as our obligations, and it may well be that a nation may sometimes undertake obligations which she is never able to carry into effect. Whether the right honourable gentleman has committed that act of folly or not time will tell. I have no doubt myself at all that that folly has been committed. That policy, Sir, which I indicated, of using the water communication between Lake Nipissing, where the road was to commence, and the Pacific, was one adopted in good faith—one which I believe would be beneficial to the whole Dominion; one that, in the meantime, would serve the interests of British Columbia reasonably well, until time would enable us, by increased wealth and developed resources, to carry to completion the enormous project upon which we had entered. I pointed out in a former speech on this subject that if we once could reach Red River at a comparatively small expense—probably not more than 1,000,000 dollars—we would be able to utilize the water communication by Lakes Winnipegosis and Manitoba, and the Saskatchewan River, or by another route pass along the west shore of Lake Winnipeg, and by a short railroad pass the only formidable rapids on the Saskatchewan, and then, during the summer months, we would be able to reach the pass of the Rocky Mountains by steamboat communication at a small cost. The more I have investigated this plan, the more I am convinced of its perfect utility; and even if we were to proceed immediately with the construction of the road through the prairie country, the navigation of the Saskatchewan River is almost essential to carrying out our operations. Unfortunately, the part of the country which will cost most and will be most difficult of access is that from the Rocky Mountains westward. This portion of the road, although not approaching in mileage to the portion eastward, is much more expensive. From about 100 miles west of Fort Edmonton to Bute inlet, the entire cost is estimated at not less than 35,000,000 dollars, and as we can only begin there at the Pacific, an idea can easily be conceived how slow the progress must be. Mr. Fleming has called our attention to the fact that, although he thinks the road might be built for 100,000,000 dollars, if plenty of time were allowed to build it in, yet if undue haste were used, he would not be surprised if double the estimate should be found insufficient.

Having these facts before us it becomes absolutely necessary, in my opinion, to adopt the mode suggested in that speech of mine to which so much exception was taken, that is, to utilize the water communication in the centre of the continent as far as possible. Since the last communication made to the House, or rather to the country, the survey has partially been completed from Lake Nipissing westward, not an instrumental survey, but such a survey as to enable the engineer to say there are no engineering difficulties between Lakes Nipissing and Nepigon, a distance of 557 miles. From Nepigon to Red River, a distance of 416 miles, there are no formidable engineering difficulties, though the nature of the country makes it expensive to build.

We proposed to build the road from Pembina to Fort Garry, as our predecessors did. During the elections great capital was tried to be made out of this, and statements were made by honourable gentlemen opposite to their newspapers that this was in consequence of some bargain with the Northern Pacific Railway, and it was stated that the Northern Pacific had something to do with the previous transactions, which I do not propose to discuss now, as I intend to confine myself to the matter before the House. I may say that I never knew any one connected with the Northern Pacific



Railway, that I never had any communication with or through them, or any one connected with them, good, bad, or indifferent, and any statements to the contrary are simply without foundation; and I challenge any one in this House, or out of this House, to produce anything to the contrary. But it became evident, Sir, that the construction of these sixty-five miles of railway would be necessary in order to get into Manitoba. It was evident that if the railway should be completed through the United States from Duluth to Pembina, we would have an easy mode of communication with Fort Garry, a point on the great road itself; and that it would be of the last importance to be able to commence the line in both directions, with the view of getting immigrants from the United States and Europe into the great prairie country as rapidly as possible. We decided to lose no time in building this branch of the great Pacific road, and I have no doubt this branch will be in operation in little more than a year from the present time, if the House passes the vote which we have asked for this purpose. Thus we will have the means of commencing the road from the western point of the Fort Garry section. I have now to point out what the scheme of the Government is in relation to the construction of the road itself. I have already said I consider the building of this road to be one that has to be borne by the people of the country. It is quite useless to expect that this road can at the present time, or for some time to come, be regarded as a purely, or even partially a commercial enterprise, because I do not expect that any commercial advantages can by any possibility arise to a company constructing this road for many years to come; and as I believe in a perfectly frank, honest expression of opinion in regard to these matters as the only mode by which the affairs of the country can be legitimately carried on, I give free expression to my views in that matter. In regard to the branch from Fort Garry to Pembina, which I think has some commercial advantages which may fairly be expected within a short time to yield some return for the outlay, at present there is no doubt that the commercial advantages would not be great unless we throw upon it a great deal of the traffic in connection with the Pacific road proper. We propose, then, in these resolutions, to ask the House to agree to this general proposition. In the first place we have to ask the House for complete power to proceed with the construction of the road under the terms of the Union with British Columbia, because we cannot throw off that obligation except with the consent of the contracting parties, and we are therefore bound to make all the provision that the House can enable us to make to endeavour to carry out in the spirit, and, as far as we can, in the letter, the obligations imposed on us by law. We ask, therefore, for power to accomplish this, if it can be accomplished, and at the same time we propose to divide the road into several sections, one from Nipissing westward to Nepigon, a distance of 557 miles. This is a section which we do not consider at all necessary or desirable to proceed with at the present time. It is not one that in any way involves in spirit the obligations entered into with British Columbia, if it should be allowed to stand for the time. We propose to make another section from that point or some point on Lake Superior. Nepigon river presents, according to our present information, some considerable advantages, and, in order to have a complete summer connection through our own territory, it appears to be clearly necessary that this section should be proceeded with. Honourable gentlemen will remember that the Saskatchewan takes a long detour southwards, and we do not propose to utilize the navigation at that point. We therefore propose to build the railway from the Red River to the point where we can reach the Saskatchewan without making a detour to the south. This would, therefore, leave somewhere in the neighbourhood of between 600 to 700 miles. I cannot tell the precise distance, for the distances are all approximate. There have been no measurements, they are taken from astronomical points ascertained, making some allowance for bending one way or the other. They are purely approximate, but perhaps they are not very far from the real truth. From that point westward it is quite clear that there is no means of rapid communication except by building a railway, and this portion in British Columbia alone would take 35,000,000 dollars; and from the point which Mr. Fleming calculates as the centre of the Rocky Mountains eastward to the junction with navigation would probably be 100,000,000 dollars, or something like that. This portion we propose to proceed with as rapidly as we are able to obtain a completion of surveys.

There are now four parties of surveyors in British Columbia, one exploring party proceeding along the Cascade Range, with a view to find some other points where that formidable range could be penetrated from the plateau to the ocean. At present the easiest point appears to be Bute Inlet, especially if we look to the connection with the Island. The shortest route, however, is that which takes the Fraser River, and terminates at Burned Island; that is some fifty or sixty miles shorter than the route

whose termination is at Bute Inlet, according to the distances already ascertained, but the engineering difficulties are still more formidable.

In no portion of the Coscack Range has yet been found a favourable passage; that on the Fraser river is the most favourable, but it presents engineering difficulties almost insurmountable. To Bute Inlet there is a descent of 3,500 feet in the course of a very few miles, making an average of over 115 feet to the mile, and there are very formidable obstacles to traffic passing eastward. Still, if no better route presents itself in the course of exploration this summer, it is probable this route will be adopted by the Government. We do not commit ourselves to any portion not thoroughly surveyed. I believe it is absolutely necessary in constructing a great railway that there should be a thorough exploration and survey before it is commenced. I do not believe that any time is gained by the other course. I know our friends from British Columbia are very impatient for the actual work to be commenced, but it is impossible to commence works of construction until the plans on which they are to be constructed are decided upon. It would be very easy to commence at Bute Inlet to grade the road, and so keep within the terms of the Union Act, but I scorn to practise any deception in the matter. (Hear, hear.) I desire to be perfectly frank, and I say it is utterly unsound in practice and principle to commence the work until we know the precise point where the work should be undertaken. It would be a great mistake in the interests of British Columbia itself to commence the construction of the railway, and a year afterwards, after spending perhaps a million or more, to find that we might have obtained a road more favourable in its route and in other respects. We know that though Mr. Fleming had been engaged four years in the survey of the Intercolonial before a single sod was turned upon the line, his surveys were in such a state of incompleteness that it cost the country a great deal more than it need, and would perhaps cost more yet, besides giving rise to difficulties and to heart burnings among the contractors, who alleged they had been deceived with regard to the character of certain sections. I have these complaints before me every day. Every gentleman knows, who hears the motions made in this House from day to day for papers in connection with these contracts, that a serious blunder was made at the beginning, and that arose from the commencement of the work before a complete survey of the road had been made. We are now pushed by our friends from British Columbia to commit a similar blunder, but in a greatly enlarged and aggravated form. For if it took four years to survey the Intercolonial Railway, passing through a country which was reasonably well known, how much more difficult must it be to survey the country from the Rocky Mountains west, which is characterized as an enormous plateau, with mountain ranges rising to an height greater, in some cases, than the highest passes in the Rocky Mountains themselves? We are told, as a matter of fact, that thirty miles from the Pacific the mountains are higher than the most elevated of the Rocky Mountain range. The country is almost entirely unsettled, and is a most difficult road from an engineering point of view. It is intersected at various points by large, rapid, and most dangerous rivers, and presents some of the most formidable engineering obstacles. The Government, therefore, feel that they would not be justified if they did not prosecute as rapidly as possible a full and complete survey of the country before they commenced the road, if that road is to be anything like a success. (Hear, hear.) I have a firm belief in a great future for Canada. (Hear, hear, and cheers.) I have a firm belief that the vast prairies of the West will, even within my own life time, be filled with millions of a busy population (cheers)—that the vast mineral resources of British Columbia will be developed, and that its agricultural resources will prove much greater than at present we have reason to think they are. (Hear, hear.) And, Sir, we have also reason to hope for traffic upon this road that will make it a commercial success. Whenever it becomes necessary to use it as a commercial highway, you would find the difficulty which would be created by having it poorly surveyed and badly graded. There are various modes by which this character of railway has at several times, and in several countries, been constructed, and I think it might not be at all unprofitable to glance at some of the modes by which other countries have accomplished the building of some of their roads.

Sir J. A. Macdonald suggested that as it was now within a few minutes of 6 o'clock, and the honourable gentleman was entering upon a new portion of his subject, that he should reserve his remarks until after recess.

Mr. Mackenzie agreed to do so, and the House accordingly rose for recess.

After recess,

Mr. Mackenzie said—Mr. Speaker, before the House rose I was about referring to the mode adopted in other countries for constructing works of this character involving

the expenditure of large amounts of money. There are several countries in very much the same position as ourselves which have undertaken the construction of railways upon a large scale. If we take, for instance, some South American nationalities, we find in constructing the Plate River Railway, or the Central Railway, as it is otherwise called, which is about 247 miles long, adopted the plan of granting money to the extent of 32,000 dollars per mile, and a guarantee of 6 per cent. upon that amount for forty years. This railway passes through the Plate Valley, which contains about 900,000 square miles, with a population of 3,000,000, or three souls to the mile—a country somewhat smaller than Canada, and a climate, in many portions, somewhat similar. We find that the Southern Railway in the same Republic is constructed by a guarantee of 7 per cent. by the Government on 700,000*l.* sterling; another, by the merchants, of 25,000*l.* sterling, equal in all to about 5,000 dollars per mile. The Northern Railway, also in the Argentine Republic, received a guarantee of 7 per cent. upon 750,000 dollars for twenty years. In Chili the only railway of any consequence constructed in the same manner is that from the seaboard at Valparaiso to Santiago, a distance of 114 miles. It was undertaken at first by a Company, the Government taking two-fifths of the shares and the Company the rest. The Company worked so badly, however, that Congress finally bought out the shareholders who had begun building the railway, and borrowed 7,000,000 dollars from the Barings in order to enable them to complete the road. The road was projected in 1850, and opened for traffic in 1873. Russia is another country possessed of vast resources in land as well as money, or more properly speaking, in credit. In 1857 the first great railway corporation was organized in Russia under the name of the Grand Russian Railway Company. It was organized chiefly by French gentlemen who intended to construct a road from St. Petersburg to Varsovie, at a cost of 70,000,000 dollars, another branch from St. Petersburg to the Prussian frontier at a cost of 9,000,000 dollars, a third line from Moscow to Ninnagorod at a cost of 20,400,000 dollars, all of which were completed in 1862. A fourth and fifth line were also undertaken by the Company, the one from Moscow to Theodosie, and the other from Orel to Liban. The Company received, in the first place, a guarantee of 5 per cent. upon a certain amount of capital on the three first sections, the expenditure upon which the guarantee was payable being 110,500,000 dollars; they afterwards asked an increase upon this guarantee, and also 5 per cent., equal to 114,651 dollars per mile, on the fourth line, instead of 5 per cent. on 75,428 dollars. This was refused by the Russian Government, and they finally undertook to pay interest on 89,887,700 dollars, an actual subsidy of 21,000,000 dollars, and released the Company from its obligations to build railways No. 4 and No. 5. In Portugal, one of the European countries in which railways have been built under the immediate supervision of the Government, the mode of procedure has been one of the two following. The Government initiates some of the railway projects; they first decide upon the line to be built, the mode after which it is to be constructed, the principal towns at which it is to touch, and then they invite proposals from capitalists. These proposals were based upon a careful consideration of the form of tender given by the Government to the intending contractors, and sometimes they were put up publicly to auction. Generally speaking, however, the tenders were received, and the one that presented the most advantageous terms was accepted, subject to subsequent ratification by Parliament. Sometimes Companies organized a scheme themselves, and submitted their scheme to Government, with plans and specifications, with all the information necessary to enable competing Companies to make a tender. The scheme was then advertised, and if any parties offered more advantageous terms than the original projectors were at liberty to accept those terms for themselves; if they did not it was put up to auction and sold to the highest bidder. In that case Parliamentary consent was not required. Several railways were built under this system, the first being from Lisbon to Santarem and the interior towns, the Government paying 6 per cent. for fifty years, with one-half for a sinking fund, and a bonus of 2 per cent. The second was from Barriere to St. Ules, with a subsidy of 8,500 dollars per kilometre, or 13,000 dollars per mile, with a free grant of all the timber and Government lands, the absolute subsidy of the roads becoming the property of the Company. The third was built by a French Company, from Lisbon to Cintra, the Company receiving a valuable grant of land in the neighbourhood of Lisbon by which means they expected to be able to recoup themselves. The fourth, from Lisbon to Oporto, was built by an English Company, with a subsidy of 27,000 dollars per kilometre, or in the neighbourhood of 40,000 dollars per mile, with the timber, mines, and mineral lands within one-half a mile of the road, as they might be able to discover them. The French railways have been constructed on a somewhat mixed plan. The State has surveyed the entire system of the country, over which they retain a corps of engineers. When a

road is considered necessary, it is located in this way by the Government engineer. Ties, rails, sleepers, and so on were contracted for on specific terms. Under this mixed system there is no doubt the French railways have been a perfect success. There has been a greater measure of safety and prosperity than on English lines, because they have been built and are worked under direct Government supervision, and are free from the competition which has done so much to injure the English and American systems of railway; undue competition has been entirely avoided, each railway having a fair country to draw upon for its traffic.

Up to the latest date I have, I find in certain returns the Government have advanced somewhere about 200,000,000 dollars, while private Companies have advanced nearly four times that amount. Since the date of that return some heavy outlays have taken place in that country, and I merely refer to the matter in order to instance the mode of building as one from which we might derive some instruction. One of the most prosperous British Colonies, New Zealand, is doing some work of a similar character to the Pacific Railway. Although in New Zealand they have no federal system of Government, practically it is, so far as the land is concerned. Each province has a municipal Government which controls the land, and they have given these lands as security to the contractor. No calculations could be based upon them, however, our circumstances being entirely different from theirs. The Irish railway system has been partly aided by the Government. Government have advanced a very considerable sum, about 10,000 dollars per mile, on the Irish railways, giving security for interest upon the stock at the rate of from  $3\frac{1}{2}$  to 5 per cent., the average being 4 per cent. The system of guaranteeing the payment of interest on the stock seems to have worked well in British India, where we have instances of enormous railway works being constructed under the direct supervision of the Government by organized Companies, Government guaranteeing a dividend to the stockholders of from  $4\frac{1}{2}$  to 5 per cent. for a period of ninety-nine years, at the end of which time they become possessors of the railways, unless other arrangements are made. Under this system the roads are reported to be very successful, and the dividends have, in some cases, been made up by the income, there never having been serious deficiency. On the great lines the Government have one director on the Board who entirely controls the action of the other directors in regard to the rates of passage, the price of freights, and preserves a complete Government supervision over the whole railway system. The only provision made for any return to the shareholders is that, after the dividend is paid, if there is any profit half goes to the arrears of interest, and the other half to the shareholders. And now, Sir, with regard to the system this Government has by these resolutions proposed to adopt. I am reminded by some of the Opposition newspapers that it is practically the same as the scheme of the late Government. I am told by those newspapers that I only propose to build this railway by grants of money and land as was proposed by our predecessors. Sir, as we have nothing else to aid them with, it would be difficult to say how I could propose any other system. (Hear, hear.) But there is this difference between the two schemes. We frankly recognise the failure of the attempt to give a fictitious value to lands in order to get English capitalists to take up the railway, but we also frankly confess the necessity of building the railway by direct money subsidies or a combined system of giving both money and land. There is this difference, however, Sir, between their system and ours, that they took power from Parliament to make an arbitrary arrangement with any Company that they chose, and they were not to be subject to any supervision by the Supreme Court of Parliament in this arrangement. We propose to give a specific sum per mile, in the first place, of 10,000 dollars, and, in the next place, a grant, the same as that proposed by the late Government, of 20,000 acres, the disposal of which I will attend to presently, and then we invite intending competitors to state the amount for which they will require the guarantee at 4 per cent., in order to give them what they may deem a sufficient sum wherewith to build the road. We know that some think 10,000 dollars per mile and 20,000 acres of land, supposing they realize on an average a dollar an acre, will not build the road. It would more than build it in some parts, but from end to end it is evident it will not build it. I do not know, and I have no means of estimating, the probable expenditure per mile further than that to be derived from our own experience and that of our neighbours. The Intercolonial Railway will cost about 45,000 dollars a mile, traversing, on the whole, a very favourable country, and possessing the most ample means of access at various points on its course, and with the additional advantage of having procured the iron structures and the rails at a time when there was a very great depression in the prices of iron. The Northern Pacific Railway, in the accounts published by the Company has cost, so far as it has been carried—that is, to Red River—47,000 or 48,000 dollars per mile, in round numbers. Well, Sir, that road traverses almost wholly

a prairie region—a region easily accessible, and where materials were easily found; and is altogether quite as favourable as the most favourable spot of any part of our territories, with this advantage, that it was much nearer to the producers of supplies than any portion of our line, except that on the immediate borders of the lakes.

The Central Pacific I will not touch, as the cost of that road was so enormous as not to afford any guide at all, because of the extraordinary amount of jobbing connected with it. But judging from the cost of our own railways, we have no reason to suppose that it will be possible to construct this line from end to end at a less price than 40,000 dollars per mile, and it may exceed that by several thousand dollars. Parts of it will, of course, exceed that very much, though in the whole of the sections east of the Rocky Mountains something in the neighbourhood of that figure will cover the outlay. Well, Sir, we propose to donate 10,000 dollars per mile to the Companies, and a guarantee of 4 per cent. on a sum to be named by them in their tenders, and whatever sum they may name will be the determining point as to which of the tenders is the lowest; the grant of land being also absolutely in each case 20,000 acres. But I believe it is an evil system to place any large quantity of our lands in the hands of companies, and the Government therefore propose, while giving 20,000 acres per mile, to retain the entire control of the sale of two-thirds of these lands in their hands, and only to convey absolutely to the companies one-third of the land to be given altogether. I am quite aware that this proposition is likely to depreciate the value of the lands to some extent in the eyes of companies who enter upon it as a commercial transaction, and we do not expect any companies to enter upon it in an other light. Wherever a company proposes to do it from mere patriotism we may be sure there may be some mistake. (Hear, hear, and laughter.) Honourable gentlemen opposite may well laugh, because we had an instance of that, and we know how it turned out. (Hear, hear.) But it is much better, even if that should be the case—even if it should in the eyes of the contracting public depreciate the value of the lands to some extent—that the Government should retain in their own hands the entire control of the greater proportion of these lands, because I attribute a very great deal of importance indeed to being able to throw in settlers to all parts of the country, and filling it with population, which is the only thing which can give ultimately commercial value to the road or prosperity to the country. It will be observed, Sir, that in the resolutions, as I have mentioned, the Government provide for the submission of these contracts to Parliament. They provide also that in case we receive no proposals for the building of what are called the sections in the Bill, that is, any of the four great divisions, the Government take power to issue proposals to build the road by direct Government agency. That, however, will be subject also to the ratification of Parliament. We do not expect that any company will make a proposition to build a less portion than one of the sections I have indicated, that is from Nipissing to Nepigon, 557 miles; from Nepigon to Red River, 410 miles; or if we take any point of departure on Lake Superior, from that point wherever it may be, then from Red River westward to Fort Edmonton or the point where we may make a connection with the section west of the Rocky Mountains. These are the four great sections, and it may be quite advisable, quite possible, and altogether it may be the best thing that can be done, that each of these sections should be built by an independent company instead of having one grand company monopolizing the entire system of contracts. That is a matter which is one more of detail, however, than one of principle, and I merely mention it because we have divided the country into these sections for the convenience of getting tenders from companies which might not be powerful enough to undertake the whole, but might be able to undertake a part of it; and also because in the central region we do not intend at present to invite any proposal for immediate execution. The British Columbia section will, of course, have to be proceeded with as fast as we can do it, as it is essential to keep faith with the spirit, and as far as possible with the letter, of the agreement. (Hear, hear.) The branch from Pembina to Fort Garry we propose in the Bill to take absolute authority to build immediately, and as we expect to begin the work of construction some time during the present year, we will not propose in the Bill to reserve that for the sanction of Parliament. In connection with a through line upon our own territory, it would be observed that we have proposed to build from the mouth of French River, on the Georgian Bay, if that shall prove to be a favourable harbour, as we have every reason to believe it will, eastward to the neighbourhood of the place where it was proposed originally to commence the road, that is on the south-east of Lake Nipissing—we are not able to indicate the precise spot in the absence of definite surveys. This branch will probably be from 80 to 85 miles in length, and we also propose to get the authority of Parliament to subsidize existing or projected lines connecting that branch with the railways tending eastward, so that if this road and its connecting line were

complete, passengers might leave any of the Lower Provinces, any part of the Province of Quebec or the Province of Ontario, and travel upon that line up the Ottawa Valley, and on the subsidized line to our own branch, take the steamer on the Georgian Bay, and again connect with the line at Lake Superior, and thus have a complete system through the whole length of the Dominion through our own territory. That is the plan we propose in the Bill we have submitted to Parliament, and it is one that I venture to hope will secure the approval of gentlemen on both sides of the House, and of the country at large.

*Mr. Tupper.*—Is it intended that there shall be two branches, one on the Ottawa River, and one to the roads connecting with Toronto at Nipissing? What are the distances?

*Mr. Mackenzie.*—I am not sure of the distances. It is intended to subsidize two branches, but the principal one will be that tending towards the Ottawa Valley, and that for a very obvious reason. There are means of communication now to points on the Georgian Bay, to Lake Huron, connecting with the entire Ontario system, so that it is no very great hardship to get from any part of Ontario in this quarter to the Georgian Bay; but it is tolerably evident to anyone who takes the map that a road going upward in the Ottawa Valley to the neighbourhood of Pembroke, or somewhere further north, and then taking a direct line on what we believe to be a most favourable gradient to the mouth of French River, will give by far the shortest route to the north-west territories from any point on the Ottawa River, and particularly from Montreal and places east. I do not know, Mr. Speaker, that it is necessary that I should say anything further in elucidation of the resolutions that I propose to submit to the House. There is one point, however, that I desire to say a word or two about before I sit down, more in explanation of what has taken place in British Columbia than either in defence or explanation of the Government policy. It will have been observed, Sir, that there was a good deal of excitement, not to say commotion, in that province over some proposed aid to be given for the building of a dockyard for that province. Under the terms of Union it was provided that this Government should guarantee the interest on 100,000*l.* sterling for ten years at 5 per cent., for the completion of that work. A short time after I had been in the Government, representations were made to me by members from that Province that the attempt to get the dock built with this guarantee had been an entire failure, and asking the consideration of the Government to a new proposal. That proposal I found had been submitted to our predecessors, the late Government, and it was substantially that the Government should advance to that province a sum of 250,000 dollars, to be paid out as the work progresses, instead of giving a guarantee for 5 per cent. interest on 100,000*l.* sterling for ten years. After careful consideration, we felt it was of great importance to British and Canadian commerce—for although Canadian commerce is small as yet on the Pacific, we hope to see it become a very large commerce—we felt, I say, that it was extremely desirable that facilities should be given at that place both for commercial vessels and vessels of Her Majesty's navy. We have found within the last few days, indeed, that a great convenience results from Esquimalt being a naval station, as the Government has on several occasions obtained the aid of one of the gun-boats usually stationed there to perform what is really Dominion or Provincial service, and we felt quite justified in accepting the proposal of the Columbian Government, through some of its members here, to advance the sum of 250,000 dollars. If Parliament should approve of the measure we have submitted, a resolution which is on the paper, and which I shall move as soon as these resolutions are disposed of, will authorize the Government to carry this out. It was assumed in the province that we had agreed to this modification in favour of British Columbia, for the purpose of offering some sort of inducement to them to make reasonable terms in reference to the building of the railway. It is, Sir, one of those modifications that one might reasonably expect to have such an influence on the provincial mind there, but that there was ever a word passed on the subject between myself and the honourable member for Victoria who sits behind me concerning any bargain of this kind I utterly deny. There was no word, from first to last, about any terms whatever. We merely thought this was one of the modifications of the terms of the Union in favour of the Province that circumstances seem to have called for, and that the Government was ready to concede for the benefit of the Province and the interests of the Dominion. (Hear, hear.) The Government will feel bound on all occasions to consider anything of that kind in the same spirit, and whether the British Columbian Government and Legislature make any reasonable modifications in the terms of Union or not, it will make no difference with this Government in carrying out what is just and right in the public interest. It is just the same with reference to the other proposal to advance to the Government of British Columbia for

internal matters a sum of 900,000 dollars, or thereabouts, being the amount upon which they are entitled to receive interest. A measure will be submitted to Parliament to carry out both projects, but they have no connection whatever with the terms connected with the Pacific Railway further than I have indicated. We expect every Province to concur in any reasonable modification of what may be rigidly due to them when the public weal seems to call for it; and the Dominion, on the other hand, will be open to consider anything that is essential for Provincial prosperity, even if the terms of Union should not strictly require it. This is the principle upon which the Government have considered these two proposals, and this is the spirit in which we expect British Columbia to receive them. We frankly confess that we are unable to carry out the terms of Union. All engineers pronounce it a physical impossibility; and, under these circumstances, all that British Columbia could fairly complain of would be an indisposition on our part to carry out the terms as far as practicable. They have seen no such indisposition on the part of this Government, and they will see none on the part of this Parliament, and it would be mere madness for them to expect, or for us to pretend, that we were willing to do what everybody knows is a physical impossibility. I have no doubt, Sir, that the House will agree to these propositions. In the discussion of this question in the newspapers within the last few days, although we might fairly expect newspapers in the interests of gentlemen opposite to discuss these resolutions more from a party than from a national point of view, I have seen no solid objection taken to any of the propositions submitted by the Government, and I am sure discussion for the last few months have been entirely in favour of the scheme foreshadowed by myself in January. In any case we have deliberately adopted this policy, which, when fully understood, as I think it is already pretty well understood, will be acceptable to the people generally, and, I hope, to a very large proportion of the inhabitants of British Columbia. They are spoken of as the people most deeply interested in this road. No doubt they are. Their country is a large one and the population small, there being but a few thousands of them. The advantage to them and to their Province of opening it up by railway communication is great, and I am not surprised that they should be extremely sensitive on the subject. But the terms provided for in the Act of Union were very objectionable to the members of the Parliament which agreed to them, three-fourths of whom, I am safe to say, disapproved of them, but they were forced upon them by party exigencies, and softened down by resolutions which, if they had any meaning at all, meant that they were not intended to be carried out. We accept these obligations, however, as binding upon us, so far as it is in our power to carry them out, and consequently we present this our scheme. It being impossible to implement our bargain to the full extent, we propose a means of access to British Columbia by the people east of the Rocky Mountains, and similar advantages to those on the west for reaching the older portions of the Dominion by connecting our inland waters by means of railways. It is quite possible, Sir, that I may, at a subsequent stage, have to make some further explanations in regard to this matter, but in the meantime I leave the resolutions in the hands of the House, confident that they will coincide in the policy we propose, and confident that the resolutions will also commend themselves to the confidence and good judgment of this country, and not only of this country and this Parliament, but of the Imperial Parliament also, and of every reasonable man. (Cheers.) In conclusion, that this House will pass these resolutions I have no doubt whatever. (Loud and prolonged cheers, amid which the honourable gentleman took his seat.)

*Mr. Tupper* said that he did not rise to continue the discussion at the present time, but to suggest to the honourable gentleman whether it might not shorten the time which would naturally be occupied in the discussion of so large a question if the House were now to pass the resolutions as they were *pro forma*, and discuss them when the motion was made for the second reading of the Bill. (Hear, hear.) If the proposal was agreeable, he would not on the present occasion make the remarks which would naturally be expected from some gentleman on that side of the House upon the speech which had just been delivered.

*Mr. Mackenzie* said that of course it was for honourable gentlemen opposite to decide on any course they pleased under the circumstances. He had taken occasion, in introducing the resolutions, to speak with considerable fulness, with the intention of introducing his Bill after the resolutions had been discussed and then passed. Still, if honourable gentlemen opposite desired to take the discussion at a later period it would suit him.

*Mr. Tupper* said he was not prepared at this moment to follow the honourable gentleman, and he thought the discussion could be postponed with advantage.

*Mr. Mackenzie* said that the Honourable Member for Cumberland had stated that when a measure of this kind was brought down, it was of course understood that the carrying of the resolutions meant the carrying of the measure itself. Of course honourable gentlemen need not say anything on the resolutions now. They could wait until the third reading if they pleased, but the Honourable Member for Cumberland knew that on any resolutions like these the discussion ordinarily took place on the motion for going into Committee, and anything that was said after that was a mere matter of form.

*Mr. Blake* said that he had always thought it a most wholesome provision of our legislative system that a measure like this should be first brought up in the form of resolutions, and a Bill then introduced founded upon them. The arrangement was one which afforded opportunity for a complete consideration of any measure, and that opportunity was given before decisive action was taken by means of a discussion at an early period of the progress of the measure through the House, to be renewed, if necessary, at a later period. They were anxious, of course, to close the discussion on this question as early as they possibly could. In view of what he considered a very long debate on this measure, he had ventured to recommend the postponement of another important Government measure. He was sure they should all be glad to hear what the honourable gentleman's views were with regard to this scheme now, and if he did this, the House would be better able to form their opinions on these views at a future day, when the honourable gentleman brought before them resolutions embodying these views. If honourable gentlemen opposite said they were willing to let these resolutions go *pro forma* the Government could not object, but of course they could not draw the badger.

*Mr. Tupper* said that two sets of resolutions had been submitted to the House, the first containing 120,000 dollars, and the second 10,000 dollars, per mile, as the subsidy to be given.

*Mr. Mackenzie* said that this was owing to a clerical error.

*Mr. Tupper* said he would remind the Honourable gentleman that the House had only had these last resolutions in their hands within a few hours. He had learned this morning for the first time that there had been a change made in them involving the sum of 27,000,000 dollars. The opinions Honourable Members had formed with regard to the scheme must have been changed by this alteration.

*Mr. Mackenzie* said that he received his copy of the resolutions at midday on Saturday, and the honourable gentleman must have had them since that time in his box. They had been in the hands of Honourable Members for two days at any rate. He moved that the Speaker do now leave the chair.

The motion was carried, and the House went into Committee, Mr. Forbes in the chair.

The resolutions were adopted, and the Committee rose and reported. The resolutions were then read a second time, and Mr. Mackenzie introduced a Bill founded upon them. The Bill was read a first time, and the second reading fixed for to-morrow.

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### Inclosure 3 in No. 3.

*Extract from the Toronto "Globe" of May 13, 1874.*

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#### *Summary of Mr. Mackenzie's Speech.*

**THE CANADIAN PACIFIC DEBATE.**—The Canadian Pacific Railway scheme yesterday entered upon a fresh era of its history. On the motion to go into Committee on the resolutions on which the new measure will be founded, Mr. Mackenzie, in an extremely able speech, gave the House a full exposition of the policy of the Administration with regard to this great enterprise. He drew attention to the circumstances surrounding the original agreement to build the Pacific Road, and to the fact that he then anticipated and predicted future complications as the necessary result of the recklessness of the Government by which the terms of union with British Columbia were negotiated. That recklessness was the less excusable, because the Government had the benefit of the experience gained from the Intercolonial, then, and still in progress. But that road was only 500 miles in length; it was accessible at all points from the sea; it possessed, therefore, none of the difficulties besetting the Canadian Pacific. Yet, while at one time it was supposed the intercolonial would be completed in three years, seven



years had elapsed, and it would take another year at least before the work would be finished.

All this was known to the late Government, when, in 1871, they pledged themselves to build a road 2,500 miles in length, through an all but inaccessible country, with only a few thousands of inhabitants, along a line of route beset with difficulties and obstacles to its construction. And their scheme was so rash and impracticable, that it was not possible to obtain even recognition for it in the money markets of Europe. The legal terms of the contract with British Columbia were exact; but even when they were being forced through the House in 1871, a resolution was introduced to satisfy the murmurings of Ministerial followers, the terms of which proved that it was not even then intended the compact should be literally complied with. The burdens of such a work would not cease with the building of the road. It was possible to grant land for the construction of the railway, but it might be possible, by fixing a price upon the land, to exclude population, and the first necessity was to make ingress to the country so easy, and land so cheap, as to fill it as early as possible with a population.

The lowest estimate of the cost of the road, made by Mr. Sandford Fleming, was 100,000,000 dollars. The charges and interest on that amount could not be less than 6,000,000 dollars per annum. It was estimated, that not until the population of the regions traversed numbered 3,000,000, would the road pay its working expenses. These expenses were calculated at not less than 8,000,000 dollars a-year, and that vast sum would not include renewals of rails and sleepers which would have to be made, if iron rails were employed, every eight or nine years. It must be expected, therefore, that they would have to provide 6,000,000 dollars a-year to keep the road in operation.

But it was not only the legal contract made between the Dominion Government and British Columbia that had created embarrassment. That bargain declared the terminus of the road should be on the shores of the Pacific Ocean; but the late Government had agreed to locate it at Esquimalt in Vancouver Island, 240 miles further than the point on the mainland, which would comply with the original obligation. Nor was this the only additional responsibility involved in such an agreement. The engineering difficulties to be encountered in constructing the line to Esquimalt would be enormous. After leaving Waddington Harbour, on Bute Inlet, the road to reach Seymour Narrows, would, for 50 miles, be of the most costly construction, involving a large number of tunnels, varying from 100 to 3,000 feet in length. To cross the Narrows they would require 7,880 feet of bridging, one bridge to be of 640 feet clear span, three of 1,100 feet each, one of 1,200 feet, and two of 1,350 feet, the water being too deep to admit of piers, and the current running at from 4 to 9 knots an hour. The 30 miles intervening between the mainland and Vancouver was studded with islands, which must be crossed, and which would involve works of the most formidable character. These were some of the difficulties which faced the Government on their coming into office. They desired to do their best to fulfil the obligations incurred by their predecessors, without admitting them to be absolutely binding; and had accordingly directed Mr. Edgar, who had gone to British Columbia as their confidential agent, to offer the Local Administration to commence the road at Esquimalt, and push it forward as rapidly as practicable, if the British Columbians would assent to a relaxation of the original terms, and accept an agreement that the Pacific road throughout the Province should be built at the rate of an expenditure of 1,500,000 dollars a-year. If that was refused, then they had no resource but to abide the terms, and need go no further, those terms not compelling them to enter Vancouver Island at all. Whether this reasonable proposal would be accepted or not, he could not at present say.

The speeches of Sir John A. Macdonald during the elections had been designed to create difficulties as far as possible. The British Columbians were told, a breach of the terms would entitle them to secede from the Confederation; but Mr. Mackenzie had a better opinion of his fellow-countrymen than to suppose they would listen to the desperate advice of a desperate party leader.

He went on to say, he had proposed to utilize the water communications of the north-west in perfect good faith; and the more he reflected on that portion of the scheme, the more he was convinced of its policy, and the necessity of adopting it. The road from the Rocky Mountains to Bute Inlet would alone cost at least 35,000,000 dollars. If they took time, the minimum cost of the whole road—100,000,000 dollars—might suffice; but, if they were limited to time, Mr. Sandford Fleming was of opinion it might cost double that sum.

Between Lake Nipissing and Lake Nepigon no serious obstacles presented themselves. From Nepigon to Fort Garry the work, although formidable, was not appalling. The road from Pembina to Fort Garry, would have to be constructed at once, both on

account of the people of Manitoba, and as an auxiliary to the construction of other portions of the railway.

In this connection he took occasion to scout the charge of collusion between himself and the promoters of the Northern Pacific. The section lying between Nipissing and Nepigon they did not propose to construct at present, nor would the delay of this portion be at all at variance with the spirit of the original undertaking with British Columbia.

The road from Lake Superior to Fort Garry would have to be built as early as practicable, so as to secure a summer route to Red River. That section would be 416 miles in length. From Fort Garry to Fort Edmonton was 780 miles, but the Saskatchewan could be ascended for several hundred miles further west. From thence to the Pacific Coast a railroad was the only means of access left to them. They would have, as had been seen already, to spend 35,000,000 dollars on the construction of the road through British Columbia, besides building 100 miles of railway on the eastern side of the Rocky Mountains. Survey parties were now seeking an easier route through the Cascade Mountains. The shortest route for the line would locate its terminus at Burrard Inlet, but it was probable that the route terminating at Bute Inlet would prove the most desirable, especially in view of the railway being carried to Vancouver Island, although there the gradients were for a considerable distance no less than 115 feet to the mile. The surveys were not yet completed, and he would, under no circumstances, be a party to taking one step until possessed of every needful information for giving the contracts, with a view to their satisfactory fulfilment.

After expressing his confidence in the future of Canada, if her affairs were prudently managed, Mr. Mackenzie described in some detail the nature of the arrangements made by other Governments for the construction of railroads. He then described the plans of the Government for building the Pacific Railway, as already explained in "The Globe," including the subsidy of 10,000 dollars per mile, the land grant of 20,000 acres per mile, with the provisions for its sale under Government authority, and the guarantee on terms to be agreed on in the contracts. He could not estimate the cost of the road eastward of the Rocky Mountains at less than 40,000 dollars a mile, and would not say it might not largely exceed that sum. The Government would take powers to construct the work by contract, or otherwise, but in either case they would first come to Parliament for its sanction and authority. Probably they might find it best to allow the road to be constructed by four independent companies instead of one great corporation; but on this point he did not desire to commit himself. He referred to that portion of the scheme which relates to the line from the Ottawa to the Georgian Bay, and the connection to be established with the Provincial lines, and made some remarks in explanation of the arrangements with British Columbia with regard to the graving dock at the Esquimalt, and the capitalization of the annual subsidy.

#### No. 4.

*The Earl of Dufferin to the Earl of Carnarvon.—(Received May 28.)*

My Lord,

Ottawa, May 15, 1874.

IN continuation of my despatch of this day's date\* I have the honour to inclose an article from the Toronto "Mail," opposition paper, criticising the scheme of the Government.

I have, &c.

(Signed) DUFFERIN.

#### Inclosure in No. 4.

*Extract from the "Mail" of May 14, 1874.*

**THE PACIFIC RAILWAY.**—We have now heard Mr. Mackenzie's explanations of the Pacific Railway resolutions. In his speech he endeavoured to combat the statements made in these columns that his scheme, if carried out in good faith, was virtually the scheme of his predecessors, which had been so unsparingly condemned by him and his party. We apprehend that those who listened to the disclaimer failed at the same time

to find any justification of it in the Premier's remarks. The only point of difference to which the First Minister alluded was the disposition of the land grants; this, however, is but an incident of the scheme, and we shall refer to it farther on. Taking the Government's propositions as they appear on paper, they contemplate the construction of a line of railway from Lake Nipissing to some point on the Pacific Ocean, with branches from Pembina to Fort Garry, and from Lake Nipissing to the Georgian Bay. In the latter respect there is a change from the scheme of the old Government, which proposed to make this branch from Lake Superior, rather than from the Georgian Bay. Otherwise, we repeat, it is the old plan in all its essential features. We are speaking now of the railway, and not of the manner in which it is to be constructed—of what the men in power once so vigorously and, as now appears, so unreasonably opposed.

The Premier's speech makes plain what was before only a matter of suspicion. The paper plan is one thing, the real Government plan another. The paper plan was conceived to be necessary to satisfy the representatives and the people of British Columbia. The real plan is a tricky and roundabout way of avoiding what Mr. Mackenzie confesses are, in fact, Treaty obligations between the Dominion and the Pacific Province. Let us look at the scheme. Mr. Mackenzie assured the House and the country that the explorations which have been made show that there are no serious engineering difficulties on the section between Nipissing and Nipigon, which was supposed to present the greatest physical difficulties on the entire route. At the same time, patting the eastern men on the back, he dwelt upon the advantages to Montreal and Quebec and the Provinces to the eastward, of the connections to be formed between the Pacific Railway at Lake Nipissing, and the lines in course of construction from more easterly points westward to the eastern terminus of the Pacific route. In one breath he blows all this away, as though the portions of his resolutions referring to the eastern section had never been written nor printed, into thin air, by emphatically declaring that the Government do not intend to build this section at all. He did not even attempt to make an approximate estimate of the time within which it would be built, and thus form the connections between the east and west of which he spoke. It is, in fact, abandoned as completely as though it were never mentioned, and we are safe in saying that, if this Government were to remain in power for a quarter of a century they would not construct it, unless, indeed, some dire political necessity or the incentive of personal gain urged them to it. The eastern men, who looked for bread from Mr. Mackenzie's hands, may well say he has given them a stone. Well, the eastern section of the railway is to be thrown over. What then? The section between Nipigon or some point on Lake Superior and Fort Garry, the Premier says, will be first entered upon, but the time when is an important point, on which he gives no information whatever. The Pembina branch, he says, will be proceeded with immediately, although it is only a few weeks since the First Minister told a Manitoba delegation that the Government had no intention of going on with this branch until the American Company had extended their road northward to the border line. He (Mr. Mackenzie) is equal to the concocting of the most diverse policies in the briefest possible space of time. It is, at all events, satisfactory to know that something is to be done—that something is the Pembina branch. By way of parenthesis, we would ask here, where now are H. S. Howland and John Turner, and J. D. Edgar, and Messrs. Cook, Cockburn, and the other incorporators whose suspicious bills Mr. Moss has in charge? As the first carriage is to be found between Pembina and Fort Garry, thither let the eagles turn their attention. But to "return to our muttons." Having got to Fort Garry by rail, we find Mr. Mackenzie still enamoured of his magnificent water "courses," though they are not once named in the resolutions. These he intends, he says, to utilize between the Red River and Edmonton, a distance of 600 or 700 miles, but at what period is as indefinite as every thing else in the scheme, except the Pembina branch. From Edmonton westward he estimates that about 100 miles of rail will be required until the British Columbia section is reached, but when the Pacific section is to be commenced we are not informed. That, too, is left in indefiniteness, and may be supposed to depend upon the ambassadorial success of the defeated of Monck. We can only say the British Columbians are easily satisfied if any assurance which Mr. Mackenzie has given them in his speech will be regarded by them as satisfactory.

The dream of a trans-continental British-American Railway has been effectually destroyed by the present Government. The magnificent scheme of their predecessors, which was to cost, all told, only 30,000,000 dollars, and 50,000,000 acres of land, is, we fear, dwarfed to the puny proportions of a road to Fort Garry, and a branch line which may be characterized as a railway to help the Northern Pacific Company out of its difficulties. But supposing that we are wrong in this apprehension, and that it is the inten-

tion of the Government to make the Canadian Pacific Railway a grand reality, what of its cost? How does the scheme of the "Great Reform Government" compare with that of their much-denounced predecessors? We were disposed to doubt if the Government really meant to commit the country to the enormous expenditure foreshadowed by their resolutions, and though the junior Ottawa organ of the Ministry, which is remarkable for nothing so much as its evident want of brains, undertook to question our calculations, we have the satisfaction of knowing that the Premier's statement entirely bore them out. The financial part of Mr. Mackenzie's speech, it is true, is open to the strong suspicion that it was made in the interest of the Premier's contractor friends. The lands, he says, cannot be expected to realize more than a dollar an acre. Perhaps not, if they are at once forced upon the market, as this Government, whose members were at one time so strongly opposed to their sale altogether, intend to force them. In the hands of a company they could be made the basis of financial operations, and mostly held until the railway made them valuable. Untold millions will most assuredly be lost to the country by the changed policy of Government with respect to the lands; but we are now dealing with the Premier's figures. 50,000,000 of acres of land, he says, will realize as many millions of dollars; add to this 26,000,000 dollars of a direct subsidy, and a simple calculation will give you an absolute cash bonus of 28,000 dollars per mile, for which the Government becomes responsible. But the Premier says in all probability the road will cost 48,000 dollars per mile, the British Columbia section being a particularly costly one. This leaves 19,000 dollars, or, in round numbers, 20,000 dollars per mile, on which the 4 per cent. guarantee for 25 years will require to be paid. The sum total of all this is, that to carry out their paper scheme, the Government propose to give 80,000,000 of dollars in hard cash, and, in addition, the proceeds of 50,000,000 of acres of land so soon as the lands are disposed of, or 50,000,000 dollars more than the sum offered by the reckless, extravagant, and corrupt Government which was compelled to go out of office on issues arising out of this question.

Mr. Mackenzie took credit to the Government because they proposed to submit the contracts to Parliament. Verily, these Pharisees strain at a gnat and swallow a camel. This submission of contracts to Parliament is the veriest farce in the world on the part of this Government—a hollow concession designed as a cloak to the retaining of all actual power in their own hands. Everything of real consequence these sticklers for Parliamentary responsibility propose to do by Order in Council. They can commence any section or sub-section when they please, and stop it when they please. There is nothing in connection with the road which they cannot do of their own motion, except handing over the contracts without the formality of their submission to Parliament. And here, in fact, is to be seen one of the biggest Ethiopians on this particular fence. The whole scheme is so arranged as to enable the Government to take up bit by bit of the railway, and hand it over to their contracting friends. They will let a contract when it pleases them to do so, and no sooner. The whole project as cut and carved out by Mr. Mackenzie and his colleagues savours strongly of jobbery and corruption, and, we venture to predict, will lead to an infinite quantity of both, while at the same time it opens wide the door for that dreaded American influence which was made such a bugaboo of by the Grits when their opponents were in power, and which was so strictly guarded against by the late Administration, whose entire policy, as now most plainly appears, was alike economical and patriotic, that of the present Government being the very reverse.

## No. 5.

*Lieutenant-Governor Trutch to the Earl of Carnarvon.—(Received June 12.)*

(Telegraphic.)

June 11, 1874.

MINISTRY desire notify you that Delegate proceeds immediately London present appeal British Columbia against breach by Canada railway terms union.

## No. 6.

*The Earl of Carnarvon to the Earl of Dufferin.*

My Lord,

Downing Street, June 18, 1874.

THE intimation which I have received by telegraph of the departure from British Columbia of the President of the Council and Attorney General, sent to this country for

the purpose of appealing against the course proposed by your Government and sanctioned by the Dominion Parliament, in regard to the Pacific Railway, together with the reports of the proceedings in that Parliament, and other informal communications, have led me to apprehend that the difference of opinion which has unfortunately occurred may not only prove difficult to adjust, but may not impossibly, if it remains long unsettled, give rise to feelings of dissatisfaction and to disagreements, the existence of which within the Dominion would be a matter for serious regret.

2. It is not my wish, nor is it a part of my ordinary duty, to interpose in these questions. They appear to me to be such as it should be within the province and the competence of the Dominion Government and Legislature to bring to a satisfactory solution; and you will readily understand that Her Majesty's Government would be very reluctant to take any action which might be construed as expressing a doubt of the anxiety of the Dominion Government and Parliament to give the fullest consideration to such representations as may be made on the part of British Columbia, and to deal in the fairest and most liberal spirit with what may be established as being the just claims of that Province.

3. At the same time I am strongly impressed with the importance of neglecting no means that can properly be adopted for effecting the speedy and amicable settlement of a question which cannot, without risk and obvious disadvantage to all parties, remain the subject of prolonged and, it may be, acrimonious discussion; and it has occurred to me that as in the original terms and conditions of the admission of British Columbia into the Union, certain points (as, for example, the amount of land to be appropriated for the Indians, and the pensions to be assigned to public officers deprived of employment) were reserved for the decision of the Secretary of State; so, in the present case, it may possibly be acceptable to both parties that I should tender my good offices in determining the new points which have presented themselves for settlement. I accordingly addressed a telegram to you yesterday to the effect that I greatly regretted that a difference should exist between the Dominion and the Province in regard of the railway, and that, if both Governments should unite in desiring to refer to my arbitration all matters in controversy, binding 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.

#### No. 7.

*Lieutenant-Governor Trutch to the Earl of Carnarvon.—(Received July 22.)*

My Lord,

*British Columbia, Government House, June 11, 1874.*

I HAVE the honour to state that I have this day, at the instance of my responsible Advisers, addressed to your Lordship a telegraphic despatch to the following effect:—

“Ministry desire notify you that Delegate proceeds immediately London present appeal British Columbia against breach by Canada Railway Terms Union.”

I have, &c.  
(Signed) JOSEPH W. TRUTCH.

*The Earl of Dufferin to the Earl of Carnarvon.—(Received July 22.)*

My Lord,

Quebec, July 9, 1874.

I HAVE the honour to forward, for your Lordship's information, a printed Circular from the Department of Public Works inviting proposals for the erection of a line of telegraph along the general route of the Canadian Pacific Railway.

I have, &c.  
(Signed) DUFFERIN.

Inclosure in No. 8.

*Canadian Pacific Railway.—Telegraph Line.*

PROPOSALS are invited for the erection of a line of telegraph along the general route of the Canadian Pacific Railway, as may be defined by the Government. The proposals to embrace the following points, viz. :—

The furnishing of all materials, labour, instruments, and everything necessary to put the line in operation.

The maintenance of the line for a period of five years after its completion.

In the wooded sections, the land to be cleared to a width of 132 feet, or such greater width as may be necessary to prevent injury to the telegraph from fires or falling trees.

Distinct proposals to be made for each of the following sections; such proposals in each case to state the time when the party tendering will undertake to have the telegraph ready for use :—

1. Fort Garry to a point opposite Fort Pelly, about 250 miles.
2. Fort Garry to the bend of the North Saskatchewan, about 500 miles.
3. Fort Garry to a point in the longitude of Edmonton, about 800 miles.
4. Lac La Hache, or other convenient point on the existing telegraph system in British Columbia, to Fort Edmonton, about 550 miles.
5. Fort Garry to Nepigon, Lake Superior, about 420 miles.
6. Ottawa to Nepigon, Lake Superior, about 760 miles.

The above distances are approximate. They are given for the general guidance of parties desiring information. Any increase or diminution in the ascertained mileage after construction will be paid for or deducted, as the case may be, at a rate corresponding with the sum total of the tender.

Parties tendering must satisfy the Government as to their ability to carry out the work and maintain it for the specified time.

Proposals addressed to the Minister of Public Works will be received up to the 22nd day of July next.

By order,  
(Signed) F. BRAUN, *Secretary.*

*Department of Public Works, June 18, 1874.*

MEMORANDUM.

*Information to Parties proposing to Tender.*

IT is deemed best to make no binding stipulations as to the form of proposal, so that parties tendering may be at liberty to state their own terms and conditions, leaving the Government to accept the offer which, in the interest of the public, may be found most advantageous.

At the same time it is considered advisable to furnish some data for the guidance of parties tendering, in order that proposals may be made on the same basis and be uniform in essential points.

The following is, therefore, with this object in view, submitted :—

1st. It is intended that the telegraph shall be built along the line to be adopted by the Government for the railway across the Continent.

2nd. The general character of the country to be traversed by the railway, is described in the Reports relating to the Exploratory Surveys, recently published.

3rd. The several routes now under consideration and survey, are also referred to in the above Report.

4th. When the route is adopted by the Government on any particular section, the line to be followed by the telegraph will be defined on the ground by the Government Officers.

5th. Through forest the timber must be cut down and completely burned (cleared) to a width of 2 chains (132 feet), to prevent injury to the telegraph from falling trees or fire. At the option of the contractor valuable timber may be cut in lengths, hewn, piled, and reserved at his risk.

6. Along the cleared ground a pack trail or road to be made for the purpose of carrying material for constructing the telegraph, and for effecting repairs.

7th. Through forest, the poles should be of moderately large dimensions and of the best available timber to be had in each locality.

8th. In prairie sections, when suitable timber for permanent poles cannot be obtained until the railway be constructed, and the means of conveying them from a distance thus provided, the poles may be of an average light description, and of such timber as can most conveniently be procured.

9th. In forest sections the poles may be erected 132 feet apart, and the wire to be used may be that known as No. 11.

10th. In prairie sections the poles may be erected 176 feet apart, and the wire to be used may be that known as No. 9.

11th. Each tender will specify the kind of insulator, as well as all other apparatus and materials proposed to be used.

12th. Parties tendering may stipulate for maintaining and operating the line for five years, or a longer period.

13th. On account of the difficulties in the way of transporting building material, it is not expected that the telegraph will, in the first place, be so permanently constructed as could be desired. The main object, however, is to provide a pioneer line throughout the whole extent of the country, to assist in the building of the railway and settlement of the country. On the completion of the railway through any section, the telegraph may then be reconstructed under new arrangements.

14th. In the advertisement the sections are placed in the order in which parties tendering may propose to finish the erection of the telegraph, and they are at liberty to make a distinct proposal for each separate section or for the whole line.

15th. The whole of the section between Lake Nipissing and Fort Garry is wooded, with the exception of about 30 miles of prairie east of the Red River.

16th. Between Fort Garry and Fort Pelly the country is partly wooded and partly prairie, the exact proportions are not yet known.

17th. Between Fort Pelly and Edmonton the country is prairie.

18th. Between Fort Edmonton and the telegraph system in British Columbia the country is generally wooded, although some mixed prairie and woodland is met west of Fort Edmonton, as well as unwooded bunch grass land in portions of the central plateau of British Columbia.

19th. In the valley of the River Thompson there is a growth of timber from 6 to 10 feet diameter. It will not be necessary to clear in that locality to the full width of 132 feet, it will be sufficient to clear and burn up the underbrush and lower branches of the trees, so as to render the telegraph secure from danger.

20th. The advertisement describes the 6th section as extending from Nepigon to Ottawa; but the object being to connect the Pacific telegraph line with the Seat of Government, it will be sufficient to make a connection with the system of Ontario at the most convenient point. It is reported that a telegraph line will be completed to the south-east angle of Lake Nipissing before the close of this season. The distance from Lake Nipissing to Nepigon is about 420 miles.

21st. It should be understood that Section No. 1 is embraced in Section No. 2, and both are covered by Section No. 3.

22nd. Tenders should give a distinct rate per mile for the line through wooded and prairie land respectively for the sections where both exist.

*Department of Public Works, June 18, 1874.*

## No. 9.

*The Earl of Dufferin to the Earl of Carnarvon.—(Received July 22.)*

My Lord,

Quebec, July 9, 1874.

I HAVE the honour to acknowledge the receipt of your Lordship's despatch of the 18th June,\* in which you refer to the misunderstanding that has occurred between the Dominion Government and that of British Columbia, and in which you have made so considerate 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 friendly suggestions your Lordship is good enough to convey; but in connection with the subject matter to which the despatch under acknowledgment refers, I have the honour to inclose for your Lordship's information a memorandum of a Committee of Council on the points in dispute between the Dominion Government of British Columbia, together with a report by Mr. Edgar of his mission to that province, accompanied by copies of his correspondence with Mr. Walkem, the Attorney-General of British Columbia.

I have, &c.  
(Signed) DUFFERIN.

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Inclosure 1 in No. 9.

THE Committee of Council after due deliberation consider that the proposed mission of Mr. Walkem, Attorney-General of British Columbia, to England on behalf of the Government of that province, to complain to the Imperial Government of the non-fulfilment, by the Dominion Government, of the terms of union, and the telegraphic message of the Right Honourable the Secretary of State for the Colonies with reference to the said mission, in which his Lordship has most considerately offered his good offices in arriving at some understanding between British Columbia and the Dominion, render it desirable that a brief statement should be submitted showing the position of the question and the action taken by the present Government of Canada in relation thereto.

The Order in Council under which British Columbia was admitted into the Union, provided in the 11th section that:—

“The Government of the Dominion undertake to secure the commencement simultaneously, within two years from the date of the Union, of the construction of a railway from the Pacific towards the Rocky Mountains, and from such point as may be selected, east of the Rocky Mountains towards the Pacific, to connect the seaboard of British Columbia with the railway system of Canada; and further to secure the completion of such railway within ten years from the date of the Union.”

The passage of such a provision was very strongly opposed in Parliament, the Government of the day securing only a majority of ten in support of the measure. In order to induce even this majority to sustain them, the following resolution was proposed and carried by the Government.

“That the railway referred to in the Address to Her Majesty concerning the Union of British Columbia with Canada, adopted by this House on Saturday, the 1st April instant, should be constructed and worked by private enterprise, and not by the Dominion Government; and that the public aid to be given to secure that undertaking, should consist of such liberal grants of land, and such subsidy in money, or other aid, not increasing the present rate of taxation, as the Parliament of Canada shall hereafter determine.”

The late Government were compelled, by their followers in the House, to adopt this Resolution regarding the taxation consequent on the obligation to build the railway, as the condition of obtaining their support. Even with this qualifying Resolution promised the section respecting the railway was carried, but by a majority of ten, the usual majority being from fifty to seventy.

It is impossible to conceive how such terms could ever have been proposed, as it was quite clear to every person that they were incapable of fulfilment, especially as the British Columbia Legislature never asked such extravagant terms. The clause of the terms adopted by that body, having reference to the railway, was as follows:—

\* No. 6.



"Inasmuch as no real union can subsist between this Colony and Canada, without the speedy establishment of communication across the Rocky Mountains by coach-road and railway, the Dominion shall, within three years from the date of Union, construct and open for traffic such coach-road from some point on the line of the Main Trunk Road of this Colony to Fort Garry, of similar character to the said Main Trunk Road; and shall further engage to use all means in her power to complete such railway communication at the earliest practicable date; and that surveys to determine the proper line for such railway shall be at once commenced, and that a sum of not less than 1,000,000 dollars shall be expended in every year from and after three years from the date of Union, in actually constructing the initial sections of such railway from the seaboard of British Columbia, to connect with the railway system of Canada."

Mr. Trutch, the Delegate of the British Columbia Government, present in Ottawa during the discussions on the terms of Union, expressed himself as follows, at a public meeting, in order to reassure those who were apprehensive of the consequences of so rash an assumption of such serious obligations:—

"When he came to Ottawa with his co-delegates last year, they entered into a computation with the Privy Council as to the cost and time it would take to build the line; and they came to the conclusion that it could be built on the terms proposed in ten years. If they had said twelve or eighteen years, that time would have been accepted with equal readiness, as all that was understood was, that the line should be built as soon as possible, British Columbia had entered into a partnership with Canada, and they were invited to construct certain public works; but he, for one, would protest against anything by which it should be understood that the Government were to borrow 100,000,000 dollars, or to tax the people of Canada and British Columbia to carry out those works within a certain time (loud cheers.) He had been accused of having made a very Jewish bargain; but not even Shylock would have demanded his pound of flesh, if it had to be cut from his own body (laughter and cheers)."

These expressions show very clearly that the terms agreed to were directory, rather than mandatory, and were to be interpreted by circumstances, the essence of the engagement being such diligence as was consistent with moderate expenditure, and no increase in the then rate of taxation.

When the present Government assumed office in November 1873, the condition of affairs regarding the railway was as follows:—A sum of over a million of money had been expended in prosecuting the surveys, over one-half of which was spent in British Columbia, but the engineers had not been able to locate any portion of the line.

A Company, under the Presidency of Sir Hugh Allan, had been formed by the late Government to construct the line. That Company had undertaken to complete the railway for a grant of 30,000,000 of money, and a grant of 20,000 acres of land per mile, retaining possession of the railway when built as their own property. The President and a delegation of the Directors of this Company had visited England to make financial arrangements to enable them to commence the work of construction. Their mission proved a total failure; so much so that soon after the return of Sir Hugh Allan and his co-delegates from England they relinquished their charter, and the Government repaid them the sum of 1,000,000 dollars, which had been deposited with the Receiver-General under the terms of the agreement.

The British Columbia Government had also complained that the commencement of the works of construction had not been made within the time provided; Sir John Macdonald, however, giving an informal opinion that the terms as to commencement were sufficiently and substantially kept by the active prosecution of the surveys.

This Government had, therefore, to provide some other method for the carrying out of the work, to endeavour to keep substantially good faith with British Columbia, to avoid further taxation, and, if possible, secure the consent and co-operation of the Government and people of British Columbia.

The new Bill, which has since become law, was prepared, which enables the Government (with the approval of Parliament) to get the work executed in one or several contracts, by a Company or Companies, which may or may not become proprietors of the line after it is constructed.

Mr. James E. Edgar was dispatched on a special mission to the Province of British Columbia, charged to confer with the Government, and also to visit all classes or parties, and ascertain their views, and to submit any proposal he might be directed to make to the local authorities, or to receive any proposition from them, and forward the same to Ottawa for consideration. A copy of the instruction sent to Mr. Edgar, and copies of certain telegrams already forwarded, and Mr. Edgar's Report, accompanying this Minute, explain sufficiently the nature and result of Mr. Edgar's mission. It was at

first expected that a good understanding would be arrived at, and, judging from circumstances, local political complications alone prevented some arrangement being come to.

The reason alleged for refusing to consider the proposition Mr. Edgar was finally directed to make, that Mr. Edgar was not accredited by this Government, was evidently a mere technical pretence. All that Mr. Edgar had to do was simply to present the proposals and ascertain on the spot whether they would be entertained by the Government. If satisfactory to them the Dominion Government would, as a matter of course, have had them sanctioned in due form, or, if any counter propositions had been made, instructions would have been given to Mr. Edgar concerning them.

The propositions made by Mr. Edgar involved an immediate heavy expenditure in British Columbia not contemplated by the terms of the Union, namely, the construction of a railway on Vancouver Island from the Port of Esquimault to Nanaïmo, as compensation to the most populous part of the Province for the requirement of a longer time for completing the line on the mainland. The proposals also embraced an obligation to construct a road or trail and telegraph line across the continent at once, and an expenditure of not less than 1,500,000 dollars within the Province annually on the railway works on the mainland, irrespective of the amounts which might be spent east of the Rocky mountains, being 500,000 dollars more than the entire sum British Columbia demanded in the first instance as the annual expenditure on the whole road.

In order to enable the Government to carry out the proposals which it was hoped the British Columbia Government would have accepted, the average rate of taxation was raised at the late session about 15 per cent., the Customs duties being raised from 15 per cent. to 17½ per cent., and the excise duties on spirits and tobacco a corresponding rate, both involving additional taxation exceeding 3,000,000 dollars on the transactions of the year.

The public feeling of the whole Dominion has been expressed so strongly against the fatal extravagance involved in the terms agreed to by the late Government, that no Government could live that would attempt, or rather pretend to attempt, their literal fulfilment. Public opinion would not go beyond the proposal made through Mr. Edgar to the Government.

There is also reason to believe that local political exigencies alone induced the Government of British Columbia not to entertain these proposals.

Since these propositions have been before the people, meetings have been held on Vancouver Island, and on the mainland, when the action of the Local Government was condemned, and a call made to accept the proposals offered. A very influential portion of the local press has also declared in favour of the course pursued by the Dominion Government.

It may not be out of place to mention that the action of the Dominion Government, regarding the graving dock, shows a desire on their part to do everything that can fairly be asked, whether there be an obligation or not under the terms of Union. The Dominion was only bound to guarantee the interest on 100,000l. sterling at 5 per cent. for ten years after the dock should be constructed. The Local Government found it impossible to obtain any contractor to undertake the work on the terms they were able to offer, based on the Dominion guarantee, and they solicited this Government to assist otherwise. This was agreed to and Parliamentary authority was obtained at the late session to enable the Governor-General in Council to advance 250,000 dollars in cash as the work progressed.

The report of Mr. Edgar will fully explain the object and effect of his mission as the agent of the Government. The Committee advise, therefore, that a copy of the said Report and Appendices be transmitted to the Right Honourable Lord Carnarvon, Secretary of State for the Colonies, with this Minute.

(Signed) A. MACKENZIE.

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Inclosure 2 in No. 9.

Toronto, June 17, 1874.

To the Honourable the Secretary of State for Canada :  
Sir,

I HAVE the honour to report that in the month of February last I was requested by the Canadian Government to proceed to the Province of British Columbia on their behalf. My mission was for the purpose of ascertaining the true state of feeling in the Province upon the subject of certain changes which were deemed necessary in the mode and the limit of time for the construction of the Canadian Pacific Railway, as well as to attend to any other business required, and to act as Canadian Agent in bringing about

some such feasible arrangement as might meet the general approval of the Local Government and the people of British Columbia, in place of the original conditions respecting the commencement and completion of the railway that are contained in the XIth Article of the terms of the Union. In that clause the language referring to railway construction is as follows:—"The Government of the Dominion undertake to secure the commencement simultaneously, within two years from the date of Union, of the construction of a railway from the Pacific towards the Rocky Mountains, and from such point as may be selected east of the Rocky Mountains towards the Pacific, to connect the seaboard of British Columbia with the railway system of Canada; and, further, to secure the completion of such railway within ten years from the date of the Union."

The views and policy of his Government upon the question of the Canadian Pacific Railway were communicated to me in several interviews by the Honourable Mr. Mackenzie; and I also had the benefit of conversations upon the same subject with many members of the Administration before I left Ottawa. On the eve of my departure I received from Honourable Mr. Mackenzie certain further instructions and directions for my guidance, which were contained in the following letter:—

"My dear Sir,

*Ottawa, February 19, 1874.*

"In your conversation with leading men in and out of the Government in Columbia it will be well to let them understand that, in proposing to take longer time than is provided for constructing the railway, we are actuated solely by an urgent necessity; that we are as anxious as possible to reach the object sought by all, viz., the construction of the road.

"We are, however, advised by our engineers that it is a physical impossibility to construct the road in that time, that is, within the time provided by the terms of Union, and that any attempt to do so can only result in very great useless expense and financial disorder. You can point out that the surveys for the Inter-colonial Railway were begun in 1864, and the work carried on uninterruptedly ever since, and although the utmost expedition was used it will still require eighteen months to complete it. If it required so much time in a settled country to build 500 miles of railway, with facilities everywhere for procuring all supplies, one may conceive the time and labour required to construct a line five times that length through a country all but totally unsettled.

"You will point out that it is because we desire to act in good faith towards Columbia that we at once avow our inability to carry out the exact conditions of the terms of Union that it would have been an easy matter for us to say nothing about, or carelessly to have assumed, the task of finishing the road before the month of July, 1881.

"Acting, however, from a desire to deal frankly and honestly with British Columbia, we considered what we could do to afford at the earliest possible date some means of travel across the continent preliminary to, and in advance of, a complete line of railway.

"You will point out that, as part of the Dominion, it is as much in their interests as in ours to pursue a careful judicious policy, also that in assuming a disposition, in spite of all reason, to insist on impossibilities, they are only setting at defiance all the rest of the Dominion and the laws of nature. That by insisting on 'the pound of flesh' they will only stimulate a feeling on the part of people generally to avoid in future giving anything but 'the pound of flesh.'

"You will remember that the Dominion is bound to reach the 'seaboard of the Pacific' only, not Victoria or Esquimaux, and you will convey an intimation to them that any further extension beyond the head waters of Bute Inlet, or whatever other portion of the sea waters may be reached, may depend entirely on the spirit shown by themselves in assenting to a reasonable extension of time, or a modification of the terms originally agreed to.

"You will also put them in remembrance of the terms they themselves proposed, which terms were assented to by their local Legislature, and point out that it was only by the insane act of the Administration here, which gave such conditions of Union to Columbia; that it could only have been because that Administration sought additional means of procuring extension of patronage immediately before the general elections, and saw in coming contracts the means of carrying the elections, that the Province obtained, on paper terms, which at the time were known to be impossible of fulfilment.

"If you find any favourable disposition among the leading men of the Province towards affording a generous consideration to the obvious necessity of giving a sufficient time for the pushing the road through Columbia, you will endeavour to ascertain what value they attach to such consideration. You will point out that the action of this

Government in the matter of the Graving Dock, and the agreement to advance in cash the balance of the amount of debt, with which Columbia was allowed to enter the Confederation, shewed that it was not considering itself bound to exact terms of Union, but was willing to go beyond them, when the necessities of the Province seemed to demand such action, and that we not unnaturally expect similar action on the part of the Province.

“ In the event of your finding that there is a willingness to accept a proposition to extend the time for the building of the road, you will endeavour to obtain some proposition from them directly or indirectly, and communicate this to us by cypher telegraph at once.

“ If on the other hand they make or indicate no proposition, you will telegraph to us what you think would be acceptable, but wait a reply before making a proposition.

“ In the event of the leading men evincing a disposition to negotiate, you will endeavour to secure something like a combination of parties to sanction any proposition likely to be generally acceptable.

“ It will be well that you should take some means of ascertaining the popular view of the railway question. This may be done by mingling among the people and allowing them to speak freely while you listen; remembering in taking impressions that your audience may be impressed by special local considerations rather than general questions.

“ It will be well not to confine yourself to the vicinity of the Government Offices, or Victoria, but to cross to the mainland, and visit the people at Westminster, and other towns or villages on the lower reaches of the Fraser. It may be that you will find that there is a disposition manifested to negotiate at Ottawa, in which case you will advise us of the existence of such a desire. You will take care not to admit in any way that we are bound to build the railway to Esquimaux, or to any other place on the Island, and while you do not at all threaten not to build there, to let them understand that this is wholly and purely a concession, and that its construction must be contingent on a reasonable course being pursued regarding other parts of the scheme.

“ It may be that the Local Government may desire to constitute the members for the Commons a delegation to discuss matters here; if this be the case you will still remain until we shall communicate with you.

“ You will take every opportunity of noting the various matters connected with Dominion business in accordance with instructions that will be sent.

“ I am, &c.

(Signed) “ A. MACKENZIE.

“ J. D. Edgar, Esq., Toronto.”

When I received the above letter, I lost no time in starting upon my journey, and leaving Toronto, February 23rd, I arrived upon March 9th at Victoria, the capital of British Columbia.

On the day that I landed in Victoria, the Honourable Mr. Walkem, leader of the Local Government, called upon me, and I made him aware of the object of my mission. Upon the same day I handed him Honourable Mr. Mackenzie's letter of 16th February (Appendix A), also informing him that I had letters from his Excellency, the Governor-General, to his honour the Lieutenant-Governor, which were next day delivered. Very soon afterwards Mr. Walkem introduced me to his colleagues as the representative of the Canadian Government.

Upon my arrival in the Province, I found that an intense interest was manifested by all the population in whatever related to the question of railway construction. It is difficult at a distance to conceive the importance that is attached to the railway by the British Columbians. On account of the vast construction expenditure and the sparseness of the population, who would participate in the immediate benefits derivable from it, an interest of a direct and personal character is felt upon the subject.

The entire white population of the Province, according to the census of 1870, was 8,576 souls. Of this number there were upon the mainland 3,401, and upon Vancouver Island 5,175. The white population to-day has probably increased to 10,000. With the exception, perhaps, of the gold miners, who are confined to the mainland, there is no class in the province that would not derive immediate personal advantages from the railway construction expenditure. Those in business, in trade, and in agriculture would feel the stimulus instantly, while those of means and leisure would be enriched by the increase in the value of their property.

The circumstances of the early settlement of the province gave it a population of peculiar intelligence; and the fact that most of the rougher kind of labour is performed

by Chinamen and Indians, has afforded in an especial way to the people of Victoria, the provincial metropolis, leisure and opportunity for the fullest discussion of this great question of the day. Their keen intelligence and zeal in public affairs suggests a parallel in the history of some of the minor States of ancient Greece or Italy. Although a strong feeling of jealousy of the greatness of Victoria undoubtedly exists in parts of the mainland, yet that town is the chief centre of public opinion. Its population is almost equal to the whole of the rest of the Province, and in its midst are the headquarters of Government, of the Courts, of the Churches, and of trade.

Within three miles there is the fine harbour of Esquimault, with its arsenal and British ships of war.

To Victoria the question of the location of the railway terminus is all important, because there is nothing in the terms of Union which settles that there shall be any portion of the line upon Vancouver Island, a revocable Order in Council, and the intrinsic merits claimed for the Island location, are the grounds upon which they hoped to secure the terminus at Esquimault. When it became well understood that the surveys were not yet so far advanced as to warrant the Canadian Government in fixing the permanent route and western terminus of the railway, it was strongly urged upon me by many persons in Victoria that the construction of a line of railway should be at once undertaken by the Dominion from the harbour of Esquimault to the port of Nanaimo, on the east coast of Vancouver Island, a distance of about seventy miles. It was argued that at whatever point upon the mainland the Pacific Railway might be brought to the coast, a steam ferry thence to Nanaimo might be established, and would render this portion of railway a means of connection with Esquimault, which is said to be the finest harbour upon the shores of the Northern Pacific. It was also insisted that from its opening there would be a considerable and profitable traffic over this line in the carriage of coal to Esquimault from the mines of Nanaimo and Departure Bay. Moreover it was contended that in view of the admitted impossibility to complete the construction of the trans-continental railway within the time originally limited, some substantial concessions should be made to the people of the Island as compensation for their disappointment and prospective losses.

A contention similar to the last mentioned one was also pressed upon me warmly by leading men of the mainland, who considered that they were now entitled to have some definite understanding arrived at, not so much in regard to the ultimate completion, as to the early, vigorous, and continuous construction of the railway upon the mainland.

It was represented that those engaged in agriculture and stock-raising in the interior parts of the country, were almost without a market for their produce, partly because the gold miners were leaving in considerable numbers, and partly for the reason that in anticipation of railway construction they had raised more crops than usual. The great distance to the coast, and the stupendous mountain-ranges to be traversed, prevented them from getting the bulky products of their land to the island markets of Victoria or Nanaimo.

Being familiar with the difficulties to be met with by engineers in seeking for a railway route through their country, the mainland people were not disposed to blame the Dominion for insisting upon further time and surveys before fixing the location. Their immediate necessities also induced them to attach more importance to the securing of an early and steady expenditure amongst themselves than to the maintaining of any arbitrary time limit for completion; while they also expressed their perfect appreciation of the argument that a vigorous expenditure of itself involves an accomplishment of the work within a reasonable period.

In the Provincial Constitution of British Columbia, the working of representative institutions and responsible Parliamentary Government may be studied in a simple form. The system is elaborated out of, perhaps, slender materials, but has been courageously fashioned after the model of the British Constitution. The people are represented by a House of twenty-five members, of whom thirteen are elected from the mainland, and twelve from the island. In this House sit the Ministers of the Crown, four in number, two being island Members, and two from the mainland. The deliberations are presided over by a Speaker; and due respect for the dignity of the Assembly is maintained by a Serjeant-at-arms.

Although I had not the fortune to be in the country when the House was in Session, I was able to discover among the gentlemen who hold seats, a considerable number of much experience, and somewhat above the average intelligence of Provincial Legislators. To those accustomed to older Canadian constituencies, each with populations varying from 15,000 to 30,000 souls, it is somewhat novel to see the smallness of electoral

districts in British Columbia. Yet it would be quite unfair to fix the number of electors as the standard of intelligence of the representative, for one of the ablest of the Provincial Ministers, after an exciting contest at the last election, succeeded in polling but sixteen votes in his constituency, whilst his opponent suffered a decisive defeat, having polled exactly half that number.

The Session of the Provincial Legislature had terminated on the 2nd March, a week before my arrival; and the House had unanimously agreed to a Resolution upon the subject of the Eleventh or Railway Clause, in the terms of Union with the Dominion, which was calculated to have an important bearing upon all negotiations with the local Government for a change in that clause. The language of the Resolution is as follows:—“That in view of the importance of the Railway Clause of the terms of Union between Canada and British Columbia being faithfully carried out by Canada, this House is of opinion that no alteration in the said Clause should be permitted by the Government of this Province, until the same has been submitted to the people for their endorsement.” When I ascertained that this Resolution had been passed, that the Provincial Parliament had yet more than a year to run, and that the Ministry had in it a sufficient working majority, it at once became apparent that any proposals to alter the Railway Clause could possess few attractions in the eyes of the party in power. While prepared to admit that the Province would be most reasonable, and would not be disposed to insist at all upon the original time limit for completion, yet Members of the Administration, looking at it from their own point of view, naturally urged that this was a peculiarly unfortunate time to seek any alterations, I also discovered that the first Act of the Provincial Statute-Book of 1873-74, contained elements of danger to the continued harmony between the General and Local Governments.

This Act became necessary to authorize the Provincial to receive from the Dominion Government the large sums of money, both for the Esquimault Graving Dock, and for other public works which the Local Government petitioned the Dominion Government to advance, and which requests the latter complied with as concessions to the Province in excess of what could be claimed under Articles 2 and 12 of the Terms of Union. A saving clause or proviso was inserted in this Act, containing very strong language concerning the rights and wrongs of British Columbia as regards the railways, adding, “This Act shall not have any force or effect unless the above proviso be inserted, in the same words, in any Act of Parliament of Canada, which may be passed for the purposes of this Act.”

A profound anxiety was at once manifested by Mr. Walkem and his colleagues to ascertain, through me, if the Canadian Ministry would propose to Parliament to adopt the words of this proviso. When I sought to get from them some proposals or suggestions as to their opinion of the concessions that should be made to British Columbia, in consideration of a change in the Railway Terms, I was continually met by an urgent inquiry as to what was to be done about that clause. As early as the 16th of March, I was informed by telegram, that the Dominion Government would not adopt the language of the proviso in their Bill, but would make the concessions as originally agreed, and without conditions affecting the Railway Terms. The announcement of this was received by the Local Ministers with alarm and disappointment; and it afterwards became still more difficult to get a satisfactory discussion of an alteration of Railway Terms with any of them. Orders in Council were passed by the Local Government upon the subject, and I was continually urged to press upon the Dominion Government the anxiety of the Provincial Ministry for the adoption of the saving clause; and I took many opportunities of doing so. This pressure continued, without intermission, until the 25th of April, when, at the request of Mr. Walkem, I sent a despatch to Mr. Mackenzie on behalf of the former, and in his own language, urging the adoption of the saving clause.

When, according to instructions, I endeavoured to ascertain from Local Ministers if their unwillingness to submit proposals as to the railway to the people arose entirely from our refusal to adopt the saving clause, I found that even such a concession would not induce them to bring about an appeal to the people.

According to instructions received, it was my aim, from the very first, to take every means of ascertaining the popular view of the railway question. Indeed, when it was understood that the Canadian Government had delegated me upon this and general matters, the politeness and hospitable attention of all classes soon rendered it an easy matter to form some estimate of public opinion. All were as willing to communicate, as I was anxious to receive, their various views and information. I paid two brief visits to the Mainland, meeting with people of New Westminster, Hope, Yale, and some few other places; and I was so fortunate as to meet, at one time or another, nearly

all the members of the Local Legislature, and many other persons of local prominence from the Mainland.

The Lieutenant-Governor and the Honourable Captain Hare, Senior Naval Officer at Esquimaux, kindly afforded me an opportunity of visiting the east coast of the island in company with them on board Her Majesty's ship "Myrmidon."

In discussing the question of the time for the completion of the railway, I elicited a very general expression of opinion that there was no great importance attached to any particular period for completion, but that serious disappointment had been felt at the failure to commence the work of actual construction by July of last year. Much anxiety was felt for an announcement of the policy of Canada upon the subject of the railway, and an extreme desire prevailed to have a definite understanding arrived at, as to what the Province could expect in place of the original railway terms which were all but universally admitted to be incapable of literal fulfilment.

The public agitation in Victoria of February last might have been mistaken for a movement to insist upon "the terms, the whole terms, and nothing but the terms," or to seek some disloyal alternative. Indeed, a portion of the community who did not sympathise with the excitement so interpreted it. Yet I was assured by the leaders of that agitation that no such motives or intentions influenced them. The people had been aroused by what were deemed suspicious circumstances to fear that efforts would be made, or were being made, to secure from the Local Government an agreement to change the railway terms without a submission to the people who had directly sanctioned the original terms. The local contradictions had scarcely been accepted as satisfactory upon this point, but my denial of it on the part of the Ottawa Government, coupled with the announcement that the latter would not seek to secure any alteration without the sanction of the people of the Province, set that difficulty very much at rest.

Notwithstanding the attitude that was assumed by the Provincial Government against the submission of a proposal, or the opening of negotiations to alter the railway terms, it was quite apparent that popular feeling all over the Province was strongly in favour of some definite settlement being arrived at upon the question. The notorious and admitted failure of the original scheme of railway construction had unsettled the business of the country, and the whole community, including even those who would have been the most exacting in bargaining with Canada for new terms, were anxious to have a proposal made, and to have a full opportunity for discussing and accepting or rejecting it.

I felt, therefore, that I should take an early opportunity of arriving at the views of the Local Government upon the subject. I was given an appointment by Mr. Walkem in the first week of April, and then confidentially discussed with his Ministry the whole question of alteration in the railway terms. I may mention that, upon this occasion, no difficulty was raised as to my authority to represent the General Government.

At this time there was considerable irritation displayed by Ministers upon the subject of the saving clause before alluded to, they would not admit any necessity for a present settlement of the railway question, but still persisted that next year, or some future time, should be awaited for the making of any such propositions; and they were particularly careful to avoid saying what concessions, in their opinion, would be acceptable to the Province, in lieu of the original terms.

The attitude of the Local Ministry rendered it more important than ever that the popular feeling should be accurately ascertained, and it was my aim to discover it by unreserved discussion with as many men as possible of the different parties and localities.

It was now quite apparent that the Local Ministers were determined to be obstructive, and it became all the more necessary to satisfy the people in so far as their views were found to be reasonable. After receiving from me the best information I could supply, Honourable Mr. Mackenzie directed me to make the Provincial Government certain proposals which were so arranged as to give large and certain advantages to the Mainland equally with the Island, and on the 6th of May I was instructed to put them formally in writing and give them to the Local Premier, and a copy to the Lieutenant-Governor. Upon the 8th May I had prepared, and I read over to Mr. Walkem, the letter of that date, containing the proposals (Appendix B), and upon the following day I handed it to him, and furnished a copy to his Honour the Lieutenant-Governor as directed, accompanied by a short note (Appendix C). I had made arrangements for another visit to the Mainland to ascertain something more of the feeling there while the Provincial Government were having the proposal under consideration.

Before sailing for New Westminster, however, I received the letter from Mr. Walkem

(Appendix D), in which he raised objections to recognize me as the Agent of the General Government.

It struck me as so peculiar a communication on Mr. Walkem's part, after he and his colleagues had recognized me as such Agent almost every day for two months, that I felt it would be better not to be too hasty in accepting that as a serious and final reply to the proposals, but to avoid the lapse of a few days to be occupied by me in visiting New Westminster, Burrard's Inlet, Yale, and some other places on the Mainland. Upon returning to Victoria, on Saturday, 16th May, I was waited upon by a deputation of leading gentlemen, connected with both sides of local politics, who informed me that it had been announced in the House of Commons at Ottawa by the Honourable Mr. Mackenzie, that proposals had been made on behalf of his Ministry, through myself, to the Provincial Government, as to the alteration of the railway terms, and yet that it was denied by members of the Local Ministry, and by their newspaper organ, that any proposals whatever had been made.

They represented that the popular feeling was very much excited upon the subject, and that the people were anxious to have the earliest opportunity of considering and deciding upon the question, and I was asked to inform them whether such proposals had been made. Upon receiving an affirmative reply, they took their leave, and shortly afterwards, as the intelligence spread, considerable excitement was manifested at the treatment the proposals were receiving at the hands of the Local Ministers. In order to afford Mr. Walkem another opportunity to reply to the proposals, or to consider them, if he were at all desirous of doing so, I again addressed him, and in a letter of 18th May (Appendix E), endeavoured to point out that he could not ignore the communication of the 5th May, and reiterated the request, on behalf of the Government of Canada, that the proposals should receive the consideration to which they were entitled. In reply to this, I received the letter (Appendix F); and upon the 19th May, under directions from the Honourable Mr. Mackenzie, I left Victoria upon my return journey, without any further official communication with the Local Ministry.

I may be permitted to mention that his Honour the Lieutenant-Governor, throughout the whole of my visit, was always most obliging in giving me, upon all public questions, very full information, which his large experience in the Province rendered of the highest value. He also manifested an earnest wish to see a definite and amicable settlement of the Railway Question speedily arrived at between the General and the Provincial Governments.

In accordance with the direction contained in the last paragraph of the Honourable Mr. Mackenzie's letter to me of the 19th February, I took every opportunity during my stay in British Columbia of noting various matters connected with Dominion business and interests in several despatches to Heads of Departments, as well as in verbal communications with Ministers, I have already called attention to some important subjects of that kind; and I propose to have the honour of communicating in separate reports or despatches upon several other points of interest and importance connected with Dominion affairs in the Pacific Province.

I have, &c.  
(Signed) J. D. EDGAR.

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#### Appendix (A).

Dear Sir,

Ottawa, February 19, 1874.

ALLOW me to introduce Mr. James D. Edgar, of Toronto, who visits your Province on public business for the Government. Mr. Edgar will confer with yourself and other Members of the Government of Columbia on the questions lately agitating the public mind in Columbia, and will be glad to receive your views regarding the policy of the Government on the construction of the railway.

But for the meeting of Parliament in four weeks, some Members of the Government would have visited your province, but Mr. Edgar, as a public man, as well known here, and fully understands the questions he will discuss with you.

I need not, I am sure, assure you of my sincere desire to do all I can to not only act justly but generously to Columbia.

It is in your interest and in the interest of the Dominion that we should both act with a reasonable appreciation of difficulties which are unavoidable, and devise means to remove them or overcome them.



We have induced Mr. Edgar to go to Columbia, as we thought you would prefer a full Conference with an agent to a tedious and possibly unsatisfactory correspondence.

I am, &c.

(Signed) A. MACKENZIE.

Hon. G. A. Walkem, Attorney-General,  
Victoria, British Columbia.

Appendix (B).

*Victoria, British Columbia, May 8, 1874.*

Honourable Geo. A. Walkem, M.P.P., Attorney-General, &c., &c.:

Sir,

I HAVE the honour to inform you that I have been instructed by the Premier of Canada to make you aware of the views of his Administration upon the subject of the construction of the Canadian Pacific Railway, in order that British Columbia may have full opportunity of considering and deciding upon a question so closely affecting her material interests. The scheme originally adopted for the carrying out of this work has, for a variety of reasons, proved unsuccessful, and to devise a plan for its more certain accomplishment, has been the aim of the Dominion Cabinet. The chief difficulty to be encountered in attempting to carry out the existing system of construction, is to be found in the stipulation as to completion of the railway by the month of July 1881. In proposing to take a longer time for constructing the railway, the Canadian Government are actuated solely by an urgent necessity. They are advised by their engineers that the physical difficulties are so much greater than was expected, that it is an impossibility to construct the railway within the time limited by the terms of Union, and that any attempt to do so can only result in wasteful expenditure and financial embarrassment. It is because they desire to act in good faith towards British Columbia, that the Canadian Ministry at once avow the difficulty of carrying out the exact terms of Union, whilst they have no desire to avoid the full responsibility of Canada to complete the railway by all means in her power, and at the earliest practicable date.

The 11th Article of the terms of Union embodies the bold proposition that the railway should be commenced in two, and completed in ten years, from the date of Union, to connect the sea-board of British Columbia with the railway system of Canada. Feeling the impossibility of complying with this time limit for completion, the Government is prepared to make new stipulations, and to enter into additional obligations of a definite character for the benefit of the Province. They propose to commence construction from Esquimaux to Nanaïmo immediately, and to push that portion of railway on to completion with the utmost vigour and in the shortest practicable time.

The engineering difficulties on the mainland have unfortunately turned out to be so serious that further surveys must necessarily be made before the best route can be determined upon. The Government have already asked Parliament for a large sum for the purpose of carrying on these surveys, and no expenditure will be spared to achieve the most speedy and reliable selection of a permanent location of the line upon the mainland. It is useless to propose an actual construction being undertaken before the location has been determined upon; but, in order to afford as much benefit from the works of construction from the very first as can possibly be derived by the people of the interior, the Government would immediately open up a road, and build a telegraph line along the whole length of the railway in the Province, and carry telegraph wire across the Continent. It is believed that the mere commencement to build a railway at the sea-board, as stipulated for in the existing terms, would give but little satisfaction to the producers living on the east side of the Cascade Mountains, who would be unable, without a road being first constructed, to find a market all along the whole extent of the railway wherever construction was progressing. It would then be the aim of the Government to strain every nerve to push forward the construction of the railway; and they would endeavour at the same time so to arrange the expenditure, that the legitimate advantages derivable from it would, as much as possible, fall into the hands of our own producers. In addition to constructing the road to facilitate transport along the located line, they are anxious to avail themselves of the large supplies of all kinds of provisions now existing, or capable of being produced, in the interior; and would proceed from the very first with all the works of construction in that portion of the country that their engineers could sanction.

It is to be observed that, while the terms of Union contemplated the completion of the whole railway within a certain number of years, they made no provision for any certainty of expenditure in any particular time, or in any particular portion of the line. To predicate the highest expenditure, which in any one year might be warranted in any particular portion of a great work like this, is certainly difficult; and it is still more difficult to arrive at the lowest fixed annual sum which, in every year and under all circumstances, might be judiciously expended as a minimum in local construction. To a country like British Columbia, it is conceded, however, to be an important point that not only the prompt and vigorous commencement, but also the continuous prosecution of the work of construction within the limits of the Province should be guaranteed.

In order, therefore, to secure an absolute certainty in this direction, and although the length of the line falling within the Province is estimated at only about one-fifth of the whole length, the Dominion Government are disposed to concede to British Columbia that the moment the surveys and road in the mainland can be completed, there shall be in each and every year, and even under the most unfavourable circumstances, during the construction of the railway, a minimum expenditure upon works of construction within the Province of at least 1,500,000 dollars. That this will secure the continuous progress of the works in the Province without any intermission is quite apparent; and it must also be perfectly clear that so large an annual sum could not be expended by any Dominion Administration in a remote district without holding out to the country some early prospect of a return for it, and at the same time showing that they were proceeding with the works with sufficient rapidity to bring the investment into an early condition to earn something. In reference to this point, I may be permitted to refer to the fact that the Delegates from British Columbia who negotiated the terms of Union, were instructed by the Provincial Legislature to accept an undertaking from Canada to build the railway with a guaranteed annual expenditure in the Province upon construction of 1,000,000 dollars, to begin at the end of three years after Union. We must assume that this guarantee of continuous construction was only abandoned by the Delegates upon a conviction of both the sincerity and feasibility of the offer of early completion that was made to them.

I trust that the proposals of the Dominion Cabinet, which I have sketched above, will be considered and accepted by British Columbia, as an earnest effort on the part of the former to carry out the spirit of the obligations to the Province.

The leader of the Canadian Government has instructed me to place these matters before you, as leader of the Provincial Administration, and, at the same time, to furnish a copy to his Excellency the Lieutenant-Governor.

The substance of these proposals has been sent to me by telegraphic cypher, and based upon that I have the honour of communicating them to you. The Dominion Government would be glad to have the consideration of this proposal entertained by your Administration, and to learn the conclusion of the Government of British Columbia upon the subject.

I have, &c.  
(Signed) J. D. EDGAR.

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Appendix (C).

*Victoria, British Columbia, May 9, 1874.*

His Excellency the Honourable Joseph W. Trutch, Lieutenant-Governor of British Columbia:

Sir,

I HAVE the honour to inform your Excellency, that in accordance with instructions from Honourable Alexander Mackenzie, leader of the Canadian Government, I have submitted to the Honourable G. A. Walkem, as leader of your Ministry, the views of the former upon the question of the Canadian Pacific Railway, with a view to the relaxation of the terms of Union so far as regards the time limited for the completion of the railway. I was at the same time instructed to furnish for your Excellency's information, a copy, which I now have the honour to inclose, of the communication addressed by me to your Minister upon that subject.

I have, &c.  
(Signed) J. D. EDGAR.

## Appendix (D).

Sir,

*Attorney-General's Department, Victoria, May 11, 1874.*

I HAVE the honour to acknowledge the receipt on Saturday, the 9th instant, of your letter of the previous day's date.

In reply to your request that I should submit your proposals for a change in the railway clause of the terms of the Union to the Local Administration for their consideration and acceptance, I have the honour to inform you that I am not in a position to advise his Excellency the Lieutenant-Governor in Council to treat such proposals officially, nor can I tender such advice until I shall have been informed that you have been specially accredited to act in this matter as the agent of the General Government, and that they will consider your acts or negotiations in the matter binding upon them.

I have, &amp;c.

(Signed)

G. A. WALKEM, *Attorney-General.*

James D. Edgar, Esq., Victoria.

## Appendix (E).

*Victoria, May 18, 1874.*

Honourable G. A. Walkem, Attorney-General, &amp;c., &amp;c. :

Sir,

I HAVE the honour to acknowledge having received your letter of the 11th instant just before leaving for the mainland.

I am sure you cannot have forgotten that letters from the highest dignitaries at Ottawa, which have been long ago delivered by me, both to his Excellency the Lieutenant-Governor and to yourself, have informed you that I came to this Province on behalf of the Dominion Government, and possessing their entire confidence. In my communication of the 8th instant, I stated most distinctly that I was making the proposals contained in it by the instructions and on behalf of the Canadian Ministry. You have, however, done me the honour of assuming that my statement was incorrect, and that I am acting without authority or instructions. I can afford to pass over without notice the personal insinuations, but I must most strongly protest against such extraordinary treatment of a document which emanates from the Government of Canada, upon a subject of such deep and pressing moment to British Columbia.

I have, therefore, the honour to request that the proposals of the Dominion Government may receive the consideration at the hands of the Provincial Administration to which such communications are entitled, and which the extreme importance of the subject demands.

I have, &amp;c.

(Signed)

J. D. EDGAR.

## Appendix (F).

*Victoria, May 18, 1874.*

Sir,

IN reply to your letter of this date, I must express my surprise and regret that you should have taken umbrage at the contents of my letter of the 11th instant.

Mr. Mackenzie in an unofficial, and in his only, letter to me respecting your visit, has expressly narrowed and confined the object of your mission to the holding of a personal interview with my colleagues and myself in order that "our views regarding the policy of the Government on the construction of the railway" should be ascertained without "tedious and possibly unsatisfactory correspondence." I quote his words. These things having been done, the special aim desired, I may be permitted to think, has been attained by Mr. Mackenzie.

When, however, you proceed further and propose changes to this Government of the gravest importance to the Province, I must be pardoned for considering it my duty in my public capacity to ask for your official authority for appearing in the role of an Agent contracting for the Dominion of Canada. This information I have not yet received.

I have, &amp;c.

(Signed)

GEO. A. WALKEM.

James D. Edgar, Esq.

## No. 10.

*Mr. Walkem to the Earl of Carnarvon.*

My Lord,

*Coz's Hotel, Jermyn Street, July 28, 1874.*

I HAVE the honour to inform your Lordship of my arrival last evening in London. The object of my mission, as a Delegate from the Government of the Province of British Columbia to Her Majesty's Government has, so I have been informed, already been fully explained to your Lordship.

It, therefore, only remains for me to request your Lordship to honour me with a personal interview at the earliest hour which may prove convenient.

I have, &amp;c.

(Signed)

GEO. A. WALKEM, *Attorney-General and President, Executive Council of Government of British Columbia.*

## No. 11.

*Colonial Office to Mr. Walkem.*

Sir,

*Downing Street, July 29, 1874.*

IN reply to your letter of the 28th instant,\* I am directed by the Earl of Carnarvon to inform you that he will be happy to see you at this office at 3:20 P.M. on Friday next, the 31st instant.

I am, &amp;c.

(Signed)

R. H. MEADE.

## No. 12.

*Petition to the Queen from the Committee of the Executive Council of the Province of British Columbia.—(Received July 31.)*

(Delivered to the Earl of Carnarvon by Mr. Walkem.)

To the Queen's Most Excellent Majesty.

Most Gracious Sovereign,

WE, your Majesty's most dutiful and loyal subjects, the Committee of the Executive Council of the Province of British Columbia, in Council assembled, humbly approach your Majesty, for the purpose of representing:—

1. That, prior to the 20th day of July, 1871, British Columbia was a Crown Colony, having a Legislative Council, partly nominated by the Crown, and partly chosen by the people:

2. That, by section 146 of the "British North American Act, 1867," provision was made for the Union of British Columbia with the Dominion of Canada:

3. That, during the years 1868 and 1869, the subject of Union was much discussed in British Columbia, both in the Legislature and throughout the Colony; and a considerable conflict of opinion existed in relation to the question:

4. That, in obedience to your Majesty's commands, contained in a despatch (Appendix A) of the 14th day of August, 1869, from your Majesty's Principal Secretary of State for the Colonies to the Governor of British Columbia, the Governor in Council framed the "Proposed Terms of Confederation" (Appendix B), and in the month of February, 1870, submitted them to the Legislative Council, by whom they were approved:

5. That these Terms had not been directly submitted to the people for their sanction; and the Council that approved of them was at the time composed of thirteen members appointed by the Crown, and nine chosen by the people.

6. That the "Proposed Terms" were presented for consideration, through Delegates, to the Honourable the Privy Council of Canada, as the basis of an agreement for Union:

7. That, after full discussion between the Delegates of British Columbia and the

\* No. 10.

Committee of the Privy Council, it was mutually agreed that the said terms should be materially modified; and other Terms, hereinafter called the "Accepted Terms," (Appendix C), were substituted for those proposed; and such "Accepted Terms" commonly known as the "Terms of Union," now form the basis of Union between British Columbia and the Dominion:

8. That the main difference between the "Proposed Terms" and the "Accepted Terms" consists in the substitution and insertion of Article 11 in the "Accepted Terms" for Article 8 of the "Proposed Terms," which Articles are herewith submitted:—

*Article 8 of "Proposed Terms."*

"8. Inasmuch as no real union can subsist between this Colony and Canada without the speedy establishment of communication across the Rocky Mountains by coach road and railway, the Dominion shall, within three years from the date of Union, construct and open for traffic such coach road from some point on the line of the main trunk road of this Colony to Fort Garry, of similar character to the said main trunk road, and shall further engage to use all means in her power to complete such railway communication at the earliest practicable date; and that surveys to determine the proper line of such railway shall be at once commenced; and that a sum of not less than 1,000,000 dollars shall be expended in every year, from and after three years from the date of Union, in actually constructing the initial sections of such railway from the seaboard of British Columbia, to connect with the railway system of Canada."

*Article 11 of "Accepted Terms."*

"11. The Government of the Dominion undertake to secure the commencement simultaneously, within two years from the date of Union, of the construction of a railway from the Pacific towards the Rocky Mountains, and from such point as may be selected, east of the Rocky Mountains, towards the Pacific, to connect the seaboard of British Columbia with the railway system of Canada; and further, to secure the completion of such railway within ten years from the date of the Union.

"And the Government of British Columbia agree to convey to the Dominion Government in trust, to be appropriated in such a manner as the Dominion Government may deem advisable in furtherance of the construction of the said railway, a similar extent of public lands along the line of railway throughout its entire length in British Columbia, not to exceed, however, twenty miles on each side of said line, as may be appropriated for the same purpose by the Dominion Government from the public lands in the North-West Territories and the Province of Manitoba. Provided, that the quantity of land which may be held under pre-emption right or by Crown grant within the limits of the tract of land in British Columbia to be so conveyed to the Dominion Government shall be made good to the Dominion from contiguous public lands; and provided, further, that until the commencement, within two years, as aforesaid, from the date of the Union of the construction of the said railway, the Government of British Columbia shall not sell or alienate any further portions of the public lands of British Columbia in any other way than under right of pre-emption requiring actual residence of the pre-emptor on the land claimed by him. In consideration of the land to be so conveyed in aid of the construction of the said railway the Dominion Government agree to pay to British Columbia, from the date of the Union, the sum of 100,000 dollars per annum, in half-yearly payments in advance."

9. That this substitution, affording assurance of *speedy railway communication* with the Eastern Provinces, was made to secure the acceptance of Confederation by the people of British Columbia:

10. That, it having been decided that the people of British Columbia should be directly consulted before the "Accepted Terms" became law, Your Majesty, in pursuance of the provisions of the "British Columbia Government Act, 1870," was graciously pleased, by an Order in Council of the 9th day of August, 1870, to so reconstitute the Legislative Council as to allow the electoral districts throughout the country to return a majority of members thereto :

11. That, under the new constitution of the Council, writs were issued for the election of members to serve therein, and the said "Accepted Terms" were duly submitted to the people for their consideration ; and at the subsequent elections held to decide the question of Union, the provisions of Article 11 of the Terms of Union formed the main inducement to British Columbia to agree to enter into Confederation, and members were returned to support the adoption thereof :

12. That such "Accepted Terms" were, on the 23rd day of January, 1871, unanimously agreed to by the Legislative Council ; and an humble Address to Your Majesty was at the same time passed, praying that Your Majesty in Council would be graciously pleased "to admit British Columbia into the Union or Dominion of Canada, on the basis of the terms and conditions offered to this Colony by the Government of the Dominion of Canada, which terms and conditions are those herein referred to as the "Accepted Terms :"

13. That similar Addresses to your Majesty on the same subject were passed by the Parliament of Canada, under the provisions of the 146th section of the "British North America Act, 1867 :"

14. That, on the 16th day of May, 1871, your Majesty, in answer to the said Addresses, was graciously pleased to order and declare (Appendix D) that the Union between British Columbia and the Dominion should take effect on the 20th day of July, 1871—and British Columbia accordingly, became on that day, one of the Provinces of the Dominion of Canada, upon the basis of the "Accepted Terms," or Treaty of Union :

15. That, by Article 11 the Dominion undertook "to secure the commencement simultaneously, within two years from the date of Union, of the construction of a railway from the Pacific towards the Rocky Mountains, and from such point as may be selected, east of the Rocky Mountains, towards the Pacific, to connect the seaboard of British Columbia with the railway system of Canada ; and further, to secure the completion of such railway within ten years from the date of the Union." And the Province, *in consideration thereof, and "in furtherance of the construction of said railway,"* agreed, first—to convey to the Dominion a belt of public land not exceeding twenty miles in width on each side of the railway in British Columbia ; and, secondly—to withdraw all its public lands from sale or alienation, except under stringent pre-emption laws, for a period of two years, ending on the 20th day of July, 1873 :

16. That, accordingly, immediately upon Union, all lands of the Province were withdrawn from sale or alienation :

17. That, the Dominion Government informed the Provincial Government, by despatch dated the 10th of June, 1873, and by an inclosed Order of the Privy Council, Appendix E F (based "on a Memorandum of the 29th of May, 1873, from the Chief Engineer of the Canadian Pacific Railway"), that "Esquimalt, in Vancouver Island," had been "fixed as the Terminus of the Canadian Pacific Railway," and that it had been decided that "a line of railway be located between the Harbour of Esquimalt and Seymour Narrows, on the said island ;" and they requested the Provincial Government to convey to the Dominion Government "in trust, according to the 11th paragraph of the Terms and Agreement of Union, a strip of land twenty miles in width, along the eastern coast of Vancouver Island, between Seymour Narrows and the Harbour of Esquimalt."

18. That, on the 25th of July, 1873, the Minute of the Executive Council of British Columbia (Appendix G) relating to the conveyance of the land referred to, was passed and forwarded to Ottawa (Appendix H) on the following day ; and the receipt thereof was acknowledged on the 26th August, 1873 (Appendix J) :

19. That, by that Minute the Provincial Government declined to convey the land referred to, until railway construction should be commenced, as provided by Article 11 of the Terms of Union ; but agreed to reserve the said belt (which is coloured red on the accompanying chart of Vancouver Island), being a tract of most valuable land—about 3,200 square miles in extent, abounding in vast mineral wealth, and easy of access from the sea,—and this land was accordingly reserved by Order in Council (Appendix K L) on the 30th June, 1873, and by public notice on the day following ; and has been ever since reserved :

20. That, on the 11th September, 1873, the Dominion Government intimated their concurrence in the course thus pursued by the Provincial Government, and "submitted (Appendix M N) that so long as the land which is referred to, is not alienated from the Crown, but held under reservation . . . the object of the Government of the Dominion will be attained, that object being, simply, that when the railway shall come to be constructed, the land in question shall be at the disposition of the Government of the Dominion, for the purpose laid down in the 11th section of the Terms of Union with British Columbia."

21. That, on the 22nd September, 1873, the Provincial Government respectfully urged (Appendix O P) the Dominion Government to define, by survey, the belt of land referred to, as its reservation was seriously retarding the settlement of Vancouver Island; but to this request no other reply than a mere acknowledgment (Appendix Q) was sent:

22. That, on the 25th of July, 1873, the Provincial Government, by Order in Council (Appendix R) strongly protested against the breach of the 11th Article, no attempt at construction having been made up to that date; and such protest was forwarded, in despatch, to the Honourable the Secretary of State, at Ottawa, on the following day (Appendix S):

23. That, in the month of August, 1873, the Dominion Government simply acknowledged (Appendix T) the receipt of the protest of the 25th of July, 1873:

24. That, on the 24th November following, the Government of the Province again drew the attention of the Dominion, by despatch and minute of the Executive Council (Appendix U, V), to the protests which had been forwarded and not replied to; and the Dominion Government was requested to state its railway policy for the information of the Provisional Legislature. To this the indefinite reply (Appendix W), and no other, was received:

25. That, on the 9th of February, 1874, the Legislative Assembly of British Columbia unanimously protested against the breach of Article 11 of the Terms of Union, and respectfully urged upon Canada "the absolute necessity of commencing the actual construction of the railway from the seaboard of British Columbia early in the present year" (Appendix X); and this protest was, on the recommendation of the Executive Council, forwarded to Ottawa in a despatch of 25th February, 1874 (Appendix Y), and the receipt thereof was duly acknowledged, but no response thereto has been received (Appendix Z):

26. That, in the month of February, 1874, the Honourable Mr. Mackenzie, the Premier of Canada, addressed the letter (Appendix AA) to the Honourable Mr. Walkem, the Attorney-General of British Columbia, introducing Mr. J. D. Edgar as a gentleman who would "confer" with, and ascertain the views of, the Members of the Government of British Columbia respecting railway policy; and this letter was followed by the correspondence, official telegrams, despatches, and Orders in Council set forth in Appendix AA, BB, CC, DD, EE, FF, GG, HH, JJ, KK, LL, MM, NN, OO, PP, QQ:

27. That the character and the substance of the correspondence, telegrams, and despatches may be briefly stated as follows:

On the 8th day of May, 1874, Mr. Edgar addressed a letter to Mr. Walkem (Appendix EE), setting forth the views of Mr. Mackenzie's Administration upon the Railway Clause (Article 11) of the Terms of Union, and making certain suggestions for a change thereof, with a request that they should be considered by the Provincial Government.

As these suggestions gravely affected the interests, both of the Dominion and the Province, and as Mr. Edgar was not accredited by the Dominion Government to make such proposals, it was necessary to ascertain how far they would be binding upon that Government. Accordingly, telegrams were sent, one (Appendix KK) by the Provincial Government to the Secretary of State, and the other (Appendix MM) by Mr. Walkem to Mr. Mackenzie. The only reply was a telegram from Mr. Mackenzie (Appendix LL), which stated that his letter to Mr. Walkem sufficiently indicated Mr. Edgar's mission; and that he had recalled Mr. Edgar, and was awaiting his return and reports. The inquiry, as to whether Mr. Edgar had power to bind the Dominion Government remained wholly unanswered.

28. That Mr. Edgar's letter to Mr. Walkem is made important by a telegram of the 8th June, 1874, from the Premier of Canada (Appendix OO), which states that that the proposals in Mr. Edgar's letter had been made "on behalf the Dominion Government," and that they were now withdrawn. To this telegram the Provincial Government in substance replied, that it was the first direct communication they had

received that those proposals were authoritative, and that it seemed remarkable that, by the same communication they should be withdrawn (Appendix QQ) :

29. That in that letter the Dominion Government proposed "to commence the construction from Esquimalt to Nanaimo immediately, and push that portion of the railway on to completion with the utmost vigour, and in the shortest practicable time," in consideration of British Columbia consenting to relinquish the definite term fixed in the Treaty of Union for the completion of the railway; and when "the surveys and a proposed waggon road on the mainland can be completed," to make "an annual minimum expenditure upon works of construction within the Province of, at least, 1,500,000 dollars;" and it further states that, "to a country like British Columbia, it is conceded, however, to be an important point, that not only the prompt and vigorous commencement, but also the vigorous prosecution, of the work of construction within the limits of the Province should be guaranteed:"

30. That the Dominion Government have no powers to expend public money in railway construction in British Columbia, except under authority of the "Canadian Pacific Railroad Act, 1874," which provides, *inter alia*, for the construction of a section viz., the fourth section of the said railway, to extend from the western terminus of the third section to some point in British Columbia on the Pacific Ocean :

31. That, unless Esquimalt on Vancouver Island be the western terminal point in British Columbia, on the Pacific Ocean, of the fourth section of the Canadian Pacific Railroad, the Dominion Government cannot expend any public money in the construction of a railway from such point, nor can they claim the reservation of the public lands on the east coast of Vancouver Island "for the purposes laid down in the 11th section of the Terms of Union:"

32. That the following is, as far as can be ascertained, an approximate statement of the exploratory surveys made:—

In 1871 and 1872 there were seven or eight parties engaged, and work was prosecuted with some vigour on the mainland of British Columbia.

In 1873 two parties left Victoria, as late as the 1st of July, for the interior, and returned in November, that is to say, having, exclusive of travelling time, been engaged in actual work for about three months only. To these parties may be added a third, which had wintered on the eastern boundaries of the Province.

In 1874 three parties only, exclusive of an explorer sent up the west coast, started from Victoria for interior about the 19th of May, when the spring was advanced.

33. That no surveys have been made between Esquimalt and Seymour Narrows, or in any other part of Vancouver Island :

34. That on the 4th May, 1874, the Premier of the Dominion Government declared, in his place in the Dominion House of Commons, that "there was no reason to believe" that it was possible to commence the construction of the railway in the Province this year (Appendix D D) :

35. That on the 6th May, 1874, the Dominion Government made the offer of *immediate construction on the island*, as contained in Appendix E E, before referred to :

36. That on the 23rd of May, 1874, the Premier of Canada admitted, in his place in the Dominion House of Commons, that "they were quite aware of the terms of the agreement with British Columbia was violated" (Appendix R R) :

37. That the preamble of the "Canadian Pacific Railway Act, 1874," shows that provision for the construction of this work is intended to be made by that Act only as far as can be effected without "further raising the rate of taxation," thus purporting to modify the obligation of Canada, under the Terms of Union, without the consent of British Columbia :

Your petitioners, therefore, humbly submit—

That British Columbia has fulfilled all the conditions of her agreement under the Terms of Union :

That the Dominion has not completed the necessary railway explorations and surveys; nor since 1872 has any effort at all adequate to the undertaking been made up to the present time :

That, notwithstanding the fact that on the 7th of June, 1873, by Order of the Privy Council, "Esquimalt" was "fixed" as the point of commencement on the Pacific, and it was decided that a line should "be located between that harbour and Seymour Narrows;" and, notwithstanding further, that a valuable belt of land along the line indicated has ever since been reserved by British Columbia, at the instance of the Dominion, and for the purposes, ostensibly, of immediate construction, the Dominion Government have failed and neglected to commence construction up to the present time :



That, although the Government of the Dominion admit that the agreement with British Columbia has been violated, and acknowledge that immediate construction might be commenced at Esquimalt, and active work vigorously prosecuted upon "that portion of railway" between Esquimalt and Nanaimo, yet they virtually refuse to commence such construction unless British Columbia consents to materially change the railway clause of the Treaty :

That, in consequence of the course pursued by the Dominion, British Columbia is suffering great loss; her trade has been damaged and unsettled; her general prosperity has been seriously affected, her people have become discontented, a feeling of depression has taken the place of the confident anticipations of commercial and political advantages to be derived from the speedy construction of a great railway, uniting the Atlantic and Pacific shores of your Majesty's Dominion on the Continent of North America :

Your petitioners, therefore, humbly approach your Majesty, and pray that your Majesty may be graciously pleased to take this, our petition, into your Majesty's favourable consideration, in order that justice may be done to British Columbia.

And your petitioners, as in duty bound, will ever pray, &c.

On behalf of the Petitioners,

(Signed)

GEO. A. WALKEM,

*President of the Executive Council of British Columbia.*

*Victoria, British Columbia, June 15, 1874.*

## APPENDIX.

(A.)

*Despatch from Earl Granville to the Governor of British Columbia, on Confederation.*

(British Columbia.)

Sir,

*Downing Street, August 14, 1869.*

IN my despatch of 17th of June, in which I communicated to you your appointment to the Government of British Columbia, I informed you that I should probably have occasion to address you on the question then in agitation of the incorporation of that Colony with the Dominion of Canada.

You are aware that Her Majesty's Government have hitherto declined to entertain this question, mainly because it could not arise practically till the Territory of the Hudson's Bay Company was annexed to the Dominion, but also, perhaps, in the expectation that the public opinion of British Columbia might have opportunity to form and declare itself.

I have now to inform you that the terms on which Rupert's Land and the North-West Territory are to be united to Canada, have been agreed to by the parties concerned, and that the Queen will probably be advised before long to issue an Order in Council which will incorporate in the Dominion of Canada the whole of the British Possessions on the North American Continent, except the then conterminous Colony of British Columbia.

The question therefore presents itself, whether this single Colony should be excluded from the great body politic which is thus forming itself.

On this question the Colony itself does not appear to be unanimous. But as far as I can judge from the despatches which have reached me, I should conjecture that the prevailing opinion was in favour of union. I have no hesitation in stating that such is, also, the opinion of Her Majesty's Government.

They believe that a Legislature selected from an extended area, and representing a diversity of interests, is likely to deal more comprehensively with large questions, more impartially with small questions, and more conclusively with both than is possible when controversies are carried on and decided upon in the comparatively narrow circle in which they arise. Questions of purely local interest will be more carefully and dispassionately considered when disengaged from the larger politics of the country, and at the same time will be more sagaciously considered by persons who have had this larger political education.

Finally, they anticipate that the interests of every Province of British North America will be more advanced by enabling the wealth, credit, and intelligence of the whole to be brought to bear on every part, than by encouraging each in the contracted policy of taking care of itself, possibly at the expense of its neighbour.

Most especially is this true in the case of internal transit. It is evident that the

establishment of a British line of communication between the Atlantic and Pacific Oceans, is far more feasible by the operations of a single Government responsible for the progress of both shores of the Continent, than by a bargain negotiated between separate, perhaps in some respects rival, Governments and Legislatures. The San Francisco of British North America would under these circumstances hold a greater commercial and political position than would be attainable by the Capital of the isolated Colony of British Columbia.

Her Majesty's Government are aware that the distance between Ottawa and Victoria presents a real difficulty in the way of immediate union. But that very difficulty will not be without its advantages if it renders easy communication indispensable and forces onwards the operations which are to complete it. In any case it is an understood inconvenience and a diminishing one, and it appears far better to accept it as a temporary drawback on the advantages of union than to wait for those obstacles, often more intractable, which are sure to spring up after a neglected opportunity.

The constitutional connection of Her Majesty's Government with the Colony of British Columbia is as yet closer than with any other part of North America, and they are bound on an occasion like the present, to give, for the consideration of the community and the guidance of Her Majesty's servants, a more unreserved expression of their wishes and judgment than might be elsewhere fitting.

You will, therefore, give publicity to this despatch, a copy of which I have communicated to the Governor-General of Canada, and you will hold yourself authorized, either in communication with Sir John Young, or otherwise, to take such steps as you properly and constitutionally can, for promoting the favourable consideration of this question.

It will not escape you, that in acquainting you with the general views of the Government, I have avoided all matters of detail on which the wishes of the people and the Legislature will of course be declared in due time. I think it necessary, however, to observe that the constitution of British Columbia will oblige the Governor to enter personally upon many questions, as the condition of Indian tribes, and the future position of Government servants, with which, in the case of negotiation between two responsible Governments, he would not be bound to concern himself.

I have, &c.  
(Signed) GRANVILLE.

Governor Musgrave,  
&c. &c. &c.

(B.)

(C.)

*"Proposed Terms."*

*"Accepted Terms."*

CANADA shall be liable for the debts and liabilities of British Columbia existing at the time of Union.

2. The population of British Columbia shall, for the purpose of financial arrangements, be estimated at 120,000. British Columbia not having incurred debts equal to those of other Provinces now constituting the Dominion, shall be entitled to receive, by half-yearly payments in advance from the General Government, interest at the rate of 5 per cent. per annum on the difference between the actual amount of its indebtedness at the date of Union, and the proportion of the public debt of Canada for 120,000 of the population of Canada at the time of Union.

3. The following sums shall be annually paid by Canada to British Columbia for the support of the Local Government and Legislature, to wit:—

An annual grant of 35,000 dollars, and a further sum equal to 80 c. a head per

Canada shall be liable for the debts and liabilities of British Columbia existing at the time of the Union.

2. British Columbia not having incurred debts equal to those of the other Provinces now constituting the Dominion, shall be entitled to receive, by half-yearly payments, in advance from the General Government, interest at the rate of 5 per cent. per annum on the difference between the actual amount of its indebtedness at the date of the Union, and the indebtedness per head of the population of Nova Scotia and New Brunswick (27,777 dollars), the population of British Columbia being taken at 60,000.

3. The following sums shall be paid by Canada to British Columbia for the support of its Government and Legislature, to wit: an annual subsidy of 35,000 dollars, and an annual grant equal to 80 c. per head of the said population of 60,000, both half-

*"Proposed Terms."*

annum of the population, both payable half-yearly in advance, the population of British Columbia being estimated as aforesaid at 120,000. Such grant equal to 80 c. a-head to be augmented in proportion to the increase of population, when such may be shown, until the population amounts to 400,000, at which rate such grant shall thereafter remain.

4. The Dominion shall guarantee interest at the rate of 5 per cent. per annum on such sum, not exceeding 100,000*l.*, as may be required for the construction of a first class graving dock at Esquimalt.

5. In addition to the other provisions of this resolution, Canada shall assume and defray the charges of the following services:—

- a. Salary and allowances of the Lieutenant-Governor;
- b. Salaries and allowances of the Judges and Officers of the Supreme Court and of County Courts;
- c. The charges in respect of the Department of Customs;
- d. The Postal Department;
- e. Lighthouses, buoys, beacons, and lightship, and such further charges as may be incident to and connected with the services which, by the "British North American Act, 1867," appertain to the General Government, and as are or may be allowed to the other Provinces.

6. Suitable pensions, such as shall be approved of by Her Majesty's Government, shall be provided by the Government of the Dominion for those of Her Majesty's servants in the Colony, whose position and emoluments derived therefrom would be affected by political changes on the admission of this Colony into the Dominion of Canada.

7. The Dominion Government shall supply an efficient and regular fortnightly steam communication between Victoria and San Francisco by steamers adapted and

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yearly in advance, such grants of 80 c. per head to be augmented in proportion to the increase of population, as may be shown by each subsequent decennial census, until the population amounts to 400,000, at which rate such grant shall thereafter remain, it being understood that the first census be taken in the year 1881.

4. The Dominion will provide an efficient mail service, fortnightly, by steam communication between Victoria and San Francisco, and twice a week between Victoria and Olympia; the vessels to be adapted for the conveyance of freight and passengers.

5. Canada will assume and defray the charges for the following services:—

- a. Salary of the Lieutenant-Governor,
- b. Salaries and allowances of the Judges of the Superior Courts and the County or District Courts;
- c. The charges in respect to the Department of Customs;
- d. The postal and telegraphic services;
- e. Protection and encouragement of fisheries;
- f. Provision for the Militia
- g. Lighthouses, buoys, and beacons, shipwrecked crews, quarantine and marine hospitals, including a marine hospital at Victoria;
- h. The geological survey;
- i. The Penitentiary;

And such further charges as may be incident to and connected with the services which, by the "British North America Act of 1867," appertain to the General Government, and as are or may be allowed to the other Provinces.

6. Suitable pensions, such as shall be approved of by Her Majesty's Government, shall be provided by the Government of the Dominion for those of Her Majesty's servants in the Colony whose position and emoluments derived therefrom would be affected by political changes on the admission of British Columbia in the Dominion of Canada.

7. It is agreed that the existing Customs Tariff and Excise Duties shall continue in force in British Columbia until the railway from the Pacific Coast and the system of

*"Proposed Terms."*

giving facilities for the conveyance of passengers and cargo.

8. Inasmuch as no real Union can exist between this Colony and Canada without the speedy establishment of communication across the Rocky Mountains by coach road and railway, the Dominion shall, within three years from the date of Union, construct and open for traffic such coach road from some point on the line of the Main Trunk Road of this Colony to Fort Garry, of similar character to the said Main Trunk Road; and shall further engage to use all means in her power to complete such railway communication at the earliest practicable date, and that surveys to determine the proper line for such railway shall be at once commenced; and that a sum of not less than 1,000,000 dollars shall be expended in every year, from and after three years from the date of the Union, in actually constructing the initial sections of such railway from the seaboard of British Columbia, to connect with the railway system of Canada.

9. The Dominion shall erect and maintain at Victoria, a marine hospital, and a lunatic asylum, either attached to the hospital or separate, as may be considered most convenient.

The Dominion shall also erect and maintain a Penitentiary, or other principal prison, at such place in the Colony as she may consider most suitable for that purpose.

10. Efficient coast mail steam service in connection with the Post Office, shall be established and maintained by the Government of the Dominion, between Victoria

*"Accepted Terms."*

railways in Canada are connected, unless the Legislature of British Columbia should sooner decide to accept the Tariff and Excise laws of Canada. When Customs and Excise duties are, at the time of the Union of British Columbia with Canada, leviable on any goods, wares, or merchandizes in British Columbia, or in the other Provinces of the Dominion, those goods, wares, or merchandizes may, from and after the Union, be imported into British Columbia from the Provinces now composing the Dominion, or from either of those Provinces into British Columbia, on proof of payment of the Customs or Excise duties leviable thereon in the Province of exportation, and on payment of such further amount (if any) of Customs or Excise duties as are leviable thereon in the Province of importation. This arrangement to have no force or effect after the assimilation of the Tariff and Excise duties of British Columbia with those of the Dominion.

8. British Columbia shall be entitled to be represented in the Senate by three members, and by six members in the House of Commons. The representation to be increased under the provisions of the "British North America Act, 1867."

9. The influence of the Dominion Government will be used to secure the continued maintenance of the naval station at Esquimalt.

10. The provisions of the "British North America Act, 1867," shall (except those parts thereof which are in terms made, or by reasonable intendment may be held to

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and New Westminster, Nanaimo, and such other places as may require such services.

11. Whatever encouragement, advantages, and protection are afforded by the Dominion Government to the fisheries of any of its Provinces, shall be extended in similar proportion to British Columbia, according to its requirements for the time being.

12. British Columbia shall participate, in fair proportion, in any measures which

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be specially applicable to and only affect one, and not the whole, of the Provinces now comprising the Dominion, and except so far as may be varied by this Minute) be applicable to British Columbia, in the same way and to the like extent as they apply to the other provinces of the Dominion, and as if the Colony of British Columbia had been one of the Provinces originally united by the said Act.

11. The Government of the Dominion undertake to secure the commencement simultaneously, within two years from the date of Union, of the construction of a railway from the Pacific towards the Rocky Mountains, and from such point as may be selected, east of the Rocky Mountains, towards the Pacific, to connect the seaboard of British Columbia with the railway system of Canada; and further to secure the completion of such railway within ten years from the date of the Union.

And the Government of British Columbia agree to convey to the Dominion Government, in trust, to be appropriated in such manner as the Dominion Government may deem advisable in furtherance of the construction of the said railway, a similar extent of public lands along the line of railway throughout its entire length in British Columbia, not to exceed, however, twenty miles on each side of the said line, as may be appropriated for the same purpose by the Dominion Government from the public lands in the north-west territories and the Province of Manitoba. Provided, that the quantity of land which may be held under the pre-emption right or by Crown grant within the limits of the tract of land in British Columbia to be so conveyed to the Dominion Government shall be made good to the Dominion from contiguous public lands; and provided further, that until the commencement, within two years, as aforesaid, from the date of the Union, of the construction of the said railway, the Government of British Columbia shall not sell or alienate any further portions of the public lands of British Columbia in any other way than under right of pre-emption, requiring actual residence of the pre-emptor on the land claimed by him. In consideration of the land to be so conveyed in aid of the construction of the said railway, the Dominion Government agree to pay to British Columbia from the date of the Union, the sum of 100,000 dollars per annum, in half-yearly payments in advance.

12. The Dominion Government shall guarantee interest for ten years from the

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may be adopted, and funds which may be appropriated by the Dominion for the encouragement of immigration.

13. British Columbia shall be entitled to be represented in the Senate by four Members, and by eight Members in the House of Commons, until the year 18 , and thereafter the Representations in the Senate and the House of Commons shall be increased, subject to the provisions of the “British North America Act, 1867.”

14. The Union shall take effect on such day as Her Majesty by Order in Council (on an Address to that effect, in terms of the 146th Section of the “British North America Act, 1867,”) may direct; and British Columbia may, in such Address, specify the districts, counties, or divisions, if any, for which any of the four Senators to whom the Colony shall be entitled shall be named—the electoral districts for which—and the time within which the first election of Members to serve in the House of Commons shall take place.

15. The Constitution of the Executive authority and of the Legislature of British Columbia shall, subject to the provisions of the “British North American Act, 1867,”

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date of the completion of the works, at the rate of 5 per cent. per annum, on such sum, not exceeding 100,000*l.* sterling as may be required for the construction of a first-class graving dock at Esquimalt.

13. The charge of the Indians, and the trusteeship and management of the lands reserved for their use and benefit, shall be assumed by the Dominion Government, and a policy as liberal as that hitherto pursued by the British Columbia Government shall be continued by the Dominion Government after the Union.

To carry out such policy, tracts of land of such extent as it has hitherto been the practice of the British Columbia Government to appropriate for that purpose, shall from time to time be conveyed by the Local Government to the Dominion Government, in trust, for the use and benefit of the Indians on application of the Dominion Government; and in case of disagreement between the two Governments respecting the quantity of such tracts of land to be so granted, the matter shall be referred for the decision of the Secretary of State for the Colonies.

14. The constitution of the Executive authority and of the Legislature of British Columbia shall, subject to the provisions of the “British North America Act, 1867,” continue as existing at the time of the Union until altered under the authority of the said Act, it being at the same time understood that the Government of the Dominion will readily consent to the introduction of responsible Government when desired by the inhabitants of British Columbia, and it being likewise understood that it is the intention of the Governor of British Columbia, under the authority of the Secretary of State for the Colonies, to amend the existing constitution of the Legislature by providing that a majority of its members shall be elective.

The Union shall take effect according to the foregoing terms and conditions on such day as Her Majesty by and with the advice of Her Most Honourable Privy Council may appoint (on addresses from the Legislature of the Colony of British Columbia and of the Houses of Parliament of Canada, in the terms of the 146th section of the “British North America Act, 1867”), and British Columbia may in its address specify the electoral districts for which the first election of members to serve in the House of Commons shall take place.

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continue as existing at the time of Union, until altered under the authority of the said Act.

16. The provisions in the “British North American Act, 1867,” shall (except those parts thereof which are in terms made, or by reasonable intendment may be held to be specially applicable to and only effect one and not the whole of the Provinces now comprising the Dominion, and except so far as the same may be varied by this resolution) be applicable to British Columbia in the same way and to the like extent as they apply to the other Provinces of the Dominion, and as if the Colony of British Columbia had been one of the Provinces originally united by the said Act.

With reference to defence—

(a.) That it shall be an understanding with the Dominion, that their influence will be used to the fullest extent to procure the continued maintenance of the Naval Station at Esquimalt.

(b.) Encouragement to be given to develop the efficiency and organization of the volunteer force in British Columbia.

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(D.)

*At the Court at Windsor, the 16th day of May, 1871.*

Present:

The Queen's Most Excellent Majesty  
His Royal Highness Prince Arthur.

Lord Privy Seal.  
Earl Cowper.  
Earl of Kimberley.

Lord Chamberlain.  
Mr. Secretary Cardwell.  
Mr. Ayrton.

WHEREAS by the “British North American Act, 1867,” provision was made for the Union of the Provinces of Canada, Nova Scotia, and New Brunswick into the Dominion of Canada, and it was (amongst other things) enacted that it should lawful for the Queen, by and with the advice of Her Majesty's Most Honourable Privy Council, on addresses from the Houses of the Parliament of Canada, and of the Legislature of the Colony of British Columbia, to admit that Colony into the said Union on such terms and conditions as should be in the Addresses expressed, and as the Queen should think fit to approve, subject to the provisions of the said Act: and it was further enacted that the provisions of any Order in Council in that behalf should have effect as if they had been enacted by the Parliament of the United Kingdom of Great Britain and Ireland:

And whereas by Addresses from the Houses of the Parliament of Canada and from the Legislative Council of British Columbia respectively, of which Addresses copies are contained in the Schedule to this Order annexed, Her Majesty was prayed, by and with the advice of Her Most Honourable Privy Council, under the one hundred and forty-six section of the hereinbefore recited Act, to admit British Columbia into the Dominion of Canada, on the terms and conditions set forth in the said Addresses:

And whereas Her Majesty has thought fit to approve of the said terms and conditions: it is hereby ordered and declared by Her Majesty, by and with the advice of Her Privy Council, in pursuance and exercise of the powers vested in Her Majesty by the said Act of Parliament, that from and after the twentieth day of July, one thousand eight hundred and seventy-one, the said Colony of British Columbia shall be admitted

into and become part of the Dominion of Canada, upon the terms and conditions set forth in the hereinbefore recited Addresses: And, in accordance with the terms of the said Addresses relating to the Electoral Districts in British Columbia, for which the first election of members to serve in the House of Commons of the said Dominion shall take place, it is hereby further ordered and declared that such electoral districts shall be as follows:—

And the Right Honorable Earl of Kimberley, one of Her Majesty's Principal Secretaries of State, is to give the necessary directions herein accordingly.

(Signed) ARTHUR HELPS

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(E.)

*The Secretary of State to the Lieutenant-Governor.*

Sir,

*Ottawa, June 10, 1873.*

I HAVE the honour to inclose, for the information of your Government, a copy of an Order of his Excellency the Governor-General in Council, fixing Esquimalt, in Vancouver Island, as the terminus of the Canadian Pacific Railway, and further deciding that a line of railway be located between the Harbour of Esquimalt and Seymour Narrows on the said Island.

I have further the honour to apply to you to bring the subject under the notice of your Government, with a view to the conveyance, in the manner and for the purposes stated in the said Order, of a strip of land twenty miles in width, along the Eastern Coast of Vancouver Island, between Seymour Narrows and the Harbour of Esquimalt.

I have, &c.

(Signed) E. A. MEREDITH,  
*Under-Secretary of State.*

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(F.)

*Copy of a Report of a Committee of the Honourable the Privy Council, approved by his Excellency the Governor-General in Council, on the 7th June, 1873.*

THE Committee of Council having had before them the Memorandum of the 29th May last, from the Chief Engineer of the Canadian Pacific Railway, and the Minute of Council thereupon of the 30th May, beg leave to recommend to your Excellency that Esquimalt, in Vancouver Island, be fixed as the terminus of the Canadian Pacific Railway; and that a line of railway be located between the Harbour of Esquimalt and Seymour Narrows, on the said Island.

The Committee further recommend that application immediately be made by despatch to the Lieutenant-Governor of British Columbia for the conveyance to the Dominion Government in trust, according to the 11th paragraph of the Terms of Agreement of Union, of a strip of land twenty miles in width, along the eastern coast of Vancouver Island, between Seymour Narrows and the Harbour of Esquimalt.

An order of the Lieutenant-Governor of British Columbia in Council appropriating this tract of land in furtherance of the construction of the said railway will be necessary, in order to operate as a sufficient conveyance and reservation of the said land to and for the Dominion Government.

Certified,  
(Signed) W. A. HIMSWORTH,  
*Clerk, Privy Council.*

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(G.)

*Copy of a Report approved by his Excellency the Lieutenant-Governor in Council, on the 25th July, 1873.*

THE Committee of Council have had under consideration a Memorandum of the 23rd July, 1873, from the Honourable the Attorney-General, reporting upon a despatch



dated the 10th June last, from the Honourable the Secretary of State for the Provinces to your Excellency, covering an Order of the Honourable the Privy Council of Canada, of the 7th of the same month, which states that the Privy Council had decided as follows:—  
 “That Esquimalt in Vancouver Island be fixed as the terminus of the Canadian Pacific Railway, and that a line of railway be located between the Harbour of Esquimalt and Seymour Narrows on the said Island.”

In pursuance of this decision your Excellency is requested to convey by Order in Council “to the Dominion Government in trust, according to the 11th paragraph of the Terms of the Agreement of Union, a strip of land twenty miles in width along the eastern coast of Vancouver Island, between Seymour Narrows and the Harbour of Esquimalt.”

Upon the despatch and Order in Council the Honourable the Attorney-General reports as follows:—

“The Agreement of Union is embodied in a Statute. Its language must, therefore, be measured by the ordinary and well-known rules of interpretation as applied to Statutes. The language must not be construed too narrowly, but a fair and liberal construction, and one in accordance with the spirit and true meaning of the Agreement, should be placed upon the wording of the ‘Terms.’ Allowing, however, the greatest latitude of interpretation, and applying the broadest and most liberal construction to the 11th section of the Agreement, nothing appears which would seem to warrant the Dominion Government in claiming, or justify your Excellency in granting, a conveyance of the twenty-mile belt of land mentioned, until the line of railway be defined.

“It is admitted that the Dominion Government is entitled to the greatest consideration for the energy it has hitherto displayed in its desire to faithfully carry out the railway provisions contained in the Agreement.

“Hence the Government of this Province, holding these views and anxious to render all the assistance in its power to the Dominion Government, assumed the responsibility of reserving the belt of land mentioned almost immediately after the receipt of the despatch which is the subject of this Report. It was, however, expressly understood that the Order in Council creating the reserve should *not operate as a conveyance of the lands* within its limits, and that the reserve itself should not be of a *permanent character*.

“The 11th section of the Terms of Union reads as follows:—

“‘The Government of the Dominion undertake to secure the commencement . . . within two years from the date of the Union, of the construction of a railway from the Pacific towards the Rocky Mountains, thence eastward, &c.

“‘The Government of British Columbia agree to convey to the Dominion Government in trust, to be appropriated in such manner as the Dominion Government may deem advisable, in furtherance of the construction of the *said railway*, an extent of public lands *along the line of railway* throughout its entire length in British Columbia, not to exceed, however, twenty miles on *each side of said line* . . . and provided further that until the commencement, within two years as aforesaid from the date of the Union, of the construction of the *said railway*, the Government of British Columbia shall not sell or alienate any further portion of the public lands of British Columbia in any other way than under right of pre-emption requiring actual residence of the pre-emptor on the land claimed by him.’

“Under this agreement the Dominion Government undertook to secure the commencement of ‘the construction of a railway from the Pacific’ eastward on the 20th July, 1873, and the Province in consideration thereof agreed to convey to the Dominion Government ‘in furtherance of the construction of the *said railway*, certain ‘public lands *along the line of railway*, not exceeding in extent twenty miles ‘*on each side of said line*.’

“As far as the Government of this Province has been informed, no line of railway has been surveyed between Esquimalt and Seymour Narrows. A conveyance cannot, therefore, be made of public lands ‘along a line of railway’ and ‘on each side of said line,’ where no such ‘line of railway’ exists. The demand made is for a conveyance of ‘a strip of land’ twenty miles in width along the ‘eastern coast of Vancouver Island,’ or, in other words, in the absence of a survey, for a strip of the public lands along the sea coast, but not along any defined line of railway.

“It is respectfully submitted that had a ‘line of railway’ been defined by a location survey, the Government of this Province would have been notified thereof, and the language of the despatch and of the Order of the Privy Council would have been materially different from that used in the present instance. Instead of asking for a conveyance of land along a sea coast, a demand would have been made for a conveyance of certain lands ‘along a line of railway’ adopted and laid out according to an accom-

panying plan; such a demand, it is humbly conceived, would have been in accordance with the spirit and language of the 11th section.

"The term of two years mentioned in the first and second paragraphs of the section was inserted by the framers of the terms as a period amply sufficient to enable the Dominion Government to complete the preliminary surveys necessary to determine the 'line of railway,' and the Provincial Government agreed to withdraw all its public lands from sale for the like period in order that the first opportunity should be afforded to the Dominion Government of acquiring within the two years and before the work of construction should commence, the land contiguous to its line of railway, as defined from time to time.

"The two years have expired, and as the claim for the reserve mentioned is not established, it becomes the duty of the Government of British Columbia, in the interests of the Province, to respectfully press upon the Dominion Government the necessity of some immediate action being taken to render the valuable belt of land containing an area of some 3,500 square miles of service to the Province.

"The undersigned therefore suggests that, as no line of railway has been defined, your Excellency be respectfully recommended, for the above reasons, to withhold the conveyance to the Dominion Government of the land mentioned in the despatch; and that the reserve of the said land be continued until a fair opportunity shall have been afforded to the Dominion Government to consider the subject and inform the Government of this Province of its views thereon."

The Committee concur in the above Report of the Attorney-General, and submit the same for your Excellency's approval, and if sanctioned, they suggest that a copy of this Order in Council be transmitted to his Excellency the Governor-General.

Certified,

(Signed)

W. J. ARMSTRONG,

*Clerk, Executive Council.*

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(H.)

*The Lieutenant-Governor to the Secretary of State for Canada.*

Sir,

*Government House, July 26, 1873.*

I HAVE the honour to state that the Under Secretary of State for the Provinces' despatch of the 10th ultimo, and the copy therewith inclosed of an Order of his Excellency the Governor-General in Council, fixing Esquimalt, on Vancouver Island, as the terminus for the Canadian Pacific Railway, and further deciding that a line of railway be located between Esquimalt Harbour and Seymour Narrows, was duly received and submitted by me for consideration in my Executive Council, and that the strip of land twenty miles in width, along the eastern coast of Vancouver Island, between Seymour Narrows and the Harbour of Esquimalt, specified in the said Order in Council, was accordingly reserved on the 1st July instant, under the powers and provisions of the 42nd section of the Land Ordinance of 1870 of British Columbia, and notice of such reservation duly published in the "Government Gazette," as appears in the copy thereof herewith inclosed.

With further reference to the Under Secretary of the Provinces' despatch, I have also the honour to inclose herewith, and to request that you will lay before his Excellency the Governor-General, a Minute of my Executive Council conveying the conclusion of this Government that it is not advisable to make, at present, the conveyance applied for in the said despatch and accompanying Order in Council of the land therein specified, and now held under reservation, and setting forth the grounds upon which that conclusion is based.

I have, &c.

(Signed)

JOSEPH W. TRUTCH.

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(J.)

*Secretary of State to the Lieutenant-Governor.*

Sir,

*Ottawa, August 26, 1873.*

I HAVE the honour to acknowledge the receipt of your despatch of the 26th ultimo, referring to the Order of his Excellency the Governor-General in Council,

communicated to you on the 10th of June last, applying for the conveyance to the Dominion Government of a strip of land twenty miles in width along the eastern coast of Vancouver Island, between Seymour Narrows and the Harbour of Esquimalt, and inclosing a copy of a Minute of your Executive Council on the subject of the said application.

Your despatch and its inclosures will be laid before his Excellency the Governor General in Council.

I have, &c.  
(Signed) E. J. LANGEVIN,  
*Under-Secretary of State.*

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(K.)

*Copy of a Report of a Committee of the Honourable the Executive Council, approved by his Excellency the Lieutenant-Governor, on the 30th day of June, 1873.*

ON a Memorandum dated 30th June, 1873, from the Honourable the Attorney-General, recommending that, for the present, a bare reservation of the twenty-mile belt, lying between Esquimalt Harbour and Seymour Narrows, be made, to protect the Government of the Dominion, until the question raised by the Order in Council of the Privy Council of Canada, dated the 7th instant, with its covering despatch on the subject, of the 10th instant, be more fully discussed and determined; and that the conveyance, in trust, of the said land asked for by the Ottawa Government be for the present deferred, and that the inclosed notice of reservation be adopted, and published in a Gazette Extraordinary.

Certified,  
(Signed) W. J. ARMSTRONG,  
*Clerk of the Executive Council.*

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(L.)

*Notice.*

WHEREAS by an Order in Council dated the 7th day of June, 1873, of the Honourable the Privy Council of Canada, it has been decided "that Esquimalt, in Vancouver Island, be fixed as the terminus of the Canadian Pacific Railway, and that a line of railway be located between the harbour of Esquimalt and Seymour Narrows, on the said island;" and whereas, in accordance with the terms of the said Order in Council, application has been made to his Excellency "the Lieutenant-Governor of British Columbia for a reservation, and for the conveyance to the Dominion Government, in trust, according to the 11th paragraph of the terms of the Agreement of Union, of a strip of land twenty miles in width, along the eastern coast of Vancouver Island, between Seymour Narrows and the Harbour of Esquimalt, in furtherance of the construction of the said railway:"

And whereas it has been deemed advisable that the land, within the limits aforesaid, should be reserved, prior to any conveyance aforesaid being made thereof: Public notice is therefore hereby given, that from and after this date, a strip of land twenty miles in width, along the eastern coast of Vancouver Island, between Seymour Narrows and the Harbour of Esquimalt, is hereby reserved.

By command,  
(Signed) JOHN ASH,  
*Provincial Secretary.*

*Provincial Secretary's Office, July 1, 1873.*

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(M.)

*The Secretary of State to the Lieutenant-Governor.*

*Department of the Secretary of State for Canada, Ottawa,  
September 11, 1873.*

Sir,

I HAVE the honour to transmit to you herewith, for the information of your Government, a copy of an Order of his Excellency the Governor-General in Council,

on your despatch of the 26th July last, inclosing a Minute of your Executive Council, conveying their conclusion that it is not advisable to make at present the conveyance applied for in the letter to you of the 10th of June last.

I have, &c.

(Signed)

J. C. AIKINS,

*Secretary of State for Canada.*

(N.)

*Copy of a Report of the Committee of the Honourable the Privy Council, approved by his Excellency the Governor-General in Council, on the 3rd September, 1873.*

THE Committee of the Privy Council have had under consideration a despatch from the Lieutenant-Governor of British Columbia, of the 26th July, 1873, inclosing a Minute of his Executive Council, conveying the conclusion of the Government of British Columbia, that it is not advisable to make at present the conveyance applied for in a despatch of the Under-Secretary of State for the Provinces of the 10th of June.

The Committee of the Privy Council have read with great attention the Report of the Executive Council of British Columbia, inclosed in the Lieutenant-Governor's despatch, and beg to submit that, so long as the land which is referred to is not alienated from the Crown, but held under reservation, as stated in the Lieutenant-Governor's despatch, the object of the Government of the Dominion will be obtained, that object being simply that when the railway shall come to be constructed, the land in question shall be at the disposition of the Government of the Dominion, for the purposes laid down in the 11th section of the Terms of Union with British Columbia.

Certified,

(Signed)

W. A. HIMSWORTH,

*Clerk, Executive Council.*

(O.)

*The Lieutenant-Governor to the Secretary of State.*

Sir,

*Government House, September 22, 1873.*

WITH reference to my despatch of the 26th July last, I have the honour to inclose, for the information of his Excellency the Governor-General, a Minute of my Executive Council, urging that the boundaries of the land on Vancouver Island, proposed to be claimed by the Government of the Dominion in trust, to aid the construction of the railroad, under the Terms of Union of British Columbia with Canada, may be at once defined, and that a competent person in this Province may be appointed to dispose of said lands, on such terms as will admit of settlement, and authorizing the Honourable A. De-Cosmos, President of the Executive Council and Premier of my Ministry, to confer with the Government of Canada on this subject.

A duplicate of this despatch and inclosure will be handed to you by Mr. De-Cosmos, who starts to-morrow for Ottawa.

I have, &c.

(Signed)

JOSEPH W. TRUTCH.

(P.)

*Copy of a Report of a Committee of the Honourable the Executive Council, approved by his Excellency the Lieutenant-Governor on the 20th day of September, 1873.*

ON a Memorandum, dated 18th September, 1873, from the Honourable Chief Commissioner of Lands and Works, reporting that the Order in Council of the 30th June, 1873, reserving Crown lands of the east coast of Vancouver Island, is seriously retarding the settlement of that portion of the Province; and recommending that, in view of the fact that the despatch from his Excellency the Lieutenant-Governor to the Secretary of State, transmitting the Minute of this Executive Council, dated 25th July, 1873, upon the subject of this reservation, has not as yet been replied to, and as the matter requires immediate settlement, that the Dominion Government be respectfully urged to at once

define, by survey, the land they propose claiming on the east coast of Vancouver Island ; and that they appoint also a competent person in this province to dispose of said lands on such terms as will admit of settlement ; and that the Honourable Amor De-Cosmos, as Special Delegate, about to proceed to Ottawa, be authorized to confer with the Dominion Government upon the subject.

Certified,  
(Signed) W. J. ARMSTRONG,  
*Clerk, Executive Council.*

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(Q.)

*The Secretary of State to the Lieutenant-Governor.*

Sir, *Ottawa, October 8, 1873.*  
I HAVE the honour to acknowledge the receipt of your despatch of the 22nd ultimo, on the subject of the occupation of lands reserved by the Dominion Government, and to state that the same will receive due consideration.

I have, &c.  
(Signed) EDWARD J. LANGEVIN,  
*Under-Secretary of State.*

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(R.)

*Copy of an Order in Council of this Province, dated July 25, 1873.*

THE Committee of Council have had under consideration the non-fulfilment by the Dominion Government of the 11th section of the Terms of Union.

The Committee regret that the construction of the railway has not been commenced, and therefore strongly protest against the breach by the Dominion Government of a condition of the terms so highly important to the Province.

The Committee recommend the above for the approval of your Excellency, and, if sanctioned, respectfully request that a copy thereof be at once forwarded to the Dominion Government.

Certified,  
(Signed) W. J. ARMSTRONG,  
*Clerk, Executive Council.*

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(S.)

*The Lieutenant-Governor to the Secretary of State.*

Sir, *Government House, July 26, 1873.*  
I HAVE the honour to inclose, at the request of my Ministers, for submission to His Excellency the Governor-General, a Minute of my Executive Council, representing the non-fulfilment by the Dominion of the 11th Section of the terms of Union of British Columbia with Canada, expressing regret that the railway has not been commenced, and strongly protesting against the breach of a condition of the terms so highly important to this Province.

I have, &c.  
(Signed) JOSEPH W. TRUTCH.

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(T.)

*Secretary of State to the Lieutenant-Governor.*

Sir, *Ottawa, August 23, 1873.*  
I HAVE the honour to acknowledge the receipt of your despatch 26th ultimo, covering a copy of a Minute of your Executive Council, complaining of the non-fulfilment by the Dominion Government, of the 11th Section of the terms of Union British Columbia with Canada.

Your despatch and its inclosures will be at once laid before His Excellency the Governor-General in Council.

I have, &c.  
 (Signed) E. J. LANGEVIN,  
*Under-Secretary of State.*

(U.)

*The Lieutenant-Governor to the Secretary of State.*

Sir.

*Government House, November 24, 1873.*

I HAVE the honour to inclose a further Minute of my Executive Council, referring to the non-fulfilment by the Dominion Government of the 11th Article of the terms of Union of this Province with Canada.

In accordance with the advice of my Ministers, expressed in this Minute, I beg you to be pleased to lay before his Excellency the Governor-General, and to be good enough to bring to his Excellency's attention the previous Minutes of my Executive Council on the same subject, which were forwarded for his consideration in my despatches of the 26th July last, the latter of which conveying a protest from this Government on the failure of the Dominion Government to secure the commencement, within two years from the date of Union, of the construction of a railroad from the Pacific towards the Rocky Mountains, as provided in the 11th Article of the terms of Union, is yet unanswered; and to move his Excellency to communicate to this Government, in whatever manner he may deem advisable, in time to meet the requirement of the desire indicated by my Ministers, the course intended to be taken by the Dominion in fulfilment of the 11th Article of the terms of Union of this Province with Canada.

I have, &c.  
 (Signed) JOSEPH W. TRUTCH.

(V.)

*Copy of a Report of a Committee of the Honourable the Executive Council, approved by His Excellency the Lieutenant-Governor, on 22nd day of November, 1873.*

THE Committee of Council having had under consideration a Memorandum from the Honourable the Provincial Secretary, dated 19th November, 1873, setting forth the acts—

That the Government of British Columbia has protested against the non-fulfilment by the Dominion Government of the 11th Article of the Terms of Union:

That beyond the acknowledgment of the receipt, no reply has been made by the Dominion Government to the dispatch conveying the protest:

That the Government of British Columbia looking at the actual condition of affairs felt compelled to await the action of the Parliament of Canada, expected shortly to meet, and which did meet at Ottawa on the 23rd of October last past:

That the Parliament of Canada has been prorogued not to meet until February next, without making provision for the construction of the Pacific Railway:

That the Legislative Assembly of the Province stands called to meet at Victoria on the 18th day of December next: and

That the non-fulfilment by the Dominion Government of the Terms of Union has caused a strong feeling of anxiety and discouragement to exist throughout the Province.

The Committee advise your honour to ask the Dominion Government through the proper channel, for a decided expression of its policy with regard to the fulfilment of the 11th Article of the terms of Union, in order that the information may be given to the Legislature at the opening of the coming Session.

And they request that the decision arrived at be communicated to your honour by telegram at the earliest moment possible; and the Committee respectfully suggest, that if the present Report be sanctioned, your honour will be pleased to forward the same to His Excellency the Governor-General; and also to draw his attention to the Minutes of Council, each bearing date the 25th day of July last, on the same subject, one being a protest against the breach of Article 11, and the other a denial of the right of the

Dominion Government to a conveyance or reserve of any of the public lands for railway purposes until the line of railway should be defined.

(Certified)

W. J. ARMSTRONG,  
*Clerk, Executive Council.*

(W.)

*Telegram.*

The Hon. G. A. Walkem,

*Ottawa, December 22, 1873.*

The Dominion Government scheme for the construction of Pacific Railway was outlined in my speech at Sarnia, Ontario, on the 25th November, which you have no doubt seen.

We are giving earnest consideration to the details of the scheme, which we believe will be acceptable to the whole of the Dominion including British Columbia. We hope to communicate with you shortly, probably, by special agent. I will telegraph you again in a week or so.

(Signed) A. MACKENZIE.

(X.)

*Extract from Journals of Legislative Assembly.*

*Monday, February 9, 1874.*

ON the motion of the Honourable Mr. Beaven, seconded by Mr. Duck, it was resolved:—

That whereas, on the 20th July, 1871, the Colony of British Columbia was united to and became part of the Dominion of Canada, in accordance with certain terms; and whereas, by Section 11 of the said terms, the Government of the Dominion undertook to secure the commencement, simultaneously, within two years from the date of Union, of the construction of a railway from the Pacific towards the Rocky Mountains, and from such point as may be selected east of the Rocky Mountains towards the Pacific: and whereas, the two years therein referred to expired on the 20th July last, and the construction of the said railway was not then, and has not since, been commenced, causing thereby serious loss and injury to the people of this Province: be it, therefore, Resolved:—

That an humble address be presented to his honour the Lieutenant-Governor, respectfully requesting him to protest, on behalf of the Legislature and people of this Province, against the infraction of this most important clause of the terms of Union, and to impress upon the present Administration in Canada the absolute necessity of commencing the actual construction of the railway from the seaboard of British Columbia early in the present year.

(Y.)

*The Lieutenant-Governor to the Secretary of State.*

Sir,

*Victoria, February 25, 1874.*

I HAVE the honour to inclose herewith, a copy of an address to me from the Legislative Assembly of this Province, requesting me to protest on behalf of the Legislature and people of British Columbia, against the infraction of the 11th Article of the Terms of Union of British Columbia with Canada, by which the Dominion undertook to secure the commencement, simultaneously, within two years from the date of Union of the construction of a railway from the Pacific towards the Rocky Mountains, and from such point as may be selected east of the Rocky Mountains towards the Pacific to connect the seaboard of British Columbia with the railway system of Canada, and to urge the absolute necessity for the commencement of the actual construction of such railway from the seaboard of British Columbia, early in the present year.

I also inclose a Minute of my Executive Council concurring in the prayer of this Address to me, and recommending that a copy be forwarded by me to his Excellency the Governor-General, with a request that he will be pleased to order immediate action to be taken thereon.

In accordance, therefore, with the advice of my Ministers, I beg that you will be good enough to lay this despatch and its inclosure before his Excellency the Governor-General, and to commend to his Excellency's favourable consideration the representations and urgent requests of the Government and Legislature of British Columbia herein set forth.

I have, &c.  
(Signed) JOSEPH W. TRUTCH.

(Z.)

*The Secretary of State to the Lieutenant-Governor.*

Sir, Ottawa, March 12, 1874.

I HAVE the honour to acknowledge the receipt of your despatch of the 25th ultimo, covering a copy of an Address of the Legislative Assembly of the Province of British Columbia, and of a Minute of your Executive Council, founded thereon, on the subject of the non-fulfilment of the 11th Section of the Terms of Union of the Province to the Dominion.

Your despatch and its inclosures will be submitted for the consideration of his Excellency the Governor-General.

I am, &c.  
(Signed) E. J. LANGEVIN,  
*Under-Secretary of State.*

(AA.)

*Letter of Introduction from the Hon. A. Mackenzie to the Hon. G. A. Walkem, dated Ottawa, February 19, 1874, printed at page 35.*

(BB.)

*Copy of a Report of a Committee of the Honourable the Executive Council, approved by his Excellency the Lieutenant-Governor, on the 7th day of May, 1874.*

ON a Memorandum dated 7th May, 1874, from the Honourable the Attorney-General, recommending that his Excellency the Lieutenant-Governor be requested to telegraph to his Excellency the Governor-General for a reply by telegram, containing full information of the railway policy of the Dominion Government, especially as it affects British Columbia, and whether it is true that the Premier has publicly stated in the Commons that the Dominion Government do not intend to commence railway construction this year in this Province.

The Committee advise that the recommendation be approved.

Certified,  
(Signed) W. J. ARMSTRONG,  
*Minister of Finance and Agriculture, and  
Clerk of the Executive Council.*

(CC.)

*Telegram.*

*Victoria, May 7, 1874.*

To the Hon. the Secretary of State for Canada, Ottawa, Canada,

IT being reported here to-day that the Premier stated in the House of Commons, on the 4th instant, that construction of railway in British Columbia would not be commenced this year, this Government urgently requests to be fully informed, immediately, by telegram, of particulars of policy adopted by Dominion Government respecting railway clause of Terms of Union.

(Signed) JOSEPH W. TRUTCH,  
*Lieutenant-Governor.*



(DD.)

*Telegram.*

Lieutenant-Governor Trutch.

*Ottawa, Ontario, May 8, 1874.*

MR. MACKENZIE simply said that, until the location of the road was ascertained, it was impossible to commence construction; that a large surveying force was now at work, and there was no reason to believe that it would be possible to complete the survey before the close of the year.

(Signed) R. W. SCOTT, *Secretary of State.*

(EE.)

*Mr. J. D. Edgar's Letter to the Hon. G. A. Walkem, dated Victoria, British Columbia, May 8, 1874, will be found printed at page 36.*

(FF.)

*Hon. G. A. Walkem to Mr. J. D. Edgar, dated Attorney-General's Department, Victoria, May 11, 1874, printed at page 38.*

(GG.)

*Copy of a Report of a Committee of the Honourable the Executive Council, approved by his Excellency the Lieutenant-Governor, on the 18th day of May, 1874.*

ON a Memorandum dated 16th May, 1874, from the Honourable the Attorney-General, recommending that his Excellency the Lieutenant-Governor be respectfully requested to ascertain, by telegraph, from the Honourable Secretary of State, whether any propositions purporting to be, or to have been made by James D. Edgar, Esq., on behalf of the Dominion Government, will be considered binding by them; and, further, whether he has any power to enter into any negotiations with this Government.

The Committee advise that the recommendation be approved.

Certified,

(Signed)

W. J. ARMSTRONG,

*Minister of Finance and Agriculture, and  
Clerk of the Executive Council.*

(HH.)

*Mr. J. D. Edgar to the Hon. G. A. Walkem, dated Victoria, May 18, 1874, printed at page 38.*

(JJ.)

*Hon. G. A. Walkem to Mr. J. D. Edgar, dated Victoria, May 18, 1874, printed at page 38.*

(KK.)

*Telegram.**Victoria, May 18, 1874.*

The Hon. R. W. Scott, Secretary of State, Ottawa, Canada.

MY Ministers request to be informed whether Mr. Edgar is empowered to negotiate with this Government, and whether propositions purporting to be made by him on behalf of the Dominion Government will be considered binding by that Government.

(Signed)

JOSEPH W. TRUTCH,

*Lieutenant-Governor*

(L.L.)

*Telegram.*

To Lieutenant-Governor Trutch.

*Ottawa, May 20, 1874.*

I REFER Ministry to my letter by Mr. Edgar, which sufficiently indicated his Mission, and which they recognized.

He is now recalled, and I await his return and reports.

(Signed)

A. MACKENZIE.

(MM.)

*Telegram.*

Hon. A. Mackenzie, Ottawa.

*Victoria, May 21, 1874.*

WILL you kindly answer Governor's telegram fully. Do Mr. Edgar's propositions to change Railway Terms bind your Government?

(Signed)

GEO. A. WALKEM.

(NN.)

*Copy of a Report of a Committee of the Honourable the Executive Council, approved by his Excellency the Lieutenant-Governor, on the 21st day of May, 1874.*

THE Committee of Council have had under consideration the subject of the non-fulfilment by the Dominion Government of the 11th or Railway Clause of the Terms of Union; and, in view of the importance of the question as affecting the whole Province, they recommend that a letter of Mr. J. D. Edgar, dated 8th May, 1874, addressed to the Honourable Attorney-General, and the Orders in Council, the telegrams, and the correspondence relating thereto, be published for general information.

The Committee remark, that the letter alluded to by Mr. Edgar as having been delivered by him to your Excellency, is the only document bearing on the subject which will not be published. This letter they have never seen, nor have they any further knowledge of it beyond the reference made to it by your Excellency as a letter received by you from his Excellency the Governor-General, marked "Private and Confidential," and therefore not communicated to the Council.

Certified,  
(Signed) W. J. ARMSTRONG,  
*Minister of Finance and Agriculture, and  
Clerk of the Executive Council.*

(OO.)

*Telegram.**Ottawa, Ontario, June 8, 1874.**(Received at Victoria, June 8.)*

To Lieutenant-Governor Trutch.

ON May 8, Mr. Edgar, on behalf of the Dominion Government, made certain proposals to your Government respecting the construction of the Pacific Railway, which involved immediately heavy expenditure for purchases (purposes) not contemplated by the Terms of Union, in consideration of foregoing the limit of the time for the completion of the railway.

I exceedingly regret that your Government have not replied to the proposals, or apparently considered them. I beg, therefore, that you will now inform your Ministers that the proposals are withdrawn.

(Signed)

A. MACKENZIE.

(PP.)

*Copy of Order in Council, approved by his Excellency the Lieutenant-Governor,  
9th June, 1874.*

ON a Memorandum of the 9th day of June, 1874, reporting on a telegram laid before this Council by his Excellency the Lieutenant-Governor, yesterday received by

him, from the Honourable Alexander Mackenzie, Premier of the Dominion of Canada (copy of which is inclosed), respecting certain proposals in writing, made on the 8th of May last, by Mr. Edgar to Mr. Walkem, and recommending that his Excellency be respectfully requested to send the inclosed telegraphic message in reply thereto.

The Committee advise that the recommendation be approved.

(Signed) GEO. A. WALKEM,  
*President, Executive Council.*

(QQ.)

*Telegram.*

*Victoria, June 9, 1874.*

The Hon. R. W. Scott, Secretary of State, Ottawa, Canada.

MY Ministers request me to state, in reference to a telegram to me from Mr. Mackenzie, dated yesterday, that it conveys the first direct information to this Government, (although such information was formally applied for by telegram to you of 18th May), that the views on the Railway question, contained in a letter from Mr. Edgar to Mr. Walkem, were proposals to this Government from the Dominion Government, and that they consider it remarkable that the only communication to this Government which acknowledges such proposals authoritative, should at the same time withdraw them.

(Signed) JOSEPH W. TRUTCH,  
*Lieutenant-Governor.*

(RR.)

*Extract from the Montreal Weekly Gazette, May 15, 1874.*

"THEY were quite aware that the difficulties to be surmounted were extensive, and they were quite aware that the terms of the agreement with British Columbia had been violated. Under these circumstances they thought that in the meantime the first step to be taken, was to confer with the Local Government of the Province of British Columbia, and to endeavour to ascertain from them if any means could be arranged by which an extension of time could be procured for the prosecution of the work, we were bound to undertake. With that view an Agent was sent as a Representative of this Government, to visit that Province; and in the course of his communications with the Local Government, it became very apparent, as it had been made apparent in the House by several Members from the Island of Vancouver, that it was an exceedingly important matter with them to have the road commenced at once. He, for one, was quite willing, if the Local Government was disposed to make some terms for the extension of time, that the Government should undertake the construction of the land portion as rapidly as possible; but if it became apparent that the Local Government were determined to adhere to the whole terms, then the Dominion of Canada could accede to the terms, and nothing more. They instructed Mr. Edgar to say, that the Government would be prepared immediately to undertake the commencement of the work on the island, traversing northwards towards the point of crossing; prosecuting the surveys on the mainland; getting a passable route along the ridge; and erecting telegraph lines. He was also instructed to state, that as soon as the work could be placed under contract, they would spend no less than 1,500,000 dollars within the Province on the railway. He did not know whether this had been accepted or not, but under any circumstances they should have authority to proceed with the work, as they thought would meet the just expectations of the country, and the reasonable expectations of the people in British Columbia. The policy he had announced in his election address in November last, had been closely criticised by the honourable gentlemen opposite. He had his own impression as to the course to be pursued; and he thought, if he recollected rightly, that the right honourable gentlemen opposite had said that if his views were adopted, British Columbia would be justified in seceding from the Union."

## No. 13.

*The Earl of Dufferin to the Earl of Carnarvon.—(Received August 4.)*

My Lord,

*Government House, Ottawa, July 18, 1874.*

I HAVE the honour to inclose a copy of an approved Report of a Committee of the Privy Council, requesting me to inform your Lordship that Mr. Walkem, the Attorney-General of the Province of British Columbia, has been deputed by that Government, as a Special Agent, to lay before your Lordship the claims of British Columbia under the XIth Clause of the Terms of Union with the Dominion of Canada.

I have, &c.  
(Signed) DUFFERIN.

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Inclosure in No. 13.

*Report of a Committee of the Honourable the Privy Council, approved by his Excellency the Governor-General on the 8th July, 1874.*

ON a despatch dated 11th June, 1874, from his Honour the Lieutenant-Governor of British Columbia, inclosing a Minute of the Executive Council of that Province representing that British Columbia is suffering great injury from the failure by Canada to carry out the obligations of the XIth clause of the Terms of Union, and that it is advisable in the interests of that Province that the case be laid before the Imperial Government by means of a Memorial to be presented to the Secretary of State for the Colonies, by the Attorney-General of British Columbia, as Special Agent and Delegate of that Government.

The Lieutenant-Governor states that, in accordance with the advice of his Ministers, he has appointed the Honourable George Anthony Walkem, Attorney-General of that Province to be such Special Agent and Delegate, and at their request he begs that your Excellency be informed that Mr. Walkem has been duly appointed as such Special Agent and Delegate; and that your Excellency be moved to acquaint the Right Honourable Her Majesty's Principal Secretary of State for the Colonies that Mr. Walkem has been authorized and instructed to place in his hands the Memorial of that Government, appealing to Her Majesty, and to support the prayer thereof.

On the recommendation of the Honourable the Secretary of State, the Committee advise that the above request be acceded to.

Certified,  
(Signed) W. A. HIMSWORTH,  
*Clerk Privy Council.*

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No. 14.

*The Earl of Dufferin to the Earl of Carnarvon.—(Received August 4.)*

My Lord,

*Ottawa, July 22, 1874.*

I HAVE the honour to forward herewith, three copies of the Act of last Session, "An Act to Provide for the Construction of the Canadian Pacific Railway." One copy is attested by the Deputy-Clerk of the Senate.

I have, &c.  
(Signed) DUFFERIN.

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Inclosure in No. 14.

*An Act to provide for the Construction of the Canadian Pacific Railway.*

WHEREAS by the terms and conditions of the admission of British Columbia into union with the Dominion of Canada, set forth and embodied in an Address to Her Majesty adopted by the Legislative Council of that Colony in January 1871, under the

provisions of the 146th section of the "British North America Act, 1867," and laid before both the Houses of the Parliament of Canada during the Session of 1871, and concurred in by the Senate and House of Commons of Canada, and embodied in addresses to the said Houses to Her Majesty under the said section of the "British North America Act, 1867," and approved by Her Majesty and embodied in the Order of Her Majesty in Council of the 16th of May, 1871, admitting British Columbia into the Union under the said Act as part of the Dominion of Canada, from the 20th day of July, 1871, it is among other things provided :

That the Government of the Dominion shall construct a railway from the Pacific towards the Rocky Mountains, and from such point as may be selected for the purpose east of the Rocky Mountains towards the Pacific, to connect the seaboard of British Columbia with the railway system of Canada : and further, that the Government of the Dominion shall secure the commencement of such railway within two years and its completion within ten years from the date of the Union ; the Government of British Columbia agreeing to convey to the Dominion Government, in trust, to be appropriated in such manner as the Dominion Government may deem advisable in furtherance of the construction of the said railway, a similar extent of public lands along the line of railway, through its entire length in British Columbia (not to exceed, however, twenty miles on each side of the said line), as may be appropriated for the same purpose by the Dominion Government from the public lands in the north-west territories and the Province of Manitoba, subject to certain conditions for making good to the Dominion Government from contiguous lands the quantity of land which may be held under pre-emption right or by Crown grants within the said limits, and for restraining the sale or alienation by the Government of British Columbia during the said two years, of lands with the said limits :

And whereas, the House of Commons of Canada resolved in the Session of the year 1871, that the said railway should be constructed and worked by private enterprise and not by the Dominion Government, and that the public aid to be given to secure its accomplishment, should consist of such liberal grants of land and such subsidy in money or other aid, not increasing the then existing rate of taxation, as the Parliament of Canada should thereafter determine : And whereas the Statute 35 Victoria, chapter 71, was enacted in order to carry out the said agreement and resolution ; but the enactments therein contained have not been effectual for that purpose :

And whereas, by the legislation of this present session, in order to provide means for meeting the obligations of the Dominion the rate of taxation has been raised much beyond that existing at the date of the said resolution : And whereas, it is proper to make provision for the construction of the said work as rapidly as the same can be accomplished without further raising the rate of taxation : Therefore Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows :—

1. A railway to be called the "Canadian Pacific Railway" shall be made from some point near to and south of Lake Nipissing to some point in British Columbia on the Pacific Ocean, both the said points to be determined and the course and line of the said railway to be approved of by the Governor in Council.

2. The whole line of the said railway, for the purpose of its construction, shall be divided into four sections : the first section to begin at a point near to and south of Lake Nipissing, and to extend towards the upper or western end of Lake Superior, to a point where it shall intersect the second section hereinafter mentioned ; the second section to begin at some point on Lake Superior, to be determined by the Governor in Council, and connecting with the first section, and to extend to Red River, in the Province of Manitoba ; the third section to extend from Red River, in the Province of Manitoba, to some point between Fort Edmonton and the foot of the Rocky Mountains, to be determined by the Governor in Council ; the fourth section to extend from the western terminus of the third section to some point in British Columbia on the Pacific Ocean.

3. Branches of the said railway shall also be constructed as follows, that is to say :—

(1.) A branch from the point indicated as the eastern terminus of the said railway to some point on the Georgian Bay, both the said points to be determined by the Governor in Council.

(2.) A branch from the main line near Fort Garry, in the Province of Manitoba, to some point near Pembina on the southern boundary thereof.

4. The branch railways above mentioned shall, for all intents and purposes, be considered as forming part of the Canadian Pacific Railway, and as so many distinct sections of the said railway, and shall be subject to all the provisions hereinafter made

with respect to the said Canadian Pacific railway, except in so far as it may be otherwise provided for by this Act.

5. A line of electric telegraph shall be constructed in advance of the said railway and branches, along their whole extent respectively, as soon as practicable after the location of the line shall have been determined upon.

6. The gauge of the said railway shall be 4 feet 8½ inches, and the grades thereof, and the materials and manner of and in which the several works forming part thereof shall be constructed, and the mode of working the railway, including the description and the capacity of the locomotive engines and other rolling stock, shall be such as may be determined by the Governor in Council.

7. The said Canadian Pacific Railway and the branches or sections hereinbefore mentioned, and the stations, bridges, and other works connected therewith, and all engines, freight and passenger cars, and rolling stock shall be constructed under the general superintendence of the Department of Public Works.

8. The Governor in Council may divide the several sections of the said railway into sub-sections, and may contract with any person, co-partnership or company incorporated or to be hereafter incorporated (hereinafter referred to as the "Contractors," which expression shall be understood to include a single "Contractor" for any such work) for the construction of any section or sub-section of the said Railway, including all works connected therewith, and all rolling stock required to work the same, and for the working of the same as hereinafter provided, on such terms and conditions as by the Governor in Council may be deemed just and reasonable, subject to the following provisions:—

(1.) That the works on any section or sub-section of the said railway shall not be given out to any contractor or contractors except after tenders shall have been obtained for the same.

(2.) That the contract for any portion of the said works shall not be given to any contractors unless such contractors give satisfactory evidence that they possess a capital of at least 4,000 dollars per mile of their contract, and of which 25 per cent. in money, Government or other sufficient securities, approved by the Governor in Council, shall have been deposited to the credit of the Receiver-General in one or more of the chartered Banks of the Dominion to be designated for that purpose by the Governor in Council, as security for the completion of the contract, and the Governor in Council may make such further conditions as he may deem expedient for securing the performance of the contract, as well with respect to the construction as to the working of the railway after completion, and any such condition shall be valid, and may be enforced as provided by the contract.

(3.) That the total sum to be paid to the contractors shall be stipulated in the contract, and shall be 10,000 dollars for each mile of the section or sub-section contracted for, and that such sum shall be paid to the contractors as the work progresses by monthly payments in proportion to the value of the work then actually performed (according to the estimates of the engineers designated for the purpose by the Minister of Public Works) as compared with the value of the whole work contracted for, including rolling stock and all things to be done or furnished by the contractors; and except money arising from the sale of lands as hereinafter provided, no further sum of money shall be payable to the contractors as principal, but interest at the rate of 4 per cent. per annum for twenty-five years from the completion of the work, on a sum (to be stated in the contract) for each mile of the section or sub-section contracted for, shall be payable to the contractors, and guarantees for the payment thereof shall be given from time to time to the contractors in like manner and proportion and on like conditions as payments are to be made on the principal sum above mentioned; and the tenders for the work shall be required to state the lowest sum per mile on which such interest and guarantees will be required.

(4.) That a quantity of land, not exceeding 20,000 acres for each mile of the section or sub-section contracted for shall be appropriated in alternate sections of twenty square miles each along the line of the said railway, or at a convenient distance therefrom, each section having a frontage of not less than three miles nor more than six miles on the line of the said railway, and that two-thirds of the quantity of land so appropriated shall be sold by the Government at such prices as may be from time to time agreed upon between the Governor in Council and the contractors, and the proceeds thereof accounted for and paid half yearly to the contractors, free from any charge of administration or management; the remaining third to be conveyed to the contractors. The said lands to be of fair average quality and not to include any land already granted or occupied under any patent, licence of occupation, or pre-emption right; and when a sufficient quantity

cannot be found in the immediate vicinity of the railway, then the same quantity, or as much as may be required to complete such quantity, shall be appropriated at such other places as may be determined by the Governor in Council.

(5.) That the said blocks of land to be appropriated as aforesaid shall be designated by the Governor in Council as soon as the line of railway, or of any section or sub-section thereof, is finally located. Provided that all such payments of the proceeds of lands sold, and conveyances of lands to be granted shall be so made and granted from time to time as the work of construction is proceeded with, in like manner and proportion and on like conditions as the money and guarantees above mentioned, and subject to any conditions of the contract as respects the construction of the working of the railway after completion.

(6.) That the Governor in Council may further grant to the contractors the right of way through Government lands, as also any such lands required for stations or workshops, and generally all such lands as may be necessarily required for the purpose of constructing or working the said railway.

(7.) That the cost of surveys and of locating the line of the several sections and sub-sections of the said railway shall be part of the subsidy or consideration allowed to the contractors or not, as may be determined by the Governor in Council, and agreed upon in the contract entered into with the contractors.

(8.) Each section or sub-section of the said railway, as it is in whole or in part completed, shall be the property of the contractors for the same, and shall be worked by and for the advantage and benefit of such contractors, under such regulations as may from time to time be made by the Governor in Council, as regards the rates chargeable for passengers and freight, the number and description of trains to be run, and the accommodation to be afforded for freight and passengers.

(9.) All and every the provisions of "The Railway Act, 1868," in so far as the provisions therein contained are applicable to the said Canadian Pacific Railway, or any section or sub-section thereof, and are not inconsistent with or repugnant to the provisions of this Act, shall be considered as forming part of this Act, and are hereby incorporated therewith.

(10.) In applying the said Railway Act to the Canadian Pacific Railway, or any portion thereof, the expression "the Railway" shall be construed as meaning any section or sub-section of the said railway, the construction of which has been undertaken by any contractors; and the expression "the Company" shall mean the contractors for the same. And such contractors shall have all the rights and powers vested in Companies by the said Act.

(11.) As respects the said railway, the 8th section of "The Railway Act, 1868," relating to plans and surveys, shall be subject to the following provisions:—

It shall be sufficient that the map or plan and book of reference for any portion of the line of the railway, not being within any district or county for which there is a Clerk of the Peace, be deposited in the office of the Minister of Public Works of Canada, and any omission, misstatement, or erroneous description of any lands therein may be corrected by the contractor, with the consent of the Minister, and certified by him; and the railway may then be made in accordance with such certified correction.

The 11th sub-section of the said 8th section of the Railway Act shall not apply to any portion of the railway passing over ungranted lands of the Crown, or lands not within any surveyed township in any province; and in such places deviations not exceeding 5 miles from the line shown on the map or plan, approved by the Minister of Public Works, shall be allowed, on the approval of the engineer employed by the said Minister, without any formal correction or certificate; and any further deviation that may be found expedient may be authorized by the Governor in Council, and the railway made in accordance with such authorized deviation.

The map or plan and book of reference made and deposited in accordance with this section, after approval by the Government, shall avail as if made and deposited as required by the said "The Railway Act, 1868," for all the purposes of the said Act, and of this Act; and any copy of the same or extract therefrom, certified by the said Minister or his deputy, shall be received as evidence in any Court of Law in Canada.

It shall be sufficient that a map or profile of any part of the completed railway, which shall not lie within any county or district having a registry office, be filed in the office of the Minister of Public Works.

(12.) The provision made in sub-sections 30, 31, and 32, of section 9 of "The Railway Act, 1868," as to incumbrances on lands acquired for the said railway, shall apply to lands so acquired in the Provinces of Manitoba and British Columbia, and in the North-West Territories; and as respects lands in the North-West Territories, the

Court of Queen's Bench for the Province of Manitoba shall be held to be the Court intended by the said sub-sections.

(13.) In the Provinces of British Columbia and Manitoba, any Judge of a Superior or County Court shall have all the powers given by the said Act to a County Judge, and in the North-West Territories such powers shall be exercised by a Judge of the Court of Queen's Bench of the Province of Manitoba.

(14.) It shall be lawful for the contractors to take from any public lands adjacent to or near the line of the said railway, all stone, timber, gravel and other materials which may be necessary or useful for the construction of the railway; and also to lay out and appropriate to the use of the contractor a greater extent of lands, whether public or private, for stations, depôts, workshops, buildings, side-tracks, wharves, harbours and roadway, and for establishing screens against snow, than the breadth and quantity mentioned in the "Railway Act, 1868," such greater extent taken, in any case, being allowed by the Government, and shown on the maps or plans deposited with the Minister of Public Works.

(15.) As respects places not within any Province, any notice required by the "Railway Act, 1868," to be given in the "Official Gazette" of a Province, may be given in the "Canada Gazette."

(16.) Deeds and conveyances of lands to the contractors (not being letters patent from the Crown) may, in so far as circumstances will admit, be in the form following, that is to say:—

"Know all men by these presents, that I, A. B., in consideration of  
paid to me by the contractors for section \_\_\_\_\_ (or as the case may be.) of the  
Canadian Pacific Railway, the receipt whereof is hereby acknowledged, grant, bargain,  
sell and convey unto the said contractors for section \_\_\_\_\_ successors and  
assigns, all that tract or parcel of land (describe the land) to have and to hold the said  
land and premises unto the said contractors, their successors and assigns for ever.

"Witness my hand and seal, this \_\_\_\_\_ day of \_\_\_\_\_ one thousand  
eight hundred and \_\_\_\_\_

"A. B. [L.S.]

"Signed, sealed, and delivered in presence of

"C. D.  
"E. F."

or in any other form to the like effect.

(17.) Her Majesty's naval and military forces, whether Imperial or Canadian, Regular or Militia, and all artillery, ammunition, baggage, provisions, or other stores for their use, and all officers and others travelling on Her Majesty's naval and military or other services, and their baggage and stores, shall at all times, when the contractors shall be thereunto required by one of Her Majesty's Principal Secretaries of State, or by the Commander of Her Majesty's Forces in Canada, or by the Minister of Militia and Defence of Canada, or by the Chief Naval Officer on the North American Station on the Atlantic, or on the Pacific Ocean, be carried on the said railway by the contractors on such terms and conditions and under such regulations as the Government shall from time to time make.

(18.) The Justices of the Peace for any county or district in British Columbia and Manitoba, assembled in General or Quarter Sessions, shall have the power vested by section forty-nine of the "Railway Act, 1868," in the Justices so assembled in the Province of Ontario as to the appointment of railway constables, and in places where there are no such sessions, any two Justices of the Peace in any Province, or in any place not within a Province, shall have the powers given by the said section to any two Justices of the Peace in Ontario for the appointment and dismissal of any such constables; and where there is no Clerk of the Peace the record of the appointment of constable shall be dispensed with.

#### General Provisions.

9. Any felony or misdemeanor in contravention of the Penal Clauses of the "Railway Act, 1868," committed in the Province of Manitoba or British Columbia, shall be tried, punished, and dealt with in such Province, by and before the court or tribunal having cognizance of felonies and misdemeanors respectively (as the case may be), and punished in the manner provided by the said Act; and, if committed in any place not within the Province, may be tried, punished, and dealt with by any court having like jurisdiction in British Columbia, Manitoba, or Ontario, in any of which Provinces the offender may be arrested and dealt with as if the offence had been com-



mitted there; or he may be arrested in the territory where the offence is committed, and committed by any Justice of the Peace for such territory for trial at such court, and in such county, district, or place in either of the said Provinces, as the Justice may think most convenient, and to the common gaol whereof he may commit such offender, and authorize his being conveyed by any constable; and if the punishment to which he is sentenced be imprisonment in the penitentiary, and there be no penitentiary in the Province, such imprisonment shall be in the common gaol for the place where he is convicted; and any offence against the said "Penal Clauses," or any other section of the said Act thereby cognizable before a Justice or Justices of the Peace, shall be cognizable before a Justice or Justices of the Peace for the place where the offence is committed: and if any pecuniary penalty be imposed and there be no party entitled to receive it under the said Act, it shall be paid to the Receiver-General, to the credit of the Railway Inspection Fund. And this section shall apply as well to any part of the said Railway, constructed by the Government of Canada as a Public Work, as to any portion thereof constructed by contractors.

10. In every contract for the construction of the said railway or of any section or sub-section thereof, the Government of Canada shall reserve the right to purchase under the authority of Parliament, the said railway or such section or sub-section thereof, on payment of a sum equal to the actual cost of the said railway, section or sub-section, and 10 per cent. in addition thereto; the subsidies in land and money granted or paid by the Government for the construction of the said railway being first returned or deducted from the amount to be paid, the land sold being valued at the full amount the contractors may have received from the sale of such lands as may have been sold.

11. No contract for the construction of any portion of the main line of the said railway shall be binding until it shall have been laid before the House of Commons for one month without being disapproved, unless sooner approved by a resolution of the House.

12. In case it shall be found by the Governor in Council more advantageous to construct the said railway or any portion thereof, as a public work of the Dominion of Canada, the construction thereof shall be let out by contracts offered to public competition, and the Governor in Council may establish from time to time the mode and regulations under which the contracts shall be given, and the railway or such portion thereof shall be constructed and worked after it shall have been completed, including the rates to be charged for freight and passengers; such regulations not being contrary to any of the provisions of the Acts regulating the Department of Public Works or to any other Act or law in force in the Dominion.

13. The branch railways shall be constructed as follows, that is to say: That section of the first branch extending from the eastern terminus of the first section of the said railway to some point on the Georgian Bay to be fixed as aforesaid, shall be constructed by contractors as a private enterprise on the same terms and conditions as provided with respect to the main line of the said railway, or any section thereof; or as a public work of the Dominion under such contract or contracts as may be agreed upon and sanctioned by the Governor in Council.

14. The Governor in Council may also grant such bonus or bonuses, subsidy or subsidies to any company or companies already incorporated or to be hereafter incorporated, not exceeding 12,000 dollars per mile, as will secure the construction of the branch lines extending from the eastern terminus of the said Canadian Pacific Railway to connect with existing or proposed lines of railway; the granting of such bonuses or subsidies to be subject to such conditions for securing the running powers and other rights over and with respect to the whole or any portion of the said branch railway, to the owners or lessees of the main line of the said railway or of any section thereof, or to the owners or lessees of any other railway connecting with the said branch railway as the Governor in Council may determine: But every order in Council granting such subsidy shall be laid before the House of Commons for its ratification or rejection, and shall only be operative after its ratification by resolution of the House.

15. The Governor in Council may, at any time after the construction of the said branch railway, make with the company or companies owning any portion of the said branch railway, such arrangement for leasing to such company or companies any portion of the said branch railway which may belong to the Government, on such terms and conditions as may be agreed upon, such lease not to exceed a term of ten years, and may also make such other arrangements as may be deemed advantageous for working the said railway in connection with that portion of the said branch railway belonging to such company or companies; provided no such contract for leasing the said branch railway, and no such agreement for working the said railway in connection with any

other railway shall be binding until it shall have been laid before the house of Commons for one month without being disapproved, unless sooner approved by a Resolution of the House.

16. The branch of the said railway, from Fort Garry to Pembina, in the Province of Manitoba, shall be built either as a private enterprise, on the terms and conditions on which the main line may be constructed, or as a public work of the Dominion, under such contract or contracts as may be agreed upon and sanctioned by the Governor in Council.

17. The Governor, by Order in Council, shall have the right to determine the time when the works on each section or sub-section of the said railway shall be commenced, proceeded with, and completed.

18. The Contractors shall furnish such information of the progress of the works as may be required by the Minister of Public Works, and such statistical details, accounts, and information, as may be required from them after completion.

19. The Minister of Public Works shall, within one month of the opening of each session, lay before the two Houses of Parliament a Report of the progress of the works, and of the sums expended, together with copies of all contracts entered into since the last Report made to Parliament, for the construction of the said railway or any portion thereof, or for the running or working of the same.

20. The Governor in Council shall have the power at any time to suspend the progress of the work until the then next Session of Parliament.

21. Out of the sums of money to be raised under the Act of the present Session, intituled "An Act to authorize the raising of a loan for the construction of certain public works, with the benefit of the Imperial guarantee for a portion thereof," and subject to the provisions of the said Act, the Governor in Council may from time to time apply sums not exceeding in the whole 2,500,000*l.* sterling out of the sum so raised with the Imperial guarantee,—and sums not exceeding in the whole 15,000,000 dollars out of the sum raised under the said Act without the Imperial guarantee, for the construction of the said railway, and the purposes of this Act.

22. Separate accounts of the money expended under this Act and of the sums proceeding from the sale of any of the lands appropriated by this or any other Act for the constructing or assisting in the construction of said railway and branches thereof, shall be kept by the Receiver-General, and all sums required for the carrying out of this Act shall be paid out of money, mentioned in this or the next preceding section, and not out of any other fund, except that the Governor in Council may (as provided by the Act last cited) authorize the advance, out of the Consolidated Revenue Fund, of such sums as it may be necessary to expend for the purposes aforesaid, before the said loans can be raised, such sums to be repaid to the Consolidated Revenue Fund out of the loans.

23. The Act entitled "An Act respecting the Canadian Pacific Railway," passed in the Session of 1872, by the Parliament of Canada, is hereby repealed.

44. This Act may be cited as "The Canadian Pacific Railway Act, 1874."

No. 15.

*Lieutenant-Governor Trutch to the Earl of Carnarvon.—(Received August 5.)*

(Telegraphic.)

*August 3, 1874.*

UPON advice of responsible Ministers I accept, on behalf of British Columbia, arbitration offered in your despatch to Lord Dufferin, 18th June.\* Please acknowledge.

No. 16.

*The Earl of Carnarvon to Lieutenant-Governor Trutch.*

(Telegraphic.)

*August 5, 1874.*

YOUR telegram of 3rd August received.

## No. 17.

*The Earl of Dufferin to the Earl of Carnarvon.—(Received August 12.)*

My Lord,

Ottawa, July 31, 1874.

I HAVE the honour to transmit a copy of a despatch and inclosure from the Lieutenant-Governor of British Columbia, together with a Petition to Her Majesty therein referred from the inhabitants of Victoria, respecting the non-fulfilment by Canada of the terms of Union.

I have, &c.  
(Signed) DUFFERIN.

Inclosure 1 in No. 17.

Sir,

*Government House, British Columbia, July 2, 1874.*

I HAVE the honour to inclose a Petition to Her Majesty the Queen, upon the subject of the railway clause of the Terms of Union of British Columbia with Canada, together with a Resolution adopting the same, which is stated to have been passed at a public meeting recently held in Victoria.

These Documents have been placed in my hands under cover of a letter, a copy of which I also inclose, from Mr. M. W. T. Drake, subscribing himself as Chairman of the said meeting, and at his request, are transmitted to be forwarded for presentation to Her Most Gracious Majesty, through such channel as his Excellency the Governor-General may think proper.

I have, &c.  
(Signed) JOSEPH W. TRUTCH.

The Hon. the Secretary of State,  
Ottawa.

Inclosure 2 in No. 17.

Sir,

*Victoria, British Columbia, June 30, 1874.*

I HAVE the honour to inclose to your Excellency, a copy of a Resolution which was passed at a large public meeting held at Victoria, together with the Petition therein referred to, and I have to request your Excellency to forward the Petition to its destination.

I have, &c.  
(Signed) M. W. T. DRAKE.

The Lieutenant-Governor,  
&c. &c. &c.

Inclosure 3 in No. 17.

*Resolution.*

Moved by C. Morton, Esq., and seconded by J. F. McCreight, Esq., Q.C.

*Resolved—*

That the Petition as read be adopted by the Meeting, signed by the Chairman on their behalf, and forwarded through his honour the Lieutenant-Governor to Her Majesty the Queen with a copy of this Resolution.

(Signed) M. W. TYRWHITT DRAKE, *Chairman.*

Inclosure 4 in No. 17.

*Petition.*

To Her Most Gracious Majesty Queen Victoria, in Council assembled.

The humble Petition of your Majesty's most dutiful and loyal subjects, the inhabitants of Victoria,

Sheweth,

THAT since the year 1867 the subject of Confederation of the Colony of British Columbia with the Dominion of Canada was frequently discussed in the Legislative

Council of the Colony, and in the years 1868 and 1869 resolutions condemnatory of it were passed.

In 1870 a scheme was laid before the Legislative Council by the Governor, which ultimately resulted in the Colony being admitted into the Dominion upon the terms and conditions which received the approval of your Most Gracious Majesty and your Most Honourable Privy Council on the 16th of May, 1871.

The chief condition of those terms was, "That the Government of the Dominion undertake to secure the commencement simultaneously within two years from the date of Union of the construction of a railway from the Pacific towards the Rocky Mountains, and from such a point as may be selected east of the Rocky Mountains towards the Pacific, to connect the seaboard of British Columbia with the railway system of Canada; and further, to secure the completion of such railway within ten years from the date of Union.

And the Government of British Columbia agree to convey to the Dominion Government in trust to be appropriated in such a manner as the Dominion Government may deem advisable in furtherance of the construction of the said railway, a similar extent of public lands along the line of railway throughout its entire length in British Columbia, not to exceed, however, twenty miles on each side of said line, as may be appropriated for the same purpose by the Dominion Government from the public lands in the north-west Territories and the Province of Manitoba. Provided that the quantity of land which may be held under pre-emption right or by Crown Grant, within the limits of the tract of land in British Columbia to be so conveyed to the Dominion Government shall be made good to the Dominion from contiguous public lands; and provided further that until the commencement within two years as aforesaid from the date of the Union of the construction of the said railway, the Government of British Columbia shall not sell or alienate any further portions of the public lands of British Columbia in any other way than under the right of pre-emption, requiring actual residence of the pre-emptor on the land claimed by him. In consideration of the land to be so conveyed in aid of the construction of the said railway the Dominion Government agree to pay to British Columbia from the date of the Union the sum of 100,000 dollars per annum, in half-yearly payments in advance.

The Union took place on the 20th July, 1871. On the 7th June, 1873, the Privy Council of Canada decided "that Esquimalt, in Vancouver Island, be fixed as the Terminus of the Canadian Pacific Railway, and that a line of railway be located between the Harbour of Esquimalt and Seymour Narrows, on the said island." By the same Order in Council application was directed to be made to his Excellency the Lieutenant-Governor of British Columbia for a reservation, and for the conveyance "to the Dominion Government in trust according to the eleventh paragraph of the Terms of the Agreement of Union of a strip of land twenty miles in width along the eastern coast of Vancouver Island between Seymour Narrows and the Harbour of Esquimalt, in furtherance of the construction of the said railway," which reservation was made accordingly on the 1st of July, 1873, by the Government of British Columbia. In this and all other respects the Government of British Columbia has fulfilled every condition required of them by the Terms of Union.

The Dominion Government have already broken their agreement by not commencing the railway within the time specified, that is, July 1873, and they now seek to vary the Terms of Union in such a manner as practically to leave it in their hands to say whether, and when the railway shall be commenced or completed as appears by Section 17 of the Canadian Pacific Railway Act, 1874, and by reference to the Preamble of the same Act, it is evident that the Dominion Government are unwilling to carry out the original compact, and the declared policy with regard to the railway is totally at variance with the Terms of Union of British Columbia.

British Columbia has persistently protested against the action of the Dominion Government on this question.

The only means of communication this Province now has with Ottawa is by the United States at a distance of more than 2,000 miles through foreign Territory, in addition to a sea voyage of 800 miles. And it is felt that the Dominion Government in delaying the commencement and speedy completion of the railway, are defeating the chief object of Confederation, *i.e.*, the immediate Union of the British North American Provinces.

The Dominion Government in failing to fulfil the Terms of Union have already seriously affected the welfare and prosperity of this Province, and caused great discontent, and created a want of confidence in the Canadian Government, and dissatisfaction with Confederation.

The desire of Her Majesty's Government that the British North American Provinces should be united, and the proposed construction of the railway under the sanction and desire of the Imperial authority, were the chief inducements to British Columbia to join the Confederation, relying on the certainty that she should have the protection of your Most Gracious Majesty in seeing that the Terms of Union should be faithfully carried out.

Your Petitioners therefore humbly pray your Most Gracious Majesty to take this, our Petition into your gracious consideration, and to act as Arbitrator, and see that justice be done to British Columbia.

And your Petitioners, as in duty bound, will ever pray, &c.

(Signed) M. W. TYRWHITT DRAKE, *Chairman,*  
*On behalf of a Public Meeting held at Victoria, British Columbia,*  
*June 18, 1874.*

No. 18.

*The Earl of Dufferin to the Earl of Carnarvon.*

My Lord,

*Sault St. Marie, July 31, 1874.*

IN further reference to your public despatch of the 18th of June,\* which I communicated to my Ministers, I have the honour to inclose an approved Order in Council in which my Government sets forth more at large its views with respect to its pending dispute with British Columbia, and expresses a desire that your Lordship would use your good offices in promoting a settlement of the misunderstanding in accordance with the suggestion you have been good enough to make.

I have, &c.  
 (Signed) DUFFERIN.

Inclosure 1 in No. 18.

*Copy of a Report of a Committee of the Honourable the Privy Council, approved by his Excellency the Governor-General on the 23rd July, 1874.*

THE Committee of Council have had under consideration the despatch from the Right Honourable the Secretary of State for the Colonies,\* relating to the proposed mission of a Member of the British Columbia Government to England, for the purpose of complaining of the alleged non-fulfilment of the terms of Union between that Province and the Dominion as to the construction of the Pacific Railway, and containing an offer on the part of Lord Carnarvon in the following terms:—"If both Governments should unite in desiring to refer to my Arbitration all matters in controversy, binding themselves to accept such decision as I may think fair and just, I would not decline to undertake this service," and further stating that he could not assume such duty, "unless by the desire of both parties, and unless it should be fully agreed that my decision, whatever it may be, shall be accepted without any question or demur;" concluding with a request that in the event of this offer being accepted a statement of the case should be prepared by each Government to be submitted for consideration.

The Committee advise that Lord Carnarvon be informed that the papers already transmitted to the Colonial Office, with the Minute of Council of July 8th, having special reference to Mr. Walkem's communication in Ottawa of the 15th July, convey substantially all that this Government have to say upon the subject, and that the Government would gladly accept his Lordship's offer if it were possible to define with any degree of exactitude the matter in dispute.

When the present Government assumed office, they found that the British Columbia Government had protested against the non-commencement of works of construction on the railway on or before the 20th day of July, 1873, as agreed to in the eleventh section of the Order in Council relating to the Union. They also found that the means taken by the late Dominion Government for proceeding with the works of construction had totally failed, although the works, preliminary to an actual commencement, had been prosecuted with all possible despatch.

There can be no question of the extreme difficulty involved in the survey of a line

\* No. 6.

of railway across an uninhabited continent, a distance of 2,500 miles. To properly complete this survey and ascertain the best route for the railway would require, not two years simply, but at least five or six years, as all experience of works of this magnitude and character both in the Dominion and elsewhere has sufficiently demonstrated. The expenditure which had taken place up to that time was very large, exceeding 1,000,000 dollars, and yet the engineers had been quite unable to locate any portion of the line in the more difficult parts of the country to be traversed. Under these circumstances the Government conceive that there was no reasonable or just cause of complaint on the part of the British Columbia Government. No other steps could have been taken further than prosecuting the surveys until the assembling of Parliament towards the close of the month of March of this year.

The Government were then prepared with a new Bill, taking ample powers for proceeding with the works as expeditiously as the circumstances of the country would permit. No complaint, official or otherwise, has been made as to the sufficiency of this measure to accomplish the object in view.

It was distinctly understood by the British Columbia Delegation at the time the terms of Union were agreed upon, that the taxation of the country was not to be increased on account of this work beyond the rate then existing.

So anxious, however, were the present Government to remove any possible cause of complaint, that they did take means to increase the taxation very materially in order to place themselves in a position to make arrangements for the prosecution of the initial and difficult portions of the line as soon as it was possible to do so, and at the same time a special confidential agent was deputed to British Columbia for the express purpose of conferring with the Government of that Province, and to endeavour to arrive at some understanding as to a course to be pursued which would be satisfactory to British Columbia and meet the circumstances of the Dominion.

It should be mentioned that before the late Government left office it had been distinctly understood, as one of the results of the visit to England by the Directors of the Allan Company, that an extension of time of at least four years would be absolutely necessary. Mr. Walkem, of British Columbia, quite understood this; and there is reason to believe that it would have been assented to by all parties.

The proposal made through Mr. Edgar to the British Columbia Government is one which the Dominion Government think should have been accepted as reasonable and just, and as one quite in accordance with the moral obligations imposed on this Government, if not with the actual letter of the agreement.

It must be remembered that British Columbia earnestly petitioned the Dominion Government to modify the terms of Union in its own favour in relation to the construction of the Graving Dock. The Dominion Government cordially assented to provide the money for the construction of the work instead of abiding by the agreement to guarantee merely the Provincial Bonds for ten years, as provided by the terms of Union.

This at once shows the liberality of the Dominion Government, and their willingness to consider and meet exceptional circumstances wherever they existed. And this manifestation of liberality on the part of this Government they conceive should have been reciprocated in other matters by the Provincial Government. The Dominion Government were also willing to exceed the terms of Union by constructing a railway on the Island of Vancouver, although they were bound only to reach the "sea-board" of the Pacific.

At the present time the only violation of the terms of the compact which can be alleged is that the works of construction were not actually commenced on the 20th of July, 1873. But it is doubtful if even that allegation can be upheld. It was all but impossible to proceed more rapidly with the work of survey, and a very extravagant expenditure was the result of the haste already shown in endeavouring to locate the line. This may be understood from the fact that the surveys of the Inter-colonial Railway, 500 miles long, occupied not less than four years, though the route was through a settled country; and they were then very incomplete, causing subsequent serious embarrassments to the contractors, and the presentation by them of endless claims for compensation.

Mr. Walkem in his conversations admits frankly that the literal fulfilment of the terms for the completion of the line on a certain day in 1881 cannot be expected. The only questions therefore that can now arise are (1), whether due diligence and expedition have been exerted by the Dominion Government in the prosecution of the work; and (2) whether the offers of compensation for the alleged non-fulfilment of the terms were just and fair.

While expressing a very strong conviction that everything has been done that could possibly be done under the circumstances, and that the Dominion Government have shown a disposition to go far beyond the spirit of the engagement entered into with British Columbia, considering the expressions of opinion by Mr. Trutch as the delegate of British Columbia at the time of the Union, and the facts set forth in the several documents already forwarded to the Colonial Office, the Committee advise that Lord Carnarvon be informed they would gladly submit the question to him for his decision as to whether the exertions of the Government, the diligence shown, and the offers made, have or have not been fair and just, and in accordance with the spirit of the agreement.

The Committee advise that a copy of this Minute be forwarded to the Right Honourable the Secretary of State for the Colonies.

Certified,  
(Signed) W. A. HIMSWORTH,  
Clerk, Privy Council, Canada.

## No. 19.

*Colonial Office to Mr. Walkem.*

Sir,

*Downing Street, August 15, 1874.*

I AM directed by the Earl of Carnarvon to acknowledge the receipt of the Petition to the Queen, signed by yourself on behalf of the Executive Council of British Columbia, which you left with his Lordship on the occasion of your recent interview with him at this Office.\*

After careful perusal of this clearly drawn and temperately expressed statement, and after hearing the further representations which you have since made orally, his Lordship feels that he has before him a full exposition of the views of the Provincial Governments, and he desires me to thank you for the judicious manner in which you have discharged the duty entrusted to you.

Lord Carnarvon will be much pleased if he can be the means of adjusting the differences which have arisen, but the subject abounds in details which require close examination, and his Lordship thinks it may be convenient to you to know that he does not anticipate that he will be able until after two or three weeks to come to a decision as to the course which he should take.

I am, &c.  
(Signed) ROBERT G. W. HERBERT.

## No. 20.

*The Earl of Carnarvon to the Earl of Dufferin.*

My Lord,

*Downing Street, August 16, 1874.*

WITH reference to my despatch of the 18th June,† I have now to acquaint you that I have seen Mr. Walkem, the Premier of British Columbia, deputed by his Government to represent to me the claims of the Province relative to the delays which have occurred in the construction of the Pacific Railway, the completion of which work within a certain understood time was one of the principal considerations that influenced the Union of British Columbia with the Dominion of Canada in 1871. I will only add on this head that Mr. Walkem laid his case before me in temperate and reasonable terms.

2. I have also received a telegram from the Lieutenant-Governor of British Columbia stating that upon the advice of his Responsible Ministers he accepts, on behalf of British Columbia, the arbitration which I thought it my duty to offer, and the conditions of which I explained to your Lordship in my despatch of the 18th of June.

3. I have further received your despatch of the 31st July‡ inclosing a copy of the report of the Canadian Privy Council of the 23rd of July, in which your Ministers express their readiness to submit for my decision the question whether the exertions of the Dominion Government in the prosecution of the work, the diligence shown, and the

\* No. 12.

† No. 6.

‡ No. 13.

offeris made by them to British Columbia have, or have not, been fair and just and in accordance with the spirit of the agreement entered into between Canada and British Columbia at the date of Union.

4. I appreciate the confidence which has been thus placed in me by both parties to this controversy, and, so far as lies in my power, I am most desirous of contributing to the settlement of a difference which, although hitherto conducted with great moderation and in a conciliatory spirit on both sides, might easily assume more serious dimensions.

5. I feel sure that the Dominion Government will agree with me, that the sooner this controversy can be closed, the better; and that to arrange matters amicably, and with as little resort as possible to formal procedure, will best promote that object, and will be most congenial to the feelings of all parties.

6. With this view I will proceed to state the case as I understand it, and the impressions which I have formed as to the course that might be taken. The proposals made by Mr. Edgar, on behalf of the Canadian Government, to the Provincial Government of British Columbia, may be stated as follows:—

(1.) To commence at once, and finish as soon as possible, a railway from Esquimalt to Nanaimo.

(2.) To spare no expense in settling, as speedily as possible, the line to be taken by the railway on the mainland.

(3.) To make at once a waggon-road and line of telegraph along the whole length of the railway in British Columbia, and to continue the telegraph across the Continent.

(4.) The moment the surveys and road on the mainland are completed, to spend a minimum amount of 1,500,000 dollars annually upon the construction of the railway within the Province.

7. I am under the impression, after conversing with Mr. Walkem, that he is not fully empowered, on the part of British Columbia, to make specific proposals to the Government of Canada, or to me, as to what terms British Columbia would be willing to accept; but he has stated very clearly, in conversation at this office, the objections entertained by his Government, and in the Province, to the proposals of your Government. And they, or a considerable part of them, are fully set forth in the Petition to the Queen, of which, as it has been published in the "Colonial Press," you no doubt have a copy.

Taking each point *seriatim*, as numbered in the last preceding paragraph but one, I understand it to be urged:—

(1.) That nothing is being done by the Dominion Government towards commencing and pushing on a railway from Esquimalt to Nanaimo.

(2.) That the surveying parties on the mainland are numerically very weak, and that there is no expectation in British Columbia, or guarantee given, on the part of the Dominion, that the surveys will be proceeded with as speedily as possible.

(3.) That the people of British Columbia do not desire the waggon-road offered by the Dominion Government, as it would be useless to them; and that even the telegraph proposed to be made along the line of the railway cannot of course be made until the route to be taken by the railway is settled.

(4.) That "the moment the surveys are completed," is not only an altogether uncertain, but, at the present rate of proceeding, a very remote period of time; and that an expenditure of 1,500,000 dollars a-year on the railway within the Province, will not carry the line to the boundary of British Columbia, before a very distant date.

8. Mr. Walkem further urges that, by section 11 of "The Canadian Pacific Railway Act of 1874," it is competent to the Dominion House of Commons to reject at any time the contract for a section of the railway, and thus to prevent the continuous construction of the work.

9. Referring first to this latter point, I do not understand that it is alleged by Mr. Walkem, nor do I for a moment apprehend that this proviso was introduced with any belief that it would delay the construction of the railway, I conceive that all that was intended by it was to retain the power of exercising an adequate supervision over the financial details of the scheme. Nevertheless, the objection stated by Mr. Walkem appears to me one which the Dominion Government should seriously consider, as their policy in so important a matter ought not to be left open to criticism, and British Columbia may fairly ask, according to the letter and the spirit of past engagements, for every reasonable security that the railway will be completed as speedily as possible.

10. Strong as are doubtless the objections urged by Mr. Walkem to the proposals which I understand Mr. Edgar to have made on behalf of your Minister<sup>1</sup> as is the subject-matter of controversy, I, as at present advised, can see



the views of both parties should not be reconciled to their satisfaction, and with justice to all interests concerned.

11. On the one hand, I cannot entertain the least doubt of the sincere intention of the Canadian Government and Parliament to adhere as closely as possible to the pledges given to British Columbia at the time of the Union, to do that which is just and liberal towards the Province, and, in fact, to maintain the good faith of the Dominion in the spirit, if not in the letter, of the original agreement, under circumstances which I admit to be of no ordinary difficulty.

12. On the other hand, however, it would be unfair to deny that the objections stated by Mr. Walkem have a certain foundation and force, and I have every confidence that, in order to obtain the settlement of a question of such vital importance to the interests of the whole Dominion, the Canadian Government will be willing to make some reasonable concessions such as may satisfy the local requirements of British Columbia, and yet in no way detract from the high position which the Dominion Parliament and Government ought, in my judgment, to occupy.

13. I am of opinion, therefore, on a general review of all the considerations of the case, and as an impartial but most friendly adviser, who, if I may be allowed to say so, has the interests of both parties and the prosperity of the whole Dominion deeply at heart, that the following proposals would not be other than a fair basis of adjustment.

14. (1.) That the section of the railway from Esquimalt to Nanaimo should be begun at once.

(2.) That the Dominion Government should greatly increase the strength of the surveying parties on the mainland, and that they should undertake to expend on the surveys, if necessary for the speedy completion of the work, if not an equal sum to that which they would expend on the railway itself, if it were in actual course of construction, at all events some considerable definite minimum amount.

(3.) Inasmuch as the proposed waggon road does not seem to be desired by British Columbia, the Canadian Government and Parliament may be fairly relieved of the expense and labour involved in their offer; and desirable as, in my opinion, the construction of the telegraph across the Continent will be, it perhaps is a question whether it may not be postponed till the line to be taken by the railway is definitively settled.

(4.) The offer made by the Dominion Government to spend a minimum amount of 1,500,000 dollars annually on the railway within British Columbia as soon as the surveys and waggon-road are completed, appears to me to be hardly as definite as the large interests involved on both sides seem to require. I think that some short and fixed time should be assigned within which the surveys shall be completed, failing which some compensation should become due to British Columbia for the delay.

15. Looking, further, to all the delays which have taken place, and which may yet perhaps occur, looking also to the public expectations that have been held out of the completion of the railway, if not within the original period of ten years fixed by the Terms of Union, at all events within fourteen years from 1871, I cannot but think that the annual minimum expenditure of 1,500,000 dollars offered by the Dominion Government for the construction of the railway in the Province is hardly adequate. In order to make the proposal not only fair, but as I know is the wish of your Ministers, liberal, I would suggest for their consideration whether the amount should not be fixed at a higher rate, say, for instance, at 2,000,000 dollars a-year.

16. The really important point, however, not only in the interests of the Province, but for the credit of the Dominion and the advantage of the Empire at large, is to assure the completion of the railway at some definite period, which, from causes over which your Ministers have had no control, must now, I admit, be much more distant than had originally been contemplated; and I am disposed to suggest as a reasonable arrangement, and one neither unfair to the Dominion nor to British Columbia, that the year 1890 should be agreed upon for this purpose. In making this suggestion I, of course, conclude that the Dominion Government will readily use all reasonable efforts to complete the line before any extreme limit of time that may be fixed. A postponement to the very distant period which I have mentioned could not fail to be a serious disappointment to the people of the Province and to all interested in its welfare; and I should not have suggested it were it not for the full confidence which I feel in the determination of your Ministers to do not merely the least that they may be obliged, but the utmost that they may be able in redemption of the obligations which they have inherited.

17. I have now only to repeat the strong desire which I feel to be of service in a matter, the settlement of which may be either simple or difficult according to the spirit

in which it is approached, a question directly bearing upon the Terms of Union may, if both parties to it will waive some portion of their own views and opinions, be well intrusted to the Imperial authority which presided over that Union, and not improperly, perhaps, to the individual Minister whose fortune it was to consider, and in some degree to shape, the details of the original settlement under which the Provinces of British North America were confederated, and British Columbia ultimately brought into connection with them. If, indeed, the expression of a personal feeling may, in such a case as this, be indulged, I may perhaps be allowed to say how sincerely I prize the recollection of the share which I was then permitted to have in that great work, how deeply I should grieve to see any disagreement or difference impair the harmony which has been so conspicuously maintained by the wisdom and good feeling of all parties, and how early your Lordship and your Ministers may count upon my best efforts in furtherance of every measure that can contribute to the strength and honour of the Dominion of Canada.

18. It will be very convenient if your Government should feel able to reply by telegraph, stating generally whether the modifications which I have proposed, and which seem to me consistent with the present conditions of the question and with the true construction of the policy adopted by them, are in the main acceptable to them, in order that no unnecessary delay may take place in bringing this matter to a conclusion.

I have, &c.  
(Signed) CARNARVON.

## No. 21.

*The Earl of Carnarvon to the Earl of Dufferin.*

My Lord,

*Downing Street, August 29, 1874.*

I HAVE received and have read with much interest the report by Mr. Sandford Fleming, Engineer-in-chief, of the progress up to January 1874 of the explorations and surveys which have been made under his direction in connection with the Canadian Pacific Railway, which your Lordship has forwarded for my information.

I notice with satisfaction the generally favourable results obtained by the survey, and I congratulate the Dominion on the conclusions arrived at by the Engineer-in-chief as to the practicability of establishing railway communication across the Continent wholly within the limits of the Dominion, and the generally favourable engineering features of the country through which the railway will pass.

I have, &c.  
(Signed) CARNARVON.

## No. 22.

*Lieutenant-Governor Trutch to the Earl of Carnarvon.—(Received September 1.)*

My Lord,

*Government House, British Columbia, August 3, 1874.*

I HAVE the honour to state that on the 28th ultimo I received and laid before my Responsible Advisers a copy of your Lordship's despatch of June 18th\* to Governor-General the Earl of Dufferin upon the pending difference between this Province and the Government of Canada, in relation to the Railway Article of the Terms of Union, which despatch was transmitted to me by Lord Dufferin on the 3rd ultimo in accordance with your Lordship's instructions.

I now inclose a Minute of the Executive Council of this Province on your said despatch, and upon the advice of my Ministers therein expressed, I beg to signify my cordial acceptance on behalf of the Government of British Columbia of your Lordship's proffered arbitration in accordance in all respects with the conditions laid down by you in your said despatch, and to state that I have to day dispatched a telegraphic message to you to this effect, of which a copy is appended.†

\* No. 6.

† No. 15.

A copy of this despatch and the inclosures therewith will be sent by this mail to the Secretary of State for Canada for the information of the Governor-General of Canada.

I have, &c.  
(Signed) JOSEPH W. TRUTCH.

Inclosure in No. 22.

*Report of a Committee of the Honourable the Executive Council, approved by his Excellency the Lieutenant-Governor, on the 3rd day of August, 1873.*

THE Committee of Council have had under consideration the proposal for a reference to arbitration of the question between the Province and the Dominion Government respecting the fulfilment of the Terms of Union contained in the despatch of 18th June, 1874, from the Right Honourable the Earl of Carnarvon, Her Majesty's Principal Secretary of State for the Colonies, to his Excellency the Governor-General, a copy of which has been transmitted for the information of your Excellency, and referred to them for report.

In this despatch the Secretary of State observes that he is strongly impressed with the importance of neglecting no means that can properly be adopted for effecting the speedy and amicable settlement of a question which cannot without risk and obvious disadvantage to all parties remain the subject of prolonged, and it may be, acrimonious, discussion.

That it has occurred to him that, as in the original terms and conditions of the admission of British Columbia into the Union, certain points were reserved for the decision of the Secretary of State, so in the present case it may be possibly acceptable to both parties that he should tender his good offices in determining the new points which have presented themselves for settlement.

That, if both Governments should unite in desiring to refer to his arbitration all matters in controversy, binding themselves to accept such decision as he may think fair and just he would not decline to undertake this service.

That the duty which, under a sense of the importance of the interests concerned, he has thus offered to discharge, is of course a responsible and difficult one, which he could not assume unless by the desire of both parties, nor unless it should be fully agreed that his decision, whatever it may be, shall be accepted without any question or demur.

The Committee concur with the Secretary of State in regretting that a difference exists between the Dominion and this Province in regard to the railway, and that it is most desirable for all parties that all the questions in controversy should receive a speedy and amicable settlement, and they are of opinion that a reference to arbitration is the course of all others most likely to lead to so desirable a result.

They therefore advise the cordial acceptance by your Excellency of the arbitration of the Secretary of State in accordance with the conditions laid down in his Lordship's despatch of the 18th June, 1874, and should this report be approved they recommend that the acceptance by this Government on behalf of British Columbia of the arbitration of the Right Honourable the Secretary of State for the Colonies be immediately communicated by your Excellency to that Minister by telegraph and by mail, and that copies of such communications be transmitted simultaneously to the Secretary of State for Canada for the information of his Excellency the Governor-General.

Certified,  
(Signed) W. J. ARMSTRONG, *Minister of Finance, and  
Clerk to the Executive Council.*

No. 23.

*The Earl of Carnarvon to the Earl of Dufferin.*

My Lord,

*Downing Street, September 4, 1874.*

I HAVE received your despatch of the 31st of July,\* forwarding a Petition addressed to the Queen by the inhabitants of Victoria, British Columbia, at a meeting held on the 18th of June, and signed by the Chairman, respecting the non-fulfilment by Canada of the terms on which British Columbia became a Province of the Dominion

I request that you will cause the petitioners to be informed that their Petition has been laid before Her Majesty, who has been pleased to receive it very graciously; and that the subject to which it relates is receiving the careful consideration of Her Majesty's Government.

I have, &c.  
(Signed) CARNARVON.

## No. 24.

*Mr. Walkem to Colonial Office.*

*Office of the British Columbia Government, 4, Lime Street Square,  
London, September 10, 1874.*

My Lord,

IN a letter of the 15th of August last,\* acknowledging the receipt of the petition to Her Majesty of the Committee of the Executive Council of British Columbia, your Lordship was pleased to inform me that you did not anticipate that you "would be able, until after two or three weeks, to come to a decision as to the course which you should take" upon the subject matter of the Petition.

As the time mentioned has now expired, may I request your Lordship to be good enough to inform me of the conclusion, if any, which you may have arrived at.

I have, &c.  
(Signed) GEO. A. WALKEM.

## No. 25.

*Colonial Office to Mr. Walkem.*

Sir,

*Downing Street, September 14, 1874.*

I AM directed by the Earl of Carnarvon to acknowledge the receipt of your letter of the 10th instant,† and to express to you his regret that he is not at present in a position to communicate to you any decision in regard to the petition of the Executive Council of British Columbia.

I am, &c.  
(Signed) W. R. MALCOLM.

## No. 26.

*The Earl of Dufferin to the Earl of Carnarvon.—(Received September 30.)*

My Lord,

*Canada, September 18, 1874.*

IN acknowledging the receipt of your Lordship's despatch of the 16th of August,‡ in which you have been good enough to convey to me your opinion as to the modifications which might be introduced with advantage into the terms already proposed by my Ministers, for the settlement of the dispute now pending between this Government and that of British Columbia, I have the satisfaction of informing you that after a good deal of anxious deliberation Mr. Mackenzie and his colleagues have consented to adopt the several suggestions recommended to them by your Lordship, should it be found absolutely impossible to terminate the controversy in any other manner.

2. The general view of my Ministers on the various points referred to are set forth at large in the inclosed Order in Council, from which your Lordship will gather that it is with very considerable reluctance they have been induced to make these further concessions, feeling so strongly as they do that their original proposals fairly satisfied the requirements of the case.

3. I have no doubt, however, it will be felt throughout the country that the only mode by which the Dominion could be satisfactorily extricated from the false position in which she was placed by her Treaty obligations to fulfil engagements which were physically impossible of execution, was by a large and generous interpretation of the consequent claims against her.

\* No. 18.

† No. 24.

‡ No. 20.

4. I have further the honour to transmit a sketch map\* of the area now under exploration in British Columbia, accompanied by a Memorandum by Mr. Fleming, the Engineer-in-chief, by which it will be perceived that every effort is being made to hurry forward the surveys with all possible despatch, and that the employment of any additional staff would uselessly increase the expense without forwarding the work.

I am, &c.  
(Signed) DUFFERIN.

Inclosure 1 in No. 26.

*Copy of a Report of a Committee of the Honourable the Privy Council, approved by his Excellency the Governor-General on the 17th day of September, 1874.*

THE Committee of Council have had under consideration the despatch of the Right Honourable Lord Carnarvon, relating to the complaints of the British Columbian Government with respect to the Pacific Railway, and suggesting certain modifications of the proposals made by the Dominion Government, through Mr. Edgar, on the 5th of May last.

These proposals were prompted by a desire to provide against future difficulty in view of the then well ascertained fact that the terms of union had become impossible of literal fulfilment on the one hand, and, on the other hand, giving due weight to the very strong feeling entertained against the fatal extravagance which these terms involved to the country.

The proposals may be thus summarized:—

1st. To build a railway from Esquimalt to Nanaimo, on Vancouver Island, in excess of the terms of union, and to begin the work immediately.

2nd. To commence the construction of the railway on the Mainland as soon as the surveys could be completed, and to expend on the work not less 1,500,000 dollars annually.

3rd. To take the necessary steps meanwhile to secure the construction of a telegraph line across the continent on the located line for the railway, at the same time cutting out the railway track and building thereon a trail or road, which would subsequently become available as part of the permanent works.

The arrangements proposed by Lord Carnarvon embody some amendments. His Lordship suggests:—

1st. The immediate construction, as proposed, of the short line on Vancouver Island.

2nd. After the location of the line, the expenditure of 2,000,000 dollars on the Mainland, instead of 1,500,000 dollars.

3rd. The increase of the engineering force to double the number now employed; the expenditure on the survey, if not of an amount equal to the proposed annual expenditure on construction, of some other specific sum; the prescribing of a limited time for the completion of the survey; and the payment of a sum of money as compensation in the event of its not being so completed.

4. The guarantee of the completion of the entire railway in 1890.

It is also suggested that the construction of the telegraph line and road need not be proceeded with, as Mr. Walkem does not consider either as of any use to the Province.

The Committee recommend that the first condition, which is precisely what was previously offered, be again concurred in.

In regard to the second proposal, the Committee recommend that Lord Carnarvon be informed (if it be found impossible to obtain a settlement of the question by the acceptance of the former offer) that the Government will consent that, after the completion of the survey, the average annual minimum expenditure on the mainland shall be 2,000,000 dollars.

There is every reason to believe now that a majority of the people of Columbia would accept the propositions previously made.

Judging from a petition sent from the Mainland, signed by 644 names (a copy of which petition is inclosed), there is almost an entire unanimity there in favour of these proposals; and assurances were given very lately by gentlemen of the highest position on the island that the course of the Local Government would not meet general approval there.

An application was made by one prominent gentleman, an ex-member of Parliament,

\* Not printed.

to the Government here, to know if the proposals made would still be adhered to, he pledging himself to secure their acceptance by the bulk of the people. It is, therefore, earnestly hoped that no change will be considered necessary, as it will be difficult to induce the country to accept any further concessions.

The third condition requires an increase of the engineer force employed on the surveying surface; the completion of the survey within a specific time; and, in case that time should be exceeded, the payment to the Province of a money compensation.

The Committee respectfully submit that the result aimed at by the foregoing suggestion is already being accomplished with the utmost dispatch admitted by the circumstances of the case.

The Chief Engineer was instructed to provide all the assistance he required, in order to complete the surveys within the shortest possible period, and he engaged a large force—a force larger, indeed, than can with profit be employed until the route is definitely determined.

Whatever may be the route finally chosen, the line will of necessity traverse a country with exceedingly rough topographical features for a distance of 500 or 600 miles, from the eastern slope of the Rocky Mountains to the extreme limit of the province on the Pacific.

The country is an immense plateau, which maintains its general elevation to within a few miles of the sea, but often rises into unshapely mountain ranges; some of these ranges tower to a height of over 9,000 feet.

The boundary of the plateau on the west is the Cascade Range; this forms a huge sea wall along the coast, and has interposed a much more formidable obstacle to the surveyors than the Rocky Mountains.

Attempts have been made at five or six points to pierce the barrier, but, except at the Fraser River, and at Bute Inlet, without success.

From the results of last year's explorations, the Bute Inlet route seemed on the whole to be the best; but it is not disassociated with serious difficulties. For a distance of 20 miles the ascent or grade is about 150 feet to the mile.

The straits which form the approach to the harbour from seaward are encumbered by islands, and, when reached, the harbour is found to be destitute of anchorage. The dangers of navigation are increased not alone by the precipitous and rocky shores, but by the rapidity of the tide, which rushes through the narrow channels with a velocity of from seven to nine miles an hour.

It was supposed, when work was resumed last spring, that a practicable route would be found from the point where Fleming's line touches the north branch of the Thompson River westward towards what is known as Big Bend, on the Fraser River, from which no serious impediment exists until the commencement of the rapid descent to the sea at Bute Inlet is reached. Had this supposition proved correct, it is probable the Government might have been prepared at the end of this year to proceed with the exact location of the line; but the explorations carried on to the close of July last resulted in the discovery of a high range of mountains which fill the country from near the junction of the Clearwater with the Thompson northward to the great bend of the Fraser, and, without a very long detour south or north, they bar the way to the west.

The chief engineer, therefore, advised a re-examination of the Fraser valley, or, more correctly speaking, ravine, inasmuch as no broad valley anywhere exists, the rivers in their courses having cleft ways for themselves through the rocks, which in some cases they have pierced to a depth of 1,500 feet, by a width of not more than a single mile, thus giving as the normal condition exceedingly precipitous banks.

This new examination of the Fraser River route will occupy at least the whole season.

A memorandum from the Chief Engineer will give the strength of the force, and show its distribution.

Nearly two seasons were passed in examining the Rocky Mountain range and the valley of the Columbia, in the endeavour to obtain a favourable pass. The result was that the explorers were driven north to what is known as Jasper House Pass.

These facts are mentioned to give some idea of the enormous labour involved, and the impossibility of placing a larger force in the field to do engineering work, when it is not yet known where the engineering work is to be done.

The exploratory survey must be tolerably complete before the exact location of any portion of the line can be contemplated or possible, and before plans can be made of bridges and other works of construction required, and nothing but the urgency of the contract so imprudently entered into with British Columbia would otherwise have induced the Government to employ more than half the force now engaged.

As pointed out in previous memorandum, the expenditure to the end of last year in British Columbia alone was considerably over half a million of money, more than the whole expenditure upon the 2,000 miles eastward of that Province.

The Chief Engineer was informed last winter that it was the desire of the Government to have the utmost expedition used in prosecuting and completing the surveys, and in the engagements which he has entered into these directions have been fully considered.

The fourth condition involves another precise engagement to have the whole of the railway communication finished in 1890. There are the strongest possible objections to again adopting a precise time for the completion of the line. The eastern portion of the line, except so far as the mere letter of the conditions is concerned, affects only the Provinces east of Manitoba, and the Government have not been persuaded either of the wisdom or the necessity of immediately constructing that portion of the railway which traverses the country from the west end of Lake Superior to the proposed eastern terminus on Lake Nipissing, near Georgian Bay. Nor is it conceived that the people of British Columbia could with any show of reason whatever insist that this portion of the work should be completed within any definite time, inasmuch as if the people who are chiefly, if not wholly, affected by this branch of the undertaking are satisfied, it is maintained that the people of British Columbia would practically have no right of speech in the matter.

It is intended by the Government that the utmost diligence shall be manifested in obtaining a speedy line of communication by rail and water from Lake Superior westward, completing the various links of railway as fast as possible, consistent with that prudent course which a comparatively poor and sparsely settled country should adopt.

There can be no doubt that it would be an extremely difficult task to obtain the sanction of the Canadian Parliament to any specific bargain as to time, considering the consequences which have already resulted from the unwise adoption of a limited period in the terms of union for the completion of so vast an undertaking, the extent of which must necessarily be very imperfectly understood by people at a distance.

The Committee advise that Lord Carnarvon be informed that, while in no case could the Government undertake the completion of the whole line in the time mentioned, an extreme unwillingness exists to another limitation of time; but if it be found absolutely necessary to secure a present settlement of the controversy by further concessions, a pledge may be given that the portion west of Lake Superior will be completed so as to afford connection by rail with existing lines of railway, through a portion of the United States and by Canadian waters, during the season of navigation by the year 1890, as suggested.

With regard to the ameliorating proposal to dispense with the formation of a road or trail across the country, and the construction of a telegraph line, on the representation of the British Columbia delegate that neither is considered necessary, it is proper to remark that it is impossible to dispense with the clearing out of a track and the formation of a road of some sort in order to get in the supplies for the railway; and the proposal was that so soon as the general route of the railway could be determined and the location ascertained, a width of two chains should be cleared out in the wooded districts, a telegraph line erected, and that a sort of road passable for horses and rough vehicles should be formed and brought into existence, not as a road independent of the railway, but as an auxiliary to, and necessary preliminary to railway construction, the cost incurred forming part, indeed, of the construction of the railway itself.

In so vast a country, where there are no postal facilities, and where there can be no rapid postal communication for many years hence, it is absolutely essential that a telegraph line should be erected along the proposed route, as the only means by which the Government and contractors could maintain any communication. The offer, therefore, to dispense with a telegraph line is one which cannot be considered as in any way whatever affording relief to the Dominion; the undertaking to construct the telegraph line must rather be looked upon as an earnest of the desire of the Government to do everything in reason in order to keep within the spirit of its engagement.

The intention of the Government will be seen from the following quotation from the Act of last Session.—

“A line of electric telegraph shall be constructed in advance of the said railway and branches along their whole extent respectively, as soon as practicable after the location of the line shall have been determined upon.”

Having dealt with the modifications suggested by Lord Carnarvon, it is proper to notice *seriatim* the several grounds of complaint as stated in the despatch.

1st. "That nothing is being done by the Dominion Government towards commencing and pushing on a railway from Esquimaux to Nanaimo."

The Dominion has no engagement to build such a railway, and, therefore, there can be no just complaint that it is not commenced. The construction of such a railway was offered only as compensation for delay in fulfilling the engagement to build a railway to the "Pacific Seaboard."

2nd. "That the surveying parties on the Mainland are numerically weak, and that there is no expectation in British Columbia, or guarantee given, that the surveys will be proceeded with as speedily as possible."

On this point it is sufficient to state that, as remarked elsewhere, the utmost expedition possible has been used, and that the allegations in the Petition are incorrect."

3rd. "That the people of British Columbia do not desire the waggon road offered by the Dominion Government, as it would be useless to them; and that even the telegraph proposed to be made along the line of the railway cannot, of course, be made until the route to be taken by the railway is settled."

It may be noticed in connection with this extraordinary statement that the construction of such a road was one of the conditions imposed by the Local Legislature in their resolutions adopted as the basis whereon to negotiate the terms of Union.

It would, therefore, seem that such a declaration now is intended more to lessen the value of the proposals made to British Columbia than to indicate public sentiment in the Province. As pointed out elsewhere, the work is practically a part of railway construction, and it is also confidently believed will be of very great advantage to the people generally.

4th. Mr. Walkem further urges, "That by section 11 of the Canadian Pacific Railway Act of 1874, it is competent to the Dominion House of Commons to reject at any time the contract for a section of the railway, and thus to prevent the continuous construction of the work."

This is simply a complaint that the present Government provided for parliamentary supervision over the letting of such vast contracts. It was contended by the opposition in 1872 that, in the matter of a contract for so large a work, for which the Dominion was to pay 30,000,000 dollars and allot nearly 60,000,000 acres of land, the formal sanction of Parliament should be obtained. Accordingly, when it became their duty, under altered political circumstances, to submit a new measure to Parliament in lieu of the one which had failed of success, they were bound to secure by statutory enactments full control to Parliament over the letting of the contract or contracts.

In all extraordinary contracts entered into by the Government of England or Canada, this course has been followed, as, for instance, in contracts for the conveyance of mails by ocean steamers.

It will also be apparent that no Government decision could prevent future parliamentary action.

The insertion of this section, therefore, is in pursuance of a well settled public policy not to permit the Executive too extensive powers without specific parliamentary sanction; and even the present opposition demanded that the restriction should apply to the minor works on the branches provided for in the Act.

Neither the Canadian Government nor Parliament can be suspected of having inserted such a clause for the improper purpose of using it to retard progress otherwise possible.

Nothing has occurred which could justify such a suspicion. Since the passage of the Act the Government have placed the grading of the Pembina branch under contract, and hope soon to place the Nipissing branch under contract.

The contracts for the telegraph line from Fort William to the existing telegraphic stations in British Columbia will be closed in a few days.

It only remains to say that the Government, in making the new proposals to British Columbia, were actuated by an anxious desire to put an end to all controversy, and to do what is fair and just under very extraordinary circumstances; and that these proposals embraced the most liberal terms that public opinion would justify them in offering.

It is proper further to remark that there has been no just cause of complaint at all, inasmuch as the report of the chief engineer shows that nothing more could have been done to forward the work.

The Act passed last session is a very complete one and amply provides for the construction of the railway, subject to the parliamentary supervision referred to.

The lot of British Columbia is cast in with the other North American Provinces, and it becomes the duty of all the Confederated Provinces to consider to some extent the



general welfare. It is especially the duty of the smaller provinces to defer somewhat to the opinions of the old and populous Provinces from which the revenue for the building of all such works is derived.

Certified,  
(Signed) W. A. HIMSWORTH,  
Clerk Privy Council.

*Copy of Petition.*

That in view of the action taken by an Association calling itself "The Terms of Union Preservation League," meeting in the City of Victoria, on Vancouver Island, in Petitioning Her Most Gracious Majesty the Queen, relative to the non-fulfilment of one of the conditions of the Terms of Union, and affirming in said Petition that Esquimalt, on Vancouver Island, had been decided to be the Terminus of the Canadian Pacific Railway, and that a portion of the line had been located between the Harbour of Esquimalt and Seymour Narrows, and praying that Her Majesty act as Arbitrator, and see that justice be done to British Columbia; we, the Undersigned, respectfully submit as follows:—

That, in our opinion, the Order of the Privy Council of Canada, of 7th June, 1873, is in no way binding upon your Excellency's present Government, and that a line of railway along the seaboard of Vancouver Island to Esquimalt is no part of the Terms of Union:

That in any arrangement which may be entered into for an extension of time for the commencement or completion of the railway, any consideration granted by the Dominion of Canada to the Province of British Columbia should be such as would be generally advantageous to the whole Province, and not of a merely local nature, benefitting only a section thereof:

That the League referred to, acting under the impression that further surveys may detract from the favourable opinion now entertained by the Engineers of the Bute Inlet route, are desirous of forcing your Excellency's Government into an immediate selection:

That we consider it would be unwise, impolitic, and unjust to select any line for the railway until time be given for a thorough survey of the different routes on the mainland, believing, as we do, that such survey must result in the selection of the Fraser Valley route, which is the only one that connects the fertile districts of the interior with the seaboard:

That, as it is evident that the surveys are not yet sufficiently advanced to allow of an intelligent decision on the question of route being arrived at, we consider that a vigorous and immediate prosecution of the surveys by your Excellency's Government, to be followed in 1875 by the commencement of construction on the mainland, will be a faithful carrying out of the spirit of the Terms of Union:

Your Petitioners, therefore, humbly pray that your Excellency take the views expressed in this our Petition into your most favourable consideration.

Inclosure 2 in No. 26.

*Memorandum for his Excellency the Governor-General.*

*Surveys in British Columbia.*

THE following is a list of the engineering parties at present engaged in British Columbia in connection with the survey of the Canadian Pacific Railway:—

- (A.) From Tête Jaune Cache, down the valley of the North Fraser towards Fort St. George. Engineer in charge, E. W. Jarvis.
- (B.) From Fort George up the North Fraser to meet party (A). Engineer in charge, H. P. Bell.
- (C.) From Fort George across to Tatla Lake. Engineer in charge, C. H. Gamsby.
- (D.) From Yale along the Canons of the Lower Fraser. Engineer in charge, H. J. Cambie.
- (E.) From Yale to Burrard Inlet. Engineer in charge, John Trutch.
- (F.) From Dean Inlet across the Cascade Chain. Explorer, C. Horetzky.
- (G.) From Fort George westerly through unexplored region to Gardener and Dean Inlets. Marcus Smith in charge of expedition.

On the accompanying map I have indicated by a green tint the position of the several parties, as well as the work under examination this year.

It is expected that about 450 miles of line will have been instrumentally surveyed in British Columbia during the present year, and probably not less than 700 miles in addition explored. The number of persons of all grades engaged in the work of survey during the present season in the province of British Columbia is, as far as can be ascertained, about 300.

A large staff has been engaged on the work of exploration and surveying ever since July 1871.

The Commissariat Branch has required and employed each year about 400 mules and horses. At the date of last advices 350 of these animals were then actually at work in forwarding supplies to the surveying parties in different remote sections of the province.

Every effort has been made to obtain information respecting the engineering features of the country and enable the Government to come to a decision respecting the most eligible route for the railway.

The work of survey has, in fact, been unduly forced in order to get the desired information with the least possible delay.

(Signed)

SANDFORD FLEMING,

*Engineer-in-Chief.*

*Canadian Pacific Railway, Office of the Engineer-in-Chief,  
September 15, 1874.*

No. 27.

*Mr. Walkem to the Earl of Carnarvon.*

My Lord,

*London, October 31, 1874.*

I NOW beg leave respectfully to offer, for your Lordship's consideration, a recapitulation and review of the main points of the question at issue between Canada and British Columbia, respecting the breach by the former of the Railway Agreement in the Terms of Union.

Although I have been favoured by your Lordship with many and lengthened interviews on this subject, I hope that the grave nature of the interests committed to my care, as well as the important influence which your Lordship's action at the present time is sure to exercise upon the political and industrial growth of the Province, will be of sufficient excuse for again troubling you.

A written communication of the kind proposed may also usefully serve to define more clearly some of the views, which I have advocated on behalf of the Province.

Before proceeding further, I trust that I may be permitted to tender the expression of my grateful sense of the attention with which your Lordship has been pleased to receive, not only the statement of the case of British Columbia set forth in the Petition of its Government, but also the comments upon it which I have from time to time made.

The Provincial Government will be glad to learn—what your Lordship has been good enough to state—that you have been gratified with the temperate spirit in which their case has been presented for the consideration of Her Majesty's Government.

It was, as I had the honour to mention at my first interview, with a strong feeling of regret, that the Government of the Province felt themselves under the necessity of seeking the advice and intervention of Her Majesty's Government in this matter. The Provincial Government desired to work in harmony with the Dominion Government, and I may safely say that such intervention would not have been sought, had a sufficient effort been made by the Dominion to comply with the spirit of the Railway Agreement.

The key to the general policy of Her Majesty's Government, in relation to British North America, is, so far as I understand, to be found in the preamble of the Act of Confederation, which briefly declares that "Union would conduce to the welfare of the Provinces . . . federally united . . . and promote the interests of the British Empire." The Imperial policy thus declared has also been the policy of Canada. British Columbia likewise has endeavoured on her part loyally to follow it. It is from a due regard for the principles laid down in the Confederation Act, and from a natural, and I hope, proper desire to protect her

own special interests as a Province, that British Columbia has protested against the non-fulfilment by Canada of the Railway Agreement of the Terms of Union.

This Railway Agreement, while purposely and in part framed, as I shall hereafter show, to promote the interests of British Columbia, is not an agreement for the construction of a railway within merely provincial limits for simply provincial purposes. It is an agreement of a much more comprehensive character designed, in fact, mainly to advance, and indeed to effect, a real Union and consolidation of the British Possessions on the Continent of North America. In the attainment of this great end, British Columbia is, owing to her present isolation, especially interested.

A short reference to a few facts which led to the Union of the Province with Canada will best explain her true position.

In pursuance of the general Confederation policy declared in 1867, Her Majesty's Government in 1869 addressed a despatch to the Governor of British Columbia, expressing a desire that British Columbia should be incorporated with Canada. This despatch not only restates the principles set forth in the Confederation Act, but also shows in what respect they are peculiarly applicable to British Columbia. The following is a quotation from the despatch:—

"Her Majesty's Government," writes the Secretary of State, "anticipate that the interests of every Province of British North America will be more advanced by enabling the wealth, credit, and intelligence of the whole to be brought to bear on every part, than by encouraging each in the contracted policy of taking care of itself, possibly at the expense of its neighbour.

"Most especially is this true in the case of internal transit. It is evident that the establishment of a British line of communication between the Atlantic and Pacific Oceans is far more feasible by the operations of a single Government responsible for the progress of both shores of the Continent, than by a bargain negotiated between separate, perhaps in some respects rival, Governments and Legislatures. The San Francisco of British North America would under these circumstances hold a greater commercial and political position than would be attainable by the capital of the isolated Colony of British Columbia.

"Her Majesty's Government are aware that the distance between Ottawa and Victoria presents a real difficulty in the way of immediate Union. But that very difficulty will not be without its advantages, if it renders easy communication indispensable, and forces onwards the operations which are to complete it. In any case it is an understood inconvenience, and a diminishing one, and it appears far better to accept it as a temporary drawback on the advantages of Union, than to wait for those obstacles, often more intractable, which are sure to spring up after a neglected opportunity."

Here four propositions are laid down:—

1st. That the Canadian Federal system is based upon a union of the "wealth, credit, and intelligence" of the several Provinces, which will, when properly applied, promote the welfare of each.

2nd. That to secure this result, "easy \* \* \* internal \* \* \* communication" through British territory "is indispensable."

3rd. That the absence of this "easy \* \* \* internal \* \* \* communication," and "the distance between Ottawa and Victoria" constitute "a real difficulty in the way of immediate union."

4th. That this "real difficulty" will operate as a mere "temporary drawback on the advantages of union," as it will be sure to "force onwards" those "operations" necessary to remove it.

It is to hasten the removal of this "temporary drawback," and to "force onwards," in the sense of the above despatch, these necessary operations, which have been long deferred, that the Government of British Columbia have sought the intervention of Her Majesty's Government.

The strength of the above propositions, viewed in connection with the general confederation policy, was fully recognized by the then Government of the Dominion. They agreed with Her Majesty's Government, that without "easy communication" and "internal transit" between Ottawa and Victoria, the union of British Columbia and Canada could not be effective. Afterwards, when the whole matter was practically studied by the Government of the Dominion, it seems to have been their decided opinion that "easy communication" across the Continent could mean nothing less than a railway; and that, with respect to British Columbia, the

“temporary drawback on the advantages” of confederation, mentioned by Her Majesty’s Government, should not be allowed to last for more than ten years from the date of Union.

Hence the Dominion undertook “to secure the commencement simultaneously,” on the 20th July, 1873, “of the construction of a railway from the Pacific towards the Rocky Mountains, and from such point as may be selected, east of the Rocky Mountains, towards the Pacific, to connect the seaboard of British Columbia with the railway system of Canada; and further, to secure the completion of such railway within ten years from” July, 1871. And British Columbia, on her part, entered into certain obligations in favour of the Dominion, with regard to the public lands of the Province. The word “simultaneously,” which appears in this agreement, was designedly inserted with two objects:—

1st. That Canada should commence construction works at the two most available points, and thus ensure the early and rapid progress of the railway; and

2ndly. That the admitted disadvantages under which British Columbia would labour until the completion of the main line should to some extent be counter-balanced by the benefits of early expenditure upon railway works in the Province.

The agreement thus entered into was inserted in, and formed the most essential part of, the Terms of Union mutually accepted, in 1871, by British Columbia and Canada. These terms were placed before the people of the Province at a general election. They were shortly afterwards considered and formerly approved by the Provincial Legislature. They were subsequently fully debated and accepted by both Houses of the Parliament of Canada; and they were finally sanctioned and ratified by Her Majesty in Council. No question, therefore, could have been more thoroughly ventilated; no conclusion more deliberately arrived at. As a strong practical proof of the continued interest felt by Her Majesty’s Government in the success of the Confederation thus established, the Imperial Parliament, in July, 1873, guaranteed a loan of 3,600,000*l.*, to be raised by Canada mainly for the construction, among other public works, of the Canadian Pacific Railway.

*It may now be useful to present to your Lordship a brief statement of the manner in which the conditions of the Railway Agreement have been observed.*

The Petition of the Government of British Columbia shows the following facts:—

That the Province has fulfilled her part of the agreement; and has endeavoured to aid the Dominion Government to carry out their part;

That the Dominion Government have not, during the three years succeeding Union, made due effort to complete the railway surveys in British Columbia;

That the Dominion Government did not, on the 20th July, 1873, commence the “simultaneous” railway construction provided for in the agreement;

That they also have hitherto failed to commence any railway construction whatsoever in the Province, though they might have commenced such construction, as they admitted in May last that they were then in a position to begin the railway.

Some further circumstances connected with these matters are detailed in the Petition. It is therein shown that in June 1873 the Dominion Government selected the harbour of Esquimalt, on the Pacific, as the western terminus of the Canadian Pacific Railway; that they at the same time decided that a portion of the main line should be “located” between this terminus and Seymour Narrows; that some weeks prior to the day named in the Agreement for the commencement of the construction of the main line, they secured from the Provincial Government “in furtherance of such construction” a reserve of a valuable tract of land lying along this projected line and some 3,000 square miles in area; that, as already stated, no construction whatsoever was or has been commenced within the Province; that, the land so reserved has been thus rendered comparatively valueless to the Province, as it has ever since been closed to settlement and to the investment of capital.

Against the continuance of the above state of things, the Province, through its Legislature and its Government, from time to time entered protest after protest, but without effect, and without even eliciting any reply from the Dominion Government beyond a formal acknowledgment of the receipt of the despatch inclosing each protest. The last protest was forwarded in February of the present

year. Subsequently the correspondence took place which is appended to the Petition. From the questions raised by this correspondence, all those which are unimportant may be usefully eliminated. I propose, therefore (subject, perhaps, to a slight digression, where necessary), to confine my observations to the principal points in a letter from Mr. Edgar to myself, which contains certain proposals as regards railway matters.

The Provincial Government did not at the time understand that these proposals were officially made. They were subsequently withdrawn by the Dominion Government, and only at the moment of such withdrawal declared by them to have been made with their authority and on their behalf. The above letter, which thus became invested, though but for a brief time, with an authoritative character, is valuable as the only official intimation to the Provincial Government of the policy of the present Dominion Government on the subject of the Pacific Railway. In addition to certain proposals or offers to British Columbia, the letter contains important statements, and some specific admissions which favour the Provincial case.

I shall discuss these offers *seriatim*, and endeavour to ascertain their value taken in connection with the conditions attached to them, which conditions, as I shall afterwards show, virtually amount to a surrender by British Columbia of her existing railway agreement. I shall then offer some comments upon the above statements and admissions, using generally, as far as may be, the language in which they are expressed in the letter, in order to lessen the danger on my part of any inadvertent misconstruction of their meaning.

The offers made are as follows:—

No. 1. The Dominion will “commence construction from Esquimalt to Nanaimo immediately, and push that portion of railway on to completion within the shortest practicable time.”

The offer to commence work immediately at Esquimalt (which, as already stated, was selected as the western terminus of the main line by an Order of the Privy Council of Canada as far back as June 1873) is simply an offer to do what the Dominion was bound to have done in July 1873, and what they might have done at any time since, and which they admit in this letter was quite practicable in May last. The offer, your Lordship will notice, is a very limited one. No definite provision is made for the extension of the main line beyond Nanaimo (about 60 miles from Esquimalt); nor, indeed, is any definite period fixed for the completion of even this short portion of the railway, which would take neither much time nor money to construct. The promise to complete it “in the shortest practicable time,”—a promise in effect attached to all the offers in the letter,—is one which, slightly qualified, is implied in the present and in every other agreement of a similar character, in which no stipulation is inserted for the performance of work within a given time. The phrase is much too elastic in its meaning to admit of any definite interpretation. It may, for the present, therefore, be fairly omitted from special consideration, except as some evidence of a general intention on the part of the Dominion Government. I must assume, what the language conveys, that the words “that portion of railway,” means the Esquimalt and Nanaimo portion or part of the main railway, which is the only railway referred to in the letter. This would tend to show that the position of the terminus is not questioned. No other allusion to the terminus is made in the letter.

No. 2. The Dominion will prosecute and complete the surveys, and then determine “the location of the line upon the mainland.”

This promise is reasonable on the face of it, but it is very vague. In May last the Government of the Dominion informed the Provincial Government that “there was no reason to believe that it would be possible to complete the surveys before the close of the year” 1874. The reasonable inference deducible from this statement is, obviously, that the surveys would be finished at the end of 1874. If a longer period had been deemed necessary for the purpose, the fact would have been stated. Considering the intimation thus given, and looking to the long interval of time that has elapsed without any decision as to the route having been arrived at, it might have been expected that the letter would have positively guaranteed the completion, in 1874, of these and all other indispensable surveys within the Province

at least, and have further placed beyond conjecture the commencement of construction works early in 1875. I have been informed by a railway engineer here that, as a matter of practice, the exploratory surveys settle the general bearing or course of a line of railway, and that the subsequent location surveys may be proceeded with at several points along such line simultaneously, and the work of construction be commenced at those points without waiting for the actual location of the whole line. Such being the case, there is no valid reason, in view of all the facts above stated, why this practice should not be followed with respect to the Pacific Railway. The general course of the railway, within the Province at least, should be determined this year, and location surveys, immediately followed by actual construction, should be commenced early in 1875 at various points on the mainland and on the island. This is what British Columbia, above all things, desires, and any definite arrangement which will secure her wants in this respect will give the Province much satisfaction.

No. 3. The Dominion will "open up a road and build a telegraph line along the whole length of the railway in the Province, and carry the telegraph wire across the Continent."

The performance of this offer, both as to the road and the telegraph line, would depend, in point of time, upon the performance of the preceding offer (No. 2), as the above works would, according to the letter, only be commenced after the completion of the surveys and the location (within the Province) of the whole line along which they are proposed to be constructed. The fact is known to your Lordship, that the road here meant is a waggon road intended, for a time, at least, to supply the place of the railway. A personal knowledge of the country justifies me in stating that a very large portion of the 50,000*l.* or 60,000*l.* required for its construction would be money simply thrown away. I can also unhesitatingly state that the road would, even as a temporary substitute for the railway, be wholly unacceptable to the Province at large, including the farmers and producers of the "interior," in whose interests, and for whose benefit, it is alleged that the offer is especially made. For the transport of supplies, and to meet engineering necessities along the line, as railway works progress, a merely passable road is necessary, and must be constructed; this, in fact, is all that is required. The telegraph line (when finished) would, doubtless, be useful, but its construction is a question which should be treated independently of the Railway Agreement. The railway is what is required, and the people of the Province would prefer seeing the time and money, which are proposed to be expended on the above works, appropriated to the larger and infinitely more beneficial enterprise.

No. 4. When "the surveys and road on the mainland can be completed, there shall be in each and every year . . . during the construction of the railway, a minimum expenditure upon the works of construction within the Province of at least 1,500,000 dollars;" and the Dominion "will proceed from the very first with all the works of construction," on the mainland, "that their engineers could sanction."

The expenditure above proposed may be considered, first, in relation to its amount; and next, with reference to the date of its commencement. The amount falls far short of what British Columbia has been led to expect. The cost of the line in British Columbia has been roughly estimated at 35,000,000 dollars (7,000,000*l.*). Assuming this estimate to be correct, and that ten years would see the completion of the railway, the Province, in accepting the Terms of Union, had a fair expectation of an average yearly expenditure within her limits of, say, 3,500,000 dollars (700,000*l.*). After a delay of over three years with its consequent loss to the Province, it is now proposed by the letter that this amount shall be reduced to the sum of 1,500,000 dollars (300,000*l.*). Again, dividing the whole cost 35,000,000 dollars (7,000,000*l.*) by this sum, a period of twenty-three and a-half years would be obtained as the time required for the completion of the Provincial section of the line alone, and this period would be only computed from the date when expenditure would be commenced, and not from the date of the letter. It is true that the expenditure proposed is to represent a minimum outlay, which, after several years, might for obvious reasons increase with the progress of the work, but I submit that, in estimating the value of this, or of any similar proposal, the

actual figures given—and not contingent amounts which might never be spent—must be the bases of calculation.

Moreover, not only is the proposed expenditure inadequate, but the period when it is to be begin is left largely open to doubt. The letter states that the expenditure will follow the completion, “along the whole length of the railway in the Province,” of the waggon road mentioned in offer No. 3. The completion of this road, in turn, has to depend upon the completion of all the surveys, and upon the location of the whole line on the mainland (see offer No. 2); and the completion of these surveys and the location of this line are, in point of time, wholly left open to uncertainty. It is stated, that from the “very first” construction work on the mainland will be done at such places as the sanction of the Engineers will warrant; but this sanction will naturally be deferred until the expenditure which has been proposed to cover construction work generally should be commenced. Taken throughout, no offer could well be more indefinite than the above.

Adding all the uncertainties mentioned to the fixed period of 23½ years (or even to a reduced period), it would appear that the above offer may be described as one for the postponement of the completion of the line within the Province for a lengthened period, possibly until some time in the next century.

Your Lordship will observe—what I must consider an important matter—that all the preceding offers refer and are strictly confined to the British Columbian portion of the railway. The letter is wholly silent as to the extension of the line beyond the eastern frontier of the Province. British Columbia is thus by implication virtually requested to surrender one of the elements most important to her in the contract, namely, the right to insist upon all rail communication with the Eastern Provinces.

I shall now, as proposed, make a few comments upon certain statements and admissions contained in the letter. Probably the most important of the former is the statement, that the Dominion Government “are advised by their engineers that the physical difficulties are so much grater than was expected, that it is an impossibility to construct a railway within the time limited by the Terms of Union, and that any attempt to do so can only result in wasteful expenditure and financial embarrassment.” Upon this point the Provincial Government are without any information save what is afforded by the last Report, as published, of the Chief Engineer of the Dominion Government. A reference to this Report would lead the reader to a rather contrary conclusion to that above expressed. On page 34, section 5, the Chief Engineer makes the following statement:—“It may indeed be now accepted as a certainty that a route has been found generally possessing favourable engineering features, with the exception of a short section approaching the Pacific Coast; which route, taking its entire length, including the exceptional section alluded to, will on the average show lighter work, and will require less costly structures than have been necessary on many of the railways now in operation in the Dominion.” It is worthy of notice that this Report, so favourable to the enterprise, is dated only some four months prior to the date of the letter now under discussion. During the interval between these dates, all surveys in the Province had been suspended.

I may further remind your Lordship that the Charter for the construction and completion of the railway in ten years from 1871, according to the Terms of Union, was keenly competed for by two separate combinations, including men of great railway experience, large capital, and high position in the Dominion. These Companies, apparently, did not consider the undertaking to make the railway within the stipulated time impracticable. On the contrary, up to February 1873, so eager was the competition, and so powerful were the organizations in point of wealth, influence, and ability, that the Dominion Government decided to give the charter to neither; and, upon the two Companies failing to amalgamate, as suggested by the Government, the Government, under certain powers conferred by Parliament, formed a new Company, based upon the principle that each province should be represented in the undertaking. To this new Company a charter was granted on the 5th of February, 1873. With the political or other causes which subsequently led to the surrender of this charter it is not my duty to deal. The strong fact remains that two responsible and rival Companies were willing, and a third undertook, to construct a through-line of railway to connect the east and west of the Dominion in eight years from February 1873. Neither in the Prospectus of the successful Company nor in the voluminous correspondence which took place previously between the two unsuccessful Companies on the subject of their respective claims to the charter, and of their

proposed amalgamation, was any doubt expressed as to the possibility of fulfilling this time obligation. Had such a doubt existed, it is fair to infer that the Dominion Government would have requested the assistance of the Province to remove it. No such request was, however, made.

With respect to the statement before your Lordship that the chartered Company considered an extension of four years necessary to place the financial success of the enterprise beyond doubt, the Provincial Government are without any information save what is contained in, or may be inferred from, the last paragraph of section 8 of the Charter granted to the Company, which reads as follows:—"The Company shall complete the whole railway within ten years from the said 20th of July, 1871, unless the last-mentioned period shall be enlarged by Act of Parliament, in which case the Company shall complete the whole railway within such extended period." Admitting, for the sake of argument, however, that such extension of four years was deemed necessary, the completion of the line would not have been deferred beyond 1885. The extract already quoted from the Engineer's Report, dated, as it is, about twelve months after the date of the Charter, and made after a further knowledge of the country had been acquired, tends strongly to confirm the views of the respective Companies that the completion of the railway was practicable 1881 or at the furthest in 1885.

The value of the above facts and correspondence is material as showing, in the first place, that it was considered all important that a definite period should be assigned for the execution of a work upon which Confederation hinges; and, in the next place, that 1881, or at most 1885, was a reasonable definition of that period.

The Province, after all her disappointments, above all things desires that the "prompt commencement, continuous prosecution," and early completion of the railway shall be definitely assured or, in the language of the letter, "be guaranteed." The Provincial Government, therefore, strongly, but respectfully, resist the contention of the Dominion Government that the commencement, prosecution, and completion of the line shall be left open to a doubtful and indefinite period.

The further opening statement in the letter that the Dominion Government are willing "to enter into additional obligations of a definite character for the benefit of the Province" may be said to have been disposed of, as the nature and character of these "obligations" have, in the analysis made of the offers, been already examined. I shall, therefore, pass on to what I have termed the admissions in the letter. The most important of these is an admission which may be inferred from the offer made by the Dominion Government to "commence railway construction immediately from Esquimalt to Nanaimo." Here it is admitted that the Dominion Government were in a position, at least in May last (the date of the letter), if not before, to have begun the railway in the Province. There is, and has been, therefore, no excuse for delay in pushing forward the work.

Of scarcely less importance is a second admission, which reads as follows: "to a country like British Columbia it is conceded, however, to be an important point that not only the prompt and vigorous commencement, but also the continuous prosecution of the work of construction within the limits of the Province should be guaranteed."

To these two admissions may be added a third and last: the Dominion Government, while conceding that railway construction should be commenced at the seaboard of the Province, consider it most important that every effort should be made by them to push forward the construction of the railway on the mainland, in order that the legitimate advantages of expenditure should as far as possible fall into the hands of the farmers and producers of the interior.

This is an object which the Provincial Government have much at heart, and strongly desire to see realized.

With the clear and just sense which the Dominion Government thus appear to have of what is due to the Province; with their full appreciation, on the one hand, of the wants of the interior, and, on the other, of the requirements of the Island, it might have been expected that they would, as "a Government responsible for the progress of both shores of the Continent," at least have given some more definite as well as some practical meaning to their expressions of solicitude for the welfare of the people of the Province.

I have thus dwelt upon the letter at considerable length, as your Lordship's attention has been specially directed to it in connection with the present case. I



conceive the following to be a synopsis of its offers and conditions: Canada will commence, on the Island, immediate construction of the Railway at Esquimalt, and finish about 60 miles of it (time of completion indefinite). On the mainland, she will prosecute the surveys for the remainder of the line, and finish these surveys (time also indefinite). She will thereafter "locate" the line falling within the Province (time also indefinite). When this can be achieved, she will make, along this "located" line, a waggon road (which the Province does not want), and a telegraph line (which the Province has not asked for), and will carry the latter across the Continent (time of completion of both road and telegraph line indefinite). Ultimately, after the completion of the surveys and of the road, but not before, Canada will begin, and will continue railway work in the Province, and spend thereon, year by year, not less than 300,000*l.* (Whether this sum will include the Esquimalt line or not is doubtful. It is the only expenditure offered. As I have shown your Lordship, Canada thus proposes to ensure to the Province the completion of the line within her limits in twenty-three and a-half years, or less, dating from the unknown period at which the offered expenditure can be commenced.) Canada will do all this work "in the shortest time practicable," a phrase a shade stronger than the words "with due diligence," three words, the construction of which has given rise to much doubt, and to much painful litigation. In consideration of these offers (if accepted), British Columbia shall—1st, abandon all claim to the completion of the Canadian Pacific Railway within a definite time; and, 2ndly, shall (virtually, though not quite so expressed) surrender her right to, and interest in, the completion of about 2,000 miles of the line necessary to connect the eastern frontier with eastern Canada. Apart from the very objectionable features of the last two conditions, the indefinite character of the above proposals made to the Province is in marked contrast to the statement of the Dominion Government that, "to a country like British Columbia," it is important that the early completion of the railway within her limits should be ensured; and, therefore, that a guarantee should be given by the Dominion Government for "its prompt commencement" (which depends on the prompt completion of the surveys), and also for "its continuous construction" (which depends on yearly specific expenditure). This concludes my remarks upon the letter.

I have endeavoured to place before your Lordship a full history of the position of British Columbia with respect to Confederation. A very unsatisfactory state of affairs has been disclosed, if the question be regarded simply as a question between the Dominion and one of her Provinces. On the part of the Dominion there have been delays, default, and avowal of default, followed by offers and conditions such as I have described.

The peculiar situation of British Columbia—her remoteness—her weak political position—her dependence on the good faith of the Dominion—the hopes that have been held out and deferred—the grievous loss that has ensued—the consequent utter prostration of her interests, all these give her claims upon Canada, which the present Dominion Government have, as already shown, to a certain extent acknowledged, in words. These claims, the Provincial Government hope, will not be overlooked by your Lordship in considering the reasonable measure of justice to which the Province is entitled under the Terms of Union. The Province has not expected anything that is unreasonable, and does not do so now. It is her urgent desire that matters should be forthwith placed on a fair business-like footing, and above all, on a footing of certainty, with proper safeguards to ensure that certainty, so that a good and cordial understanding may be restored and not again be disturbed.

I have, &c.  
(Signed) GEO. A. WALKEM,  
*President of the Executive Council of British Columbia.*

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No. 28.

*The Earl of Carnarvon to the Earl of Dufferin.*

My Lord,

*Downing Street, November 17, 1874.*

I DULY received your despatch of the 18th September,\* inclosing an Order in Council setting forth the views of your Ministers as to the proposals contained in

\* No. 26.

my despatch of the 16th August for the settlement of the controversy between Canada and British Columbia respecting the Pacific Railway. I subsequently again saw Mr. Walkem, and at his request I have delayed the announcement of the terms which, in my opinion, may properly be laid down as fair and reasonable, until the receipt of a further written communication from him, which has now reached me, and a copy of which I inclose.

The statements thus placed before me are so clear and complete as to assist me materially in appreciating the position in which the question now stands, and in judging without hesitation what modification of the original terms should be adopted. And I would here express my satisfaction at the temperate and forbearing manner in which points involving most important consequences have been argued on both sides, and the pleasure which I feel in being able to think that asperity of feeling or language may have been, in some degree, avoided through the opportunity of submitting the whole case to the independent judgment of one who may at least claim to have the interests of both parties equally at heart.

I explained very fully in my despatch of the 16th August the opinion which I entertained on each of the principal questions at issue, and I need now add but little to the simple statement of my decision. That decision is necessarily, as both parties are aware, in the nature of a compromise, and as such it may perhaps fall short of giving complete satisfaction to either. If, on the one hand, your Ministers, as you inform me, consent with reluctance to the further concessions which at an earlier stage I suggested, they will not, on the other hand, fail to bear in mind that even after those concessions are made British Columbia will receive considerably less than was promised to her as the condition of entering the Dominion. I prefer rather to reflect that under the amended terms now to be established, British Columbia will, after all, receive very great and substantial advantages from its union with Canada, while the Dominion will be relieved of a considerable part of those obligations which were assumed in the first instance without a sufficient knowledge of the local conditions under which so enormous and difficult an undertaking was to be carried into effect, and to fulfil which would seriously embarrass the resources of even so prosperous a country as Canada.

Adhering then to the same order in which, on the 16th August, I stated the principal points on which it appeared to me that a better understanding should be defined, I now proceed to announce the conclusions at which I have arrived. They are:—

1. That the railway from Esquimalt to Nanaimo shall be commenced as soon as possible, and completed with all practicable despatch.

2. That the surveys on the main land shall be pushed on with the utmost vigour. On this point, after considering the representations of your Ministers, I feel that I have no alternative but to rely, as I do most fully and readily, upon their assurances that no legitimate effort or expense will be spared, first to determine the best route for the line, and, secondly, to proceed with the details of the engineering work. It would be distasteful to me, if indeed it were not impossible, to prescribe strictly any minimum of time or expenditure with regard to work of so uncertain a nature; but, happily, it is equally impossible for me to doubt that your Government will loyally do its best in every way to accelerate the completion of a duty left freely to its sense of honour and justice.

3. That the waggon road and telegraph line shall be immediately constructed. There seems here to be some difference of opinion as to the special value to the Province of the undertaking to complete these two works; but after considering what has been said, I am of opinion that they should both be proceeded with at once, as indeed is suggested by your Ministers.

4. That 2,000,000 dollars a-year, and not 1,500,000 dollars, shall be the minimum expenditure on railway works within the Province from the date at which the surveys are sufficiently completed to enable that amount to be expended on construction. In naming this amount I understand that, it being alike the interest and the wish of the Dominion Government to urge on with all speed the completion of the works now to be undertaken, the annual expenditure will be as much in excess of the minimum of 2,000,000 dollars as in any year may be found practicable.

5. Lastly, that on or before the 31st December, 1890, the railway shall be completed and open for traffic from the Pacific seaboard to a point at the western end of Lake Superior, at which it will fall into connection with existing lines of railway through a portion of the United States, and also with the navigation on Canadian waters. To proceed at present with the remainder of the railway

extending, by the country northward of Lake Superior, to the existing Canadian lines, ought not, in my opinion, to be required, and the time for undertaking that work must be determined by the development of settlement and the changing circumstances of the country. The day is, however, I hope, not very distant when a continuous line of railway through Canadian territory will be practicable, and I therefore look upon this portion of the scheme as postponed rather than abandoned.

In order to inform Mr. Walkem of the conclusions at which I have arrived, I have thought it convenient to give him a copy of this despatch, although I have not communicated to him any other part of the correspondence which has passed between your Lordship and me.

It will, of course, be obvious that the conclusion which I have now conveyed to you upholds, in the main, and subject only to some modifications of detail, the policy adopted by your Government with respect to this most embarrassing question. On acceding to office your Ministers found it in a condition which precluded a compliance with the stipulations of Union. It became, therefore, their duty to consider what other arrangements might equitably and in the interests of all concerned be substituted for those which had failed. And in determining to supplement the construction of some part of the new railway by that vast chain of water communications which Nature might seem to have designed for the traffic of a great country, I cannot say that they acted otherwise than wisely. I sincerely trust that the more detailed terms which I have now laid down as those on which this policy should be carried out will be found substantially in accordance with the reasonable requirements of the Province, and with that spirit of generous and honourable adherence to past engagements which ought in an especial degree to govern the dealings of a strong and populous community with a feebler neighbour, and which I well know to be the characteristic of all parties and statesmen alike within the Dominion of Canada.

I have, &c.  
(Signed) CARNARVON.

No. 29.

*Colonial Office to Mr. Walkem.*

Sir,

*Downing Street, November 17, 1874.*

I AM directed by the Earl of Carnarvon to transmit to you a copy of a despatch which, after fully considering the representations made to him on the part of the Dominion Government and by yourself, his Lordship has addressed to the Earl of Dufferin on the subject of the Canadian Pacific Railway.\* As this despatch contains a full explanation of the conclusions at which Lord Carnarvon has arrived, his Lordship does not feel it necessary to enter, on the present occasion, into any lengthened examination of the various points which you have pressed upon his notice from time to time.

It will be a source of deep satisfaction to Lord Carnarvon if the good feeling between Canada and British Columbia, to the maintenance of which you have contributed by the temperate and reasonable manner in which you have urged the claims of your Province, is permanently confirmed by the aid of his intervention.

I am, &c.  
(Signed) ROBERT G. W. HERBERT.

No. 30.

*The Earl of Carnarvon to the Earl of Dufferin.*

My Lord,

*Downing Street, January 1, 1875.*

I HAVE the honour to inform you that Her Majesty will not be advised to exercise her power of disallowance with respect to the following Acts of the Legislature of the Dominion of Canada, transcripts of which accompanied your despatch of the 23rd of September last:—

\* No. 28.

No. 2, "An Act to authorize the raising of a loan for the construction of certain public works with the benefit of the Imperial Guarantee for a portion thereof."

No. 14, "An Act to provide for the construction of the Canadian Pacific Railway."

I have, &c.  
(Signed) CARNARVON.

No. 31.

*The Earl of Dufferin to the Earl of Carnarvon.—(Received December 30, 1874.)*

My Lord,

*Government House, Ottawa, December 18, 1874.*

I HAVE the honour to transmit to your Lordship a copy of an Order of the Privy Council, in which my Ministers convey to your Lordship their best acknowledgments for the pains and trouble you have been good enough to take in promoting the settlement of the differences which have arisen between British Columbia and the Government of the Dominion.

I have, &c.  
(Signed) DUFFERIN.

Inclosure in No. 31.

*Report of a Committee of the Honourable the Privy Council, approved by his Excellency the Governor-General on the 18th December, 1874.*

THE Committee of Council have had under consideration the despatch of the Right Honourable Lord Carnarvon, Secretary of State for the Colonies, of November 17, conveying a statement of the new terms with British Columbia which, in his Lordship's opinion, may properly be laid down as fair and reasonable, concerning the construction of the Pacific Railway.

In the Minute of July 23 the Government of the Dominion advised that his Lordship should be informed of their willingness to leave it to him to say whether the exertions of the Government, the diligence shown, and the offers made, were or were not fair and just, and in accordance with the spirit of the original agreement, seeing it was impossible to comply with the letter of the terms of union in this particular.

The conclusion at which his Lordship has arrived "upholds," as he remarks, in the main, and subject only to some modifications of detail, the policy adopted by this Government on this most embarrassing question.

The Minute of Council of September 17 contained a statement of reasons showing why some of these modifications should not be pressed, but the Government, actuated by an anxious desire to remove all difficulties, expressed a willingness to make these further concessions rather than forego an immediate settlement of so irritating a question, as the concessions suggested might be made without involving a violation of the spirit of any Parliamentary resolution or the letter of any enactment.

The Committee of Council respectfully request that your Excellency will be pleased to convey to Lord Carnarvon their warm appreciation of the kindness which led his Lordship to tender his good offices to effect a settlement of the matter in dispute, and also to assure his Lordship that every effort will be made to secure the realization of what is expected.

Certified,  
(Signed) W. A. HIMSWORTH,  
*Clerk, Privy Council.*

*The Earl of Carnarvon to the Earl of Dufferin.*

My Lord,

*Downing Street, January 4, 1875.*

I HAVE the honour to acknowledge the receipt of your despatch of the 18th of December,\* forwarding to me a copy of an Order of the Dominion Privy Council, expressing the acknowledgments of the Government of Canada for the services which I have been fortunate enough to render in promoting the settlement of the differences which had arisen between British Columbia and the Government of the Dominion with respect to the construction of the Pacific Railway.

It has been with great pleasure that I have received this expression of their opinion, and I sincerely rejoice to have been the means of bringing to a satisfactory conclusion a question of so much difficulty, of removing, as I trust, all ground of future misunderstanding between the Province of British Columbia and the Dominion, and of thus contributing towards the ultimate completion of a public work in which they, and indeed the whole Empire, are interested.

I have, &c.  
(Signed) CARNARVON.

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\* No. 31.

## APPENDIX.

## No. 1.

*Terms of Union between Canada and British Columbia.*

CANADA shall be liable for the debts and liabilities of British Columbia existing at the time of the Union.

2. British Columbia not having incurred debts equal to those of the other Provinces now constituting the Dominion, shall be entitled to receive, by half-yearly payments, in advance from the General Government, interest at the rate of 5 per cent. per annum on the difference between the actual amount of its indebtedness at the date of the Union, and the indebtedness per head of the population of Nova Scotia and New Brunswick (27 dol. 77 c.), the population of British Columbia being taken at 60,000.

3. The following sums shall be paid by Canada to British Columbia for the support of its Government and Legislature, to wit, an annual subsidy of 35,000 dollars, and an annual grant equal to 80 c. per head of the said population of 60,000, both half-yearly in advance, such grant of 80 c. per head to be augmented in proportion to the increase of population, as may be shown by each subsequent decennial census, until the population amounts to 400,000, at which rate such grant shall thereafter remain, it being understood that the first census be taken in the year 1881.

4. The Dominion will provide an efficient mail service, fortnightly, by steam communication, between Victoria and San Francisco, and twice a week between Victoria and Olympia; the vessels to be adapted for the conveyance of freight and passengers.

5. Canada will assume and defray the charges for the following services:—

- A. Salary of the Lieutenant-Governor;
- B. Salaries and allowances of the Judges of the Superior Courts and the County or District Courts;
- C. The charges in respect to the Department of Customs;
- D. The postal and telegraphic services;
- E. Protection and encouragement of fisheries;
- F. Provisions for the militia;
- G. Lighthouses, buoys, and beacons, shipwrecked crews, quarantine and marine hospitals, including a marine hospital at Victoria;
- H. The geological survey;
- I. The Penitentiary;

And such further charges as may be incident to and connected with the services which, by the "British North America Act of 1867," appertain to the General Government, and as are or may be allowed to the other Provinces.

6. Suitable pensions, such as shall be approved of by Her Majesty's Government, shall be provided by the Government of the Dominion for those of Her Majesty's servants in the Colony whose position and emoluments derived therefrom would be affected by political changes on the admission of British Columbia into the Dominion of Canada.

7. It is agreed that the existing Customs tariff and excise duties shall continue in force in British Columbia until the railway from the Pacific Coast and the system of railways in Canada are connected, unless the Legislature of British Columbia should sooner decide to accept the Tariff and Excise Laws of Canada. When Customs and Excise duties are, at the time of the union of British Columbia with Canada, leviable on any goods, wares, or merchandizes in British Columbia, or in the other Provinces of the Dominion, those goods, wares, and merchandizes may, from and after the Union, be imported into British Columbia from the Provinces now composing the Dominion, or from either of those Provinces into British Columbia, on proof of payment of the Customs or Excise duties leviable thereon in the Province of exportation, and on payment of such further amount (if any) of Customs or Excise duties as are leviable thereon in the Province of importation. This arrangement to have no force or effect after the assimilation of the Tariff and Excise duties of British Columbia with those of the Dominion.

8. British Columbia shall be entitled to be represented in the Senate by three members, and by six members in the House of Commons. The representation to be increased under the provisions of the "British North America Act, 1867."

9. The influence of the Dominion Government will be used to secure the continued maintenance of the naval station at Esquimalt.

10. The provisions of the "British North America Act, 1867," shall (except those parts thereof which are in terms made, or by reasonable intendment may be held to be specially applicable to, and

only affect one and not the whole of the Provinces now comprising the Dominion, and except so far as the same may be varied by this Minute) be applicable to British Columbia in the same way and to the like extent as they apply to the other Provinces of the Dominion, and as if the Colony of British Columbia had been one of the Provinces originally united by the said Act.

11. The Government of the Dominion undertake to secure the commencement simultaneously, within two years from the date of the Union, of the construction of a railway from the Pacific towards the Rocky Mountains, and from such point as may be selected, east of the Rocky Mountains, towards the Pacific, to connect the seaboard of British Columbia with the railway system of Canada; and further, to secure the completion of such railway within ten years from the date of the Union.

And the Government of British Columbia agree to convey to the Dominion Government, in trust, to be appropriated in such manner as the Dominion Government may deem advisable in furtherance of the construction of the said railway, a similar extent of public lands along the line of railway throughout its entire length in British Columbia, not to exceed, however, twenty miles on each side of said line, as may be appropriated for the same purpose by the Dominion Government from the public lands in the north-west territories and the Province of Manitoba. Provided that the quantity of land which may be held under pre-emption right, or by Crown right within the limits of the tract of land in British Columbia to be so conveyed to the Dominion Government, shall be made good to the Dominion from contiguous public lands; and provided further, that until the commencement, within two years, as aforesaid, from the date of the Union, of the construction of the said railway, the Government of British Columbia shall not sell or alienate any further portions of the public lands of British Columbia in any other way than under right of pre-emption, requiring actual residence of the pre-emptor on the land claimed by him. In consideration of the land to be so conveyed in aid of the construction of the said railway, the Dominion Government agree to pay to British Columbia, from the date of the Union, the sum of 100,000 dollars per annum, in half-yearly payments in advance.

12. The Dominion Government shall guarantee the interest for ten years from the date of the completion of the works, at the rate of 5 per cent. per annum, on such sum, not exceeding 100,000 sterling, as may be required for the construction of a first-class graving dock at Esquimalt.

13. The charge of the Indians, and the trusteeship and management of the lands reserved for their use and benefit, shall be assumed by the Dominion Government, and a policy as liberal as that hitherto pursued by the British Columbia Government shall be continued by the Dominion Government after the Union.

To carry out such policy, tracts of land of such extent as it has hitherto been the practice of the British Columbia Government to appropriate for that purpose, shall from time to time be conveyed by the Local Government to the Dominion Government in trust for the use and benefit of the Indians on application of the Dominion Government; and in case of disagreement between the two Governments respecting the quantity of such tracts of land to be so granted, the matter shall be referred for the decision of the Secretary of State for the Colonies.

14. The Constitution of the Executive Authority and of the Legislature of British Columbia shall, subject to the provisions of "The British North America Act, 1867," continue as existing at the time of the Union until altered under the authority of the said Act, it being at the same time understood that the Government of the Dominion will readily consent to the introduction of responsible Government when desired by the inhabitants of British Columbia, and it being likewise understood that it is the intention of the Governor of British Columbia, under the authority of the Secretary of State for the Colonies, to amend the existing Constitution of the Legislature by providing that a majority of its members shall be elective.

The Union shall take effect according to the foregoing terms and conditions on such day as Her Majesty, by and with the advice of Her Most Honourable Privy Council may appoint (on addresses from the Legislature of the Colony of British Columbia, and of the Houses of Parliament of Canada, in the term of the 14th section of "The British North America Act, 1867"), and British Columbia may in its address specify the electoral districts for which the first election of members to serve in the House of Commons shall take place.

No. 2.

[36 and 37 Vict., cap. 45.]

*An Act to authorize the Commissioners of Her Majesty's Treasury to guarantee the Payment of a Loan to be raised by the Government of Canada for the Construction of Public Works in that Country, and to Repeal the Canada Defences Loan Act, 1870.*

[21st July, 1873.]

WHEREAS one of the terms and conditions on which the Colony of British Columbia was admitted into union with the Dominion of Canada, by an Order in Council of the 16th day of May, one thousand eight hundred and seventy-one, was that the Government of the Dominion should secure the construction of a railway (in this Act referred to as the Pacific Railway) to connect the seaboard of British Columbia with the railway system of Canada, in manner more particularly mentioned in the Schedules to such Order:

And whereas the Government of the Dominion of Canada propose to raise by way of loan for the purpose of the construction of the Pacific Railway, and also for the improvement and enlargement of the Canadian canals, a sum of money not exceeding eight million pounds:

And whereas by an Act of the Parliament of Canada of the year 1868, chapter forty-one, the Governor in Council was authorized to raise by way of loan upon the guarantee of the Commissioners of Her Majesty's Treasury (in this Act referred to as "the Treasury"), for the purpose of the construc-

tion of the fortifications therein mentioned, sums not exceeding one million one hundred thousand pounds:

And whereas by the Canada Defences Loan Act, 1870, the Treasury were authorized to guarantee the payment of the principal of such loan and of interest thereon at a rate not exceeding four per cent. 33 & 34 Vict., c. 82.

And whereas no portion of the last-mentioned loan has been raised, and no such guarantee has been given:

And whereas it is expedient to authorize the Treasury to guarantee a portion, not exceeding two millions five hundred thousand pounds, of such loan of eight million pounds for the above-mentioned purposes, and to guarantee a further portion of the said loan not exceeding one million one hundred thousand pounds in substitution for a guarantee of a loan under the Canada Defences Loan Act, 1870:

Be it therefore enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

1. This Act may be cited as "The Canada (Public Works) Loan Act, 1873."

2. The Treasury may guarantee in such manner and form, and on such conditions as they think fit, the payment of the principal and interest (at a rate not exceeding four per cent. per annum) on all or any part of any loan raised by the Government of Canada for the purpose of the construction of the Pacific railway, and the improvement and enlargement of the Canadian canals, so that the total amount so guaranteed from time to time do not exceed three million six hundred thousand pounds.

Short title.  
Power to Treasury  
to guarantee loan.

3. The Treasury shall not give any guarantee under this Act unless and until provision is made by an Act of the Parliament of Canada, or otherwise, to the satisfaction of the Treasury—

Conditions of  
guarantee.

- (1) For raising and appropriating the said proposed loan of eight million pounds:
- (2) For charging the consolidated revenue fund of Canada with the payment of the principal and interest of any loan guaranteed by the Treasury under this Act, immediately after the charge of the loan for fortifications created by the said Act of the Parliament of Canada of the year one thousand eight hundred and sixty-eight, chapter forty-one:
- (3) For payment by the Government of Canada of a sinking fund at the rate of one per cent. per annum on the entire amount of the loan guaranteed by the Treasury under this Act, and for charging the consolidated revenue fund of Canada with the payment of such sinking fund immediately after the principal and interest of the last-mentioned loan:
- (4) For charging the consolidated revenue fund of Canada with any sum issued out of the Consolidated Fund of the United Kingdom under this Act with interest thereon at the rate of five per cent. per annum, immediately after the said sinking fund:
- (5) For the due payment and application of the money raised by any loan guaranteed by the Treasury under this Act, in such manner as the Treasury from time to time direct:
- (6) For remitting to the Treasury the annual sums for the sinking fund by equal half-yearly payments, in such manner as they from time to time direct, and for the investment and accumulation thereof, under their direction, in the names of four trustees, nominated from time to time, two by the Treasury and two by the Government of Canada.

The Treasury may guarantee the loan in such portions as they think fit, and before guaranteeing any portion of the loan after the first, shall satisfy themselves that the portion of the loan previously guaranteed (or an equal amount of any other loan of the Government of Canada), together with an equal amount of that portion of the said loan of eight million pounds which is not guaranteed by the Treasury, has been or is in the course of being spent for the purposes mentioned in this Act.

4. The said sinking fund may be invested only in such securities as the Government of Canada and the Treasury from time to time agree upon, and shall, whether invested or not be applied from time to time, under the direction of the Treasury, in discharging the principal of the loan guaranteed by the Treasury under this Act, and the interest arising from such securities (including the interest accruing in respect of any part of any loan discharged by means of the sinking fund), and the resulting income thereof shall be invested and applied as part of such sinking fund.

Application of  
sinking fund.

5. Every Act passed by the Parliament of Canada which in any way impairs the priority of the charge upon the consolidated revenue fund of Canada created by that Parliament of the loan guaranteed under this Act, and the interest and sinking fund thereof, and the sums paid out of the Consolidated Fund of the United Kingdom and the interest thereon, shall, so far only as it impairs such priority, be void, unless such Act has been reserved for the signification of Her Majesty's pleasure.

Alteration of Act  
relating to  
guaranteed loan.

6. The Treasury are hereby authorized to cause to be issued from time to time, out of the growing produce of the Consolidated Fund of the United Kingdom, such sums of money as may at any time be required to be paid to fulfil the guarantee under this Act in respect either of principal or interest.

Issue out of  
Consolidated Fund.

7. The Treasury may from time to time certify to one of Her Majesty's Principal Secretaries of State the amount which has been paid out of the Consolidated Fund of the United Kingdom to fulfil the guarantee under this Act, and the date of such payment; such certificate shall be communicated to the Governor of Canada, and shall be conclusive evidence of the amount having been so paid and of the time when the same was so paid.

Certificate of  
amount paid out of  
Consolidated Fund.

8. The Treasury shall cause to be prepared and laid before both Houses of Parliament a statement of any guarantee given under this Act, and an account of all sums issued out of the Consolidated Fund of the United Kingdom for the purposes of this Act, within one month after the same are so given or issued, if Parliament be then sitting, or if Parliament be not sitting, then within fourteen days after the then next meeting of Parliament.

Accounts to be laid  
before Parliament.

9. The Canada Defences Loan Act, 1870, is hereby repealed.

Repeal of  
33 & 34 Vict.,  
c. 82.