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REPORT

ON THE SUBJECT OF THE

MISSION OF THE HONORABLE MR. WALKER,

SPECIAL AGENT AND DELEGATE OF THE

PROVINCE OF BRITISH COLUMBIA TO ENGLAND,

WITH REGARD TO THE

NON-FULFILMENT BY CANADA OF THE RAILWAY CLAUSE
OF THE TERMS OF UNION.

*With the Appendix, being papers relating to the above subject, laid before
the Senate and House of Commons of Canada.*



VICTORIA :

PRINTED BY RICHARD WOLFENDEN, GOVERNMENT PRINTER,

AT THE GOVERNMENT PRINTING OFFICE, JAMES' BAY.

1875.



ADDENDA.

PROVINCIAL SECRETARY'S OFFICE,
22nd March, 1875.

SIR,—I have the honor to draw Your Excellency's attention to a letter dated the 21st February, 1874, from the Honorable A. Mackenzie to yourself, a copy of which is printed amongst the papers laid before the Dominion Parliament, respecting the non-fulfilment of the Terms of Union, and to request you will inform the Committee of Council if the letter in question ever reached Your Excellency.

This request is made because the Committee has always understood that Mr. Edgar never presented you with any credentials other than letters from the Governor-General of Canada, which were marked "private and confidential."

I have &c.,

(Signed)

JOHN ASH.

*His Excellency Lieutenant-Governor Trutch,
&c., &c., &c.*

LIEUTENANT-GOVERNOR'S OFFICE,
22nd March, 1875.

SIR,—The Lieutenant-Governor directs me to state in reply to the letter of this day's date addressed by you to His Honor, that the letter dated 21st February, 1874, from the Honorable A. Mackenzie to the Lieutenant-Governor, a copy of which is printed amongst the papers laid before the Dominion Parliament respecting the non-fulfilment of the Terms of Union, has never reached His Honor, nor was he aware until he read the printed copy above referred to, that any such letter had been addressed to him.

I have, &c.,

(Signed)

ARTHUR G. J. PINDER,

Private Secretary.

The Honorable the Provincial Secretary.

OTTAWA, March 24th, 1875.

SIR,—I have just received your telegram, informing me that you had not received the letter I addressed you, by Mr. Edgar, of February 21st, 1874.

I was not aware, until I received your telegram, that the letter had not been delivered to you. Mr. Edgar has, to-day, informed me that he did not hand you the letter, as your Ministers objected to any communication being made except through them. Mr. Edgar did not previously make me aware of this objection. Had I been informed of it, at the time, I would have directed him to deliver the letter, notwithstanding the objection.

I can only now express my regret that the letter was not delivered; and, that seeing it was not delivered, that it was published with the correspondence. I observe, however, that there is nothing in the letter which could, apparently, affect the question to be discussed by Mr. Edgar, as similar assurances were conveyed in my letter by Mr. Edgar to Mr. Walkem.

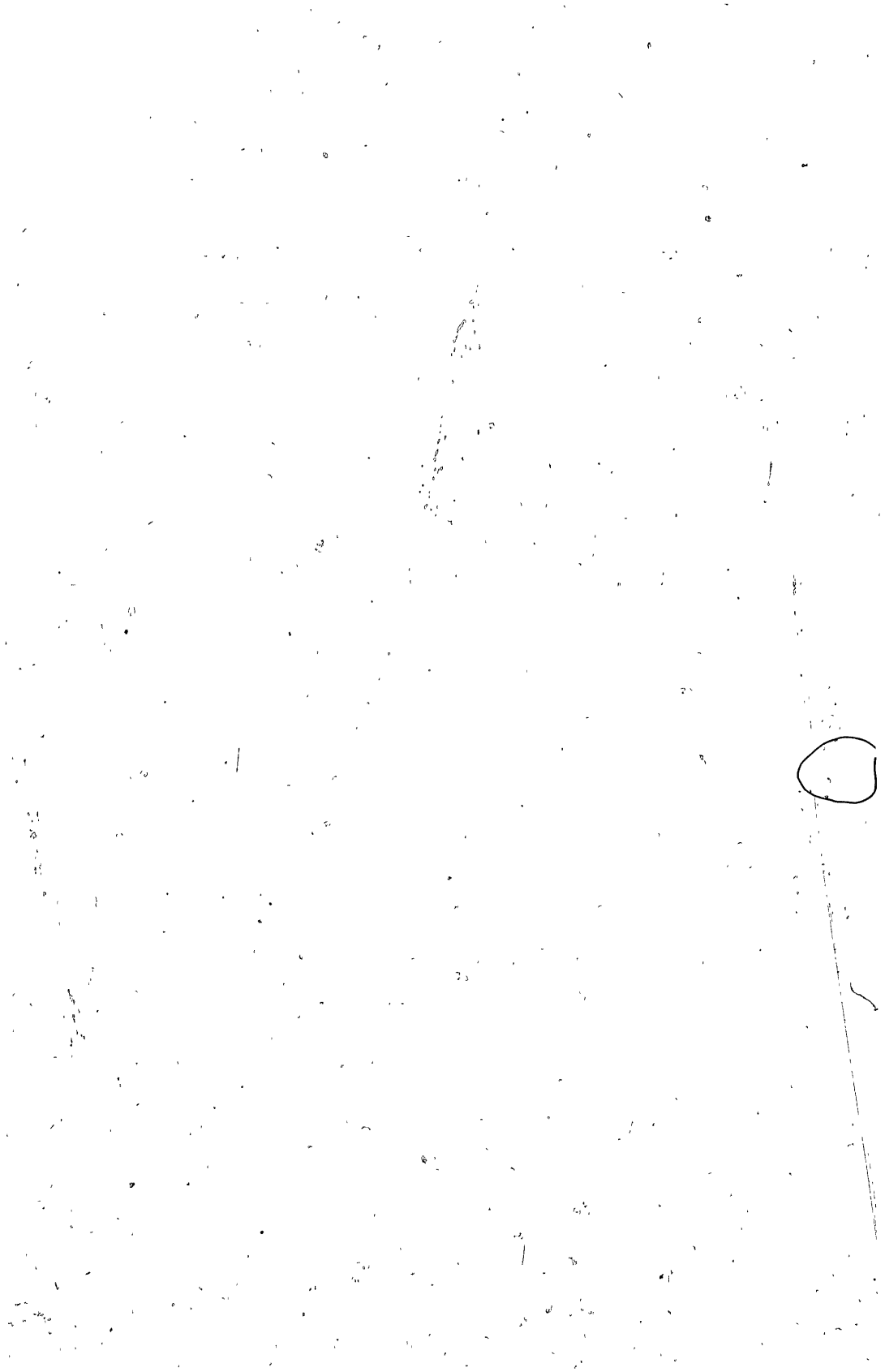
I am, &c.,

(Signed)

A. MACKENZIE.

His Honor

*Lieutenant-Governor Trutch,
Victoria, B. C.*



REPORT

On the subject of the mission of the Honorable Mr. Walkem, Special Agent and Delegate of the Province of British Columbia to England, with regard to the non-fulfilment by Canada of the Railway Agreement of the Terms of Union.

By Command.

JOHN ASH,

*Provincial Secretary's Office,
8th March, 1875.*

Provincial Secretary.

*To His Excellency the Honorable JOSEPH WILLIAM TRUTCH, Lieutenant-Governor
of British Columbia, &c., &c., &c.*

MAY IT PLEASE YOUR EXCELLENCY:—

I have the honor to report that, in pursuance of your instructions to me to proceed to England as the Delegate of your Government, there to present to Her Majesty's Government, a Petition from your Executive Council complaining of the breach by the Dominion of the Railway Clause of the Terms of Union, and to advocate the cause of the Province, as set forth in such Petition, I left Victoria for Ottawa on the 16th day of June, 1874, and arrived at the latter City on the 29th of the same month. Upon the following day, I made a personal application to the Secretary of State for the Order in Council necessary to place me in official communication with Her Majesty's Principal Secretary of State for the Colonies. I learned that owing to the absence from town of His Excellency the Governor-General, some delay in providing me with it would unavoidably occur. On the 4th of July, I addressed Mr. Mackenzie upon the same subject, and, in reply, received his assurance that a special messenger had been dispatched to procure His Excellency's signature to the Order, and that upon his return, it would be handed to me (Nos. 6 & 7.) In answer to my further letter of the 11th, the Order was sent to me, and after its receipt, I proceeded to England by the first Steamer which left Quebec.

On the evening of the 27th of July, I arrived in London, and on the 28th reported the fact to the Colonial Office, and requested the favor of an interview with Lord Carnarvon (No. 12.) In reply I was informed that His Lordship would grant me an audience on Friday, the 31st July (No. 13), and on that day I accordingly waited upon His Lordship and presented the Petition (No. 5) which accompanies this Report. At a long interview which immediately followed, a full statement of the case of the Province was made by me, and His Lordship was good enough to state that if any further information was required by him, I should be notified to that effect.

My next interview took place with the Under Secretary of State, on the 6th of August, in deference to his wishes, and several matters connected with the petition were then fully discussed. I may here state that the remarks and arguments offered by me on both these occasions, as well as at all subsequent interviews upon the same subject, are so fully given in substance in a letter which I addressed to Lord

Carnarvon on the 31st of October (No. 21), that I think it unnecessary here to restate them; indeed their repetition would only tend without advantage to burden this report. I may add, however, what has been inadvertently omitted from this letter, that at my first interview I respectfully urged that compensation should, as a matter of equity, be given by the Dominion to the Province, for the very serious loss that the latter had unquestionably sustained by the course which had been pursued by Canada; though, in a strictly legal point of view, damages in such cases were, as I observed, treated as consequential, or, professionally speaking, as too remote to be computed or allowed.

It may here be convenient to allude to the very friendly offer of Lord Carnarvon to act, under certain conditions, as arbitrator between the Dominion and Provincial Governments (No. 14). Mr. Sproat first informed me in August of the offer, and of its acceptance by the Provincial Government. I heard nothing more of the matter officially, and arbitration was not resorted to.

On the 16th of August I received, from the Colonial Office, a written acknowledgment (No. 18) of the receipt of the Petition, and also an intimation to the effect that Lord Carnarvon considered that he had the Provincial case fully before him, but that he did not anticipate that he would be able, before the lapse of two or three weeks, to decide upon the course he should pursue. At the end of that time I called at the Colonial Office and was told that his Lordship and the Under Secretary of State were absent from town. By the advice of the Acting Under Secretary, I wrote the annexed letter of the 10th of September (No. 19), to which I received a reply on the 14th, stating in effect that no conclusion had been arrived at in the matter (No. 20).

During September and October some further interviews took place, at the last of which I stated that before the case was closed, I desired, as a matter of record, to put in a letter expressive of the views and opinions which I had held, and of the arguments which, from time to time, I had advanced at the several hearings which had been granted to me. This letter is that of the 31st of October (No. 21), to which I have already invited your Excellency's attention.

On the 13th of November a final interview was at my instance afforded me. I referred to the various points set forth in my last letter. Lord Carnarvon thereupon informed me that in a few days he would state his views upon the whole question in writing, and forward the despatch on the subject to Lord Dufferin for the information of both Governments. At my special request, he was good enough to say that a copy would be sent to me. This copy, with its covering letter from Mr. Herbert, was received by me on the 18th of November. On the following day I saw him at the Colonial Office, and understood from him that the official despatches would reach your Excellency through the usual channel.

I delayed my departure from England in the hope of securing further aid from the Imperial Government for the construction of the Esquimalt Graving Dock. My negotiations in this direction were, I am happy to say, successful, and will form the subject of a separate report.

On the 17th day of December I sailed from England, and reached Ottawa in the beginning of January. I had conversations at different times with Mr. Mackenzie, upon the Railway and other Provincial business; and with a view of affording your Government immediate information upon some of these matters, I asked for, and obtained Mr. Mackenzie's authority, to state the substance of one of these conversations respecting the Railway and the Alaska Boundary. This I have done in my telegram of the 13th of January last, addressed to the Provincial Secretary. (No. 24) A copy of this message was, on the same day, handed by me to Mr. Mackenzie for his private information. About a week afterwards I learned that your Government had not received the official despatches embodying Lord Carnarvon's conclusions upon the Railway question, and upon enquiry at the Secretary of State's Office, I found that they had not been sent. I therefore requested Mr. Scott, the Secretary of State, by letter of Saturday the 23rd of January, to forward

them by Monday's mail to Victoria (No. 25). On Monday I failed to see him when I called at his office. The next day I was more fortunate, and he was good enough to assure me that no further delay would occur in their transmission. I shortly afterwards left Ottawa, and reached Victoria on the 18th of last month.

Within the last week the several telegrams (Nos. 26, 27, 28, 29, 30), which are appended hereto, have been sent and received upon the subject of the non-arrival of these despatches. The telegram from Lord Carnarvon is especially valuable as containing the only official intimation yet received that the Dominion Government has consented to adopt and follow the recommendations offered by his Lordship in his despatch of the 17th of last November.

Before closing this Report it will, no doubt, be as gratifying to Your Excellency to learn, as it is pleasing to me to state, that I received from Lord Carnarvon and from the Under Secretary of State for the Colonies a full and patient hearing; and every opportunity of placing the case of British Columbia in its true light and in all its bearings before his Lordship was cordially afforded me.

I must also acknowledge, which I do with much pleasure, the able services rendered by Mr. Sproat, the Agent-General of the Province, who upon the railway and all other questions evinced untiring zeal in advancing the interests of British Columbia.

It is worthy of record, that apart from the immediate result of the appeal to England, the Province attracted much attention from the prominence given to the object of my mission. Applications, greatly outnumbering those of any former year, or even number of years, were made at the office of the Agent-General during my stay in London, for full information respecting British Columbia, and its suitability as a home for intending settlers. The interest thus awakened in England has also been extended, in a considerable degree, to the Eastern Provinces; and I can state, from a reference to Mr. Sproat's books, that a number of immigrants, many of whom are in easy circumstances, will arrive here within the next few months.

I may be pardoned for adding that my mission differed but little—if at all—from missions of a similar character. It was not unattended with difficulties, as your Excellency can imagine; nor was my position one of freedom from labor and anxiety in the effort to discharge my duty towards the Province. Questions of a complex and intricate nature were, upon the reference to England of the issues between the two Governments, directly involved in the appeal itself. Further complications on my part would not only have been dangerous but mischievous.

I therefore, during my several interviews in England and at Ottawa, not only refrained from causing irritation between the Dominion and its Province, but endeavored on all occasions to allay it wherever circumstances pointed to its existence. As your Excellency will observe from my last letter to Lord Carnarvon, I labored—I hope not in vain—to convince Eastern Canada that British Columbia, in the advocacy of her rights, only sought to obtain a reasonable measure of justice without unduly pressing upon the resources of the Dominion, of which she forms a part.

Happily, the grave differences which at one time threatened to create a serious breach between the Dominion and her Western Province are now matters of the past.

For my own part, I trust that I may hereafter have cause to look back with satisfaction upon the settlement which has just been effected, and to reflect with sincere pleasure that under your Excellency's directions it fell to my lot in 1874 to be instrumental in promoting the welfare and advancement of the people of British Columbia.

I have the honor to be
Your Excellency's most obedient servant,
GEO. A. WALKEM.

CORRESPONDENCE AND PAPERS CONNECTED WITH MR.
WALKEM'S MISSION TO ENGLAND.

No. 1.

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

No. 40.

GOVERNMENT HOUSE,

11th June, 1874.

SIR,—I have the honor to enclose for the consideration of His Excellency the Governor-General, a Minute of the Executive Council of this Province, representing that British Columbia is suffering great injury from the failure by Canada to carry out the obligations of the 11th Clause of the Terms of Union, and that it is advisable, in the interests of this 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 this Government. In accordance with the advice of my Ministers, I have appointed the Honorable George Anthony Walkem, Attorney-General of this Province, to be such Special Agent and Delegate; and at their request I beg you to inform His Excellency the Governor-General, that Mr. Walkem has been duly appointed as such Special Agent and Delegate, and to move His Excellency to acquaint the Right Honorable 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 this Government appealing to Her Majesty, and to support the prayer thereof.

Mr. Walkem will proceed to Ottawa by the next Mail, and will take with him a duplicate of this Despatch.

I have &c.,

(Signed) JOSEPH W. TRUTCH.

No. 2.

Copy of a Report of a Committee of the Honorable Executive Council, approved by His Excellency the Lieutenant-Governor on the 11th day of June, 1874.

The Committee of Council have had under consideration the Memorandum of the Honorable Provincial Secretary, dated 11th June, 1874, representing that the essential clause of the Terms of Union provided that the Government of the Dominion should secure "the commencement simultaneously 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 Union."

That the set time for commencement of the work passed nearly a year ago; and that no commencement of construction has yet been made.

That the Secretary of State of the Dominion has informed this Government that no commencement can be made this year, in consequence of the surveys being incomplete.

That, by order of the Privy Council of Canada, it was decided last year that a portion of the line be located between the Harbour of Esquimalt and Seymour

Narrows; and, that in consequence of that order, and at the request of the Dominion Government, the lands for a width of twenty miles along that line have been reserved by the Provincial Government.

That the Premier of the Dominion Government has, in an informal manner, but nevertheless in a manner acknowledged to be at the instance of the Dominion Government, offered immediately to undertake the commencement of the work, provided that British Columbia would agree to certain Terms of relaxation.

That the relaxation proposed was, that British Columbia should agree to cancel the Railway Clause of the Terms, as regards the mainland part of the Province, and accept in lieu thereof a promise to build a waggon road after the line of Railway had been permanently located, on the completion of which, at an undefined time, railway construction would be commenced.

That such proposal has, however, been withdrawn.

That, according to the preamble of the "Canadian Pacific Railway Act, 1874," the railway is to be constructed as rapidly as the same can be accomplished without raising the rate of taxation.

That the bearing of the Dominion Government towards British Columbia is equivalent to the repudiation of the liability of the Dominion to fulfil as far as possible the engagement made respecting the construction of the Pacific Railway.

That, by the course of action taken by the Dominion Government, British Columbia, has sustained and is suffering great injury and loss.

That with a view to obtain redress, it is advisable that the case of British Columbia be submitted for the consideration of the Imperial Government.

The Committee concur with the recommendation, and advise that your Excellency do charge the Honorable the Attorney-General and the Provincial Secretary with the preparation of a memorial and remonstrance on behalf of the Province, regarding the non-fulfilment of the Terms of Union by the Dominion Government, to be submitted to Her Most Excellent Majesty the Queen in Council.

The Committee further advise, should this Report be approved, that the Honorable George Anthony Walkem be appointed a Special Agent and Delegate, instructed to proceed at once to London, for the purpose of placing the Memorial in the hands of the Right Honorable the Secretary of State for the Colonies, and of supporting the prayer thereof; and request Your Excellency to inform the Governor-General of Mr. Walkem's appointment, and ask that he be provided with a suitable introduction to Her Majesty's Principal Secretary of State for the Colonies.

(Certified)

W. J. ARMSTRONG,

Clerk, Executive Council.

No. 3.

Copy of a Report of the Honorable the Executive Council, approved by His Excellency the Lieutenant-Governor, on the 11th June, 1874

On a Memorandum dated 11th June, 1874, from the Honorable the Provincial Secretary, reporting with reference to the breach of the Terms of Union by the Dominion Government, and the Appeal to the Imperial Government thereon arising, that it is advisable that a telegram be sent to the Imperial Government, informing them that British Columbia is about to appeal against the breach, by the Dominion Government, of the Terms of Union, and that a Delegate from this Government is about to leave for London, to lay such Appeal before the Imperial Government.

The Committee concur, and advise that Your Excellency do telegraph to that effect to the Right Honorable the Secretary of State for the Colonies, and also through the proper channel to His Excellency the Governor-General, for the information of the Dominion Government.

(Certified)

W. J. ARMSTRONG,

Clerk Executive Council.

Lieutenant-Governor Trutch to the Earl of Carnarvon.

GOVERNMENT HOUSE, VICTORIA,
11th June, 1874.

MY LORD,—I have the honor to state that I have, at the instance of my responsible advisers, addressed to your Lordship a telegraphic despatch to the following effect:—

“*Colonial Secretary, London, 11th June,—*

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

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

TELEGRAM.

The Lieutenant-Governor to the Honorable the Secretary of State, Ottawa, Canada.

VICTORIA, B. C.,
June 11th, 1874.

My Ministers desire me to acquaint Dominion Government that they have resolved to appeal to Imperial Government upon Railway question, and that I have to-day, upon their advice, addressed the Secretary of State for Colonies following Telegram:—

“*Colonial Secretary, London,—*

“Ministry desire notify you that Delegate proceeds immediately London, pre-
sent Appeal British Columbia against breach by Canada Railway Terms Union.

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

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

GOVERNMENT HOUSE, VICTORIA,
11th June, 1874.

SIR,—I have the honor to enclose with reference to my telegraphic despatch to you of this day's date, the Minute of my Executive Council, in accordance with the advice contained in which my said despatch, and that to the Right Honorable the Secretary of State for the Colonies, a transcript of which was therein reported for the information of His Excellency the Governor-General, were addressed.

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

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

GOVERNMENT HOUSE, VICTORIA,
11th June, 1874.

SIR,—I have the honor to enclose, for the information of His Excellency the Governor-General, a copy of a despatch this day addressed by me to the Right Honorable the Secretary of State for the Colonies, with reference to my telegram to His Lordship of this day's date, a transcript of which has already been telegraphed to you.

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

No. 4.

Copy of a Report of a Committee of the Honorable the Executive Council, approved by His Excellency the Lieutenant-Governor on the 15th day of June, 1874.

On a memorandum, dated 15th day of June, 1874, from the Honorable the Provincial Secretary, recommending that the Memorial hereunto appended of the case of British Columbia be adopted, and presented to the Right Honorable the Secretary of State for the Colonies by the Honorable Mr. Walkem, on behalf of the Committee of Council of British Columbia.

The Committee advise that the recommendation be approved.

(Certified)

W. J. ARMSTRONG,

Clerk, Executive Council.

No. 5.

Petition of the Provincial Government to Her Majesty the Queen (as contained in the separate paper herewith).

No. 6.

The Honorable Mr. Walkem to the Honorable Mr. Mackenzie.

OTTAWA,

July 4th, 1874.

SIR,—I have been informed that you intend to leave for Quebec to-day. If this be the case, may I be excused for pressing upon your attention my present very unsatisfactory position in having received no definite information respecting my credentials to the Right Honorable the Principal Secretary of State.

It is considered of great importance by the Government of British Columbia that I should use all possible dispatch in executing my mission to England.

May I therefore request you to inform me when I shall be put in possession of the necessary authority to enable me to accomplish my task?

I have, &c.,

(Signed.)

GEO. A. WALKEM.

No. 7.

Mr. Buckingham to the Honorable Mr. Walkem.

OTTAWA,

July 4th, 1874.

SIR,—In reply to your letter to Mr. Mackenzie, of this morning's date, enquiring when you can procure your credentials as Delegate of British Columbia to the Imperial Government, I have the honor, by request of Mr. Mackenzie, to say that the necessary Minute of Council has already been forwarded to His Excellency the Governor-General for His Excellency's signature, and that it will be delivered to you immediately the special messenger returns with it to the City.

I have, &c.,

(Signed)

WM. BUCKINGHAM.

No. 8.

The Honorable Mr. Walkem to the Secretary of State for Canada.

OTTAWA, July 11th, 1874.

SIR,—As Mr. Himsworth has arrived from Tadousac, I have the honor to request you to furnish me to-day, if possible, with the documentary authority necessary to accredit me as Delegate from the Government of British Columbia to Her Majesty's Government. The object of my mission has already been stated in a despatch of last June, from the Government of British Columbia to the Dominion Government.

It is of importance that I should leave for England, and bring my work to a close with all convenient speed, hence my request that you will provide me with my letter to-day.

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

The Secretary of State to Mr. Walkem.

DEPARTMENT OF THE SECRETARY OF STATE, OTTAWA,
11th July, 1874.

I have the honor to transmit to you a certified copy of an Order of His Excellency the Governor-General in Council, on a despatch of His Excellency the Lieutenant-Governor of British Columbia, under date the 11th ultimo, relative to the alleged failure by the Government of the Dominion to carry out the obligations of the 11th Clause of the Terms of Union. In reference to the request of the Lieutenant-Governor, that the Right Honorable the Secretary of State be informed that you have been authorised by the Government of British Columbia as their Special Agent and Delegate, to submit their memorial appealing to Her Majesty, and to support the prayer thereof. I have to state that a despatch to that effect will be addressed by the Governor-General to the Earl of Carnarvon. I have, &c.,

(Signed) R. W. SCOTT.

No. 9.

Copy of a Report of a Committee of the Honorable the Privy Council, approved by His Excellency the Governor-General in Council, on the 8th July, 1874.

On a despatch, dated 11th June, 1874, from the Lieutenant-Governor of British Columbia, enclosing 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 Eleventh 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 Honorable 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 Honorable, 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 Honorable the Secretary of State, the Committee advise that the above request be acceded to.

(Certified)

W. A. HIMSWORTH,
Clerk Privy Council.

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

GOVERNMENT HOUSE, VICTORIA,
28th July, 1874.

SIR,—I have the honor to state that I have received and laid before my Executive Council, your despatch of the 13th inst, transmitting a copy of an Order of His Excellency the Governor-General in Council, and of a letter to Mr. Attorney-General Walkem on the subject of Mr. Walkem's Mission to England in support of the memorial of this Government to Her Majesty, with reference to the Railway Article of the Terms of Union of this Province with Canada.

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

No. 10.

The Honorable Mr. Walkem to the Honorable Mr. Mackenzie.

OTTAWA, July 13th, 1874.

SIR,—I have the honor to forward to you, for your perusal and for the information of your Government, two copies of the Protest of the British Columbia Government (against the breach or infraction of the "Terms of Union" with Canada by the Dominion Government), which I have been authorised to present in person to Her Majesty's Government. Two copies of the Charts referred to in the Protest are also herewith forwarded.

May I request you to be good enough to acknowledge their receipt.

I have, etc.,
(Signed) GEO. A. WALKEM,
Attorney-General, B. C.

No. 11.

The Under Secretary of State to the Honorable Mr. Walkem.

DEPARTMENT OF THE SECRETARY OF STATE, OTTAWA,
13th July, 1874.

SIR,—I am directed to acknowledge the receipt of your letter of this date, addressed to the Honorable Mr. Mackenzie, transmitting two copies of the Protest of the British Columbia Government against the alleged breach or infraction of the Terms of Union with Canada, by the Dominion Government, which you have been authorized to present in person to Her Majesty's Government; and also forwarding two copies of the Charts referred to in the Protest.

I have, &c.,
(Signed) EDOUARD J. LANGEVIN.

No. 12.

The Honorable Mr. Walkem to the Right Honorable the Secretary of State for the Colonies.

LONDON,
July 28th, 1874.

MY LORD,—I have the honor 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 honor me with a personal interview at the earliest hour which may prove convenient.

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

No. 13.

*Mr. Meade to the Honorable Mr. Walkem.*DOWNING STREET,
29th July, 1874.

SIR,—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 3.30 P.M., on Friday next, the 31st instant.

I am, &c.,

(Signed)

R. H. MEADE.

No. 14.

The Governor-General to the Lieutenant-Governor of British Columbia.

[Received 27th July, 1874.]

July 3rd, 1874.

SIR,—In obedience to the instructions of the Secretary of State, I have the honor to transmit, for your information, the enclosed Despatch.

I have, &c.,

(Signed)

DUFFERIN.

*The Earl of Carnarvon to the Governor-General.*DOWNING STREET,
18th June, 1874.

MY LORD,—The intimation, which I have received by telegraph, of the departure from British Columbia of the President of the Council and Attorney-General of that Province, 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 of serious regret.

2. It is not my wish, nor is it a part of my ordinary duty, to interfere in these questions. They appear to be such as it should be within the province and the competency 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 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 disadvantages to all parties, remain the subject of prolonged, and it may be acrimonious, discussions; 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 to 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 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, etc.,

(Signed)

CARNARVON.

No. 15.

Copy of a Report of a Committee of the Honorable the Executive Council approved by His Excellency the Lieutenant-Governor, on the 5th August, 1874.

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 dated 18th June, 1874, from the Right Honorable 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 the 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 possibly be acceptable to both parties that he should tender his good offices in determining the new points which had 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 Honorable the Secretary of State for the Colonies, be immediately communicated by Your Excellency to that Minister by telegraph and by mail, 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)

W. J. ARMSTRONG,
Clerk Executive Council.

 No. 16.

SAN FRANCISCO,
18th June, 1874.

His Excellency Lieutenant-Governor Trutch, Province of British Columbia, Victoria.

DEAR SIR,—We have just received the following cable message from London:

“LONDON,
“18th June.

“Private and confidential. Advise Governor Trutch, Vancouver, by letter, “Sproat says Carnarvon offers to arbitrate between Dominion and Province, both “parties concurring. Sproat strongly recommends this;” which message you will no doubt understand.

We are, &c.,
(Signed) FAULKNER, BELL & Co.

BRITISH COLUMBIA.
LIEUTENANT-GOVERNOR'S OFFICE,
June 26th, 1874.

GENTLEMEN,—I am directed by the Lieutenant-Governor to acknowledge the receipt of your letter to him, of the 18th instant, and to thank you for the information it conveys, which is fully understood by His Honor.

I have, &c.,

(Signed) ARTHUR G. J. PINDER,
Private Secretary.

Messrs. Faulkner, Bell & Co., San Francisco, California.

 No. 16A.

Lieutenant-Governor Trutch to Governor-General.

GOVERNMENT HOUSE, VICTORIA,
29th July, 1874.

MY LORD,—I have the honor to acknowledge the receipt, on the day before yesterday, of Your Lordship's despatch of the 3rd instant, transmitting, by direction of the Right Honorable the Secretary of State for the Colonies, for the information

of this Government, a copy of a despatch from that Minister to Your Lordship proposing himself as arbitrator in the matter under discussion, between the Government of Canada and this Province, in relation to the 11th Article of the Terms of Union of British Columbia with Canada.

I have submitted Your Lordship's despatch and that from Lord Carnarvon to Your Lordship, therein transmitted, for the consideration and advice of my Executive Council.

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

No. 16b.

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

GOVERNMENT HOUSE, VICTORIA,
3rd August, 1874.

SIR,—I have the honor to transmit to you for the information of His Excellency the Governor-General, a copy of a despatch addressed by me to Her Majesty's Principal Secretary of State for the Colonies, expressing the acceptance by this Government of the offer made by His Lordship in his despatch of 28th June last, to the Governor-General, to arbitrate in the difference existing between the Government of Canada and this Province, in relation to the Railway Article of the Terms of Union, together with a copy of the Minute of the Executive Council of British Columbia therewith enclosed, expressing the opinions and advice of my responsible Ministers upon Lord Carnarvon's proffered arbitration, and in accordance with which my said despatch to His Lordship, and the telegraphic message therein referred to—and of which a copy is appended—as well as this communication and the telegram to you of this day's date—a copy of which is also attached hereto—are at the same time despatched.

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

No. 16c.

Lieutenant-Governor Trutch to Earl Carnarvon.

GOVERNMENT HOUSE, VICTORIA,
3rd August, 1874.

MY LORD,—I have the honor 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 enclose 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 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.

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

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

No. 17.

Lieutenant-Governor to Her Majesty's Principal Secretary of State for the Colonies.

3rd August, 1874.

Upon advice of Responsible Ministers I accept on behalf of British Columbia arbitration offered in your Despatch to Lord Dufferin, eighteenth June. Please acknowledge.

(Signed) JOSEPH W. TRUTCH.

Her Majesty's Principal Secretary of State for the Colonies to Lieutenant-Governor.

Your Telegram of August 3rd, received.

(Signed) CARNARVON.

*Lieutenant-Governor to Secretary of State for Canada.*VICTORIA, B. C.,
August 3rd, 1874.

My Ministers request me to state for the information of the Governor-General that the following message has been this day telegraphed to Lord Carnarvon:—

“Colonial Secretary, London,—

“Upon advice of Responsible Ministers, I accept on behalf of British Columbia arbitration offered in your despatch to Lord Dufferin, 18th June. Please acknowledge.”

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

No. 18.

*Mr. Herbert to the Honorable Mr. Walkem.*DOWNING STREET,
15th August, 1874.

SIR,—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 Government; 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. 19.

The Honorable Mr. Walkem to the Right Honorable the Secretary of State for the Colonies.

LONDON,
10th September, 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. 20.

Mr. Malcolm to the Honorable Mr. Walkem.

DOWNING STREET,
14th September, 1874.

SIR,—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 have, &c.,

(Signed) W. R. MALCOLM.

No. 21.

The Honorable Mr. Walkem to the Earl of Carnarvon.

LONDON,
October, 31st, 1874.

MY LORD,—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 a 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 as 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 honor 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 counterbalanced 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 formally 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, 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," mean 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 or £60,000 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). 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). 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). Again, dividing the whole cost 35,000,000 dollars (£7,000,000) 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 basis of calculation.

Moreover, not only is the proposed expenditure inadequate, but the period when it is to be begun 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 twenty-three and

a-half 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 greater 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 favorable 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 favorable 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 informa-

tion save what is contained in, or may be inferred from, the last paragraph of section 8^o 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 in 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. (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.

No. 22.

*Mr. Herbert to the Honorable Mr. Walkem.*DOWNING STREET,
17th November, 1874.

SIR,—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 have, &c.,
(Signed) ROBERT G. W. HERBERT.

No. 23.

*The Earl of Carnarvon to the Earl of Dufferin.*DOWNING STREET,
November 17th, 1874.

MY LORD,—I duly received your despatch of the 18th September, enclosing an Order in Council, setting forth the views of your Ministers as to the proposals contained in 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 enclose.

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 dispatch.

2. That the surveys on the mainland 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 the 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 con-

cerned 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. 24.

TELEGRAM.

The Honorable Mr. Walkem to the Provincial Secretary.

OTTAWA,

January 13th, 1874.

Premier agrees to commence Island location in March, prosecute work vigorously, and prosecute Mainland surveys vigorously. In the interim last Summer's work will be plotted. Railway iron has been ordered for Columbia. Carnarvon's decision adopted. Legislation upon decision deemed unnecessary by Premier. He manifested very sincere good-will towards Columbia, and received me with generous spirit Alaska already attended to. Have not settled other business with him. Will telegraph my departure.

(Signed) GEO. A. WALKEM.

No. 25.

The Honorable Mr. Walkem to the Secretary of State for Canada.

OTTAWA,

January 23rd, 1875.

SIR,—The Provincial Secretary of British Columbia has requested me, by telegram, to ask you to be good enough to officially communicate, at your earliest convenience, the decision upon Railway matters given by Lord Carnarvon on the 17th November, last.

The Government of the Province would appear to have had no official intimation upon the subject; I shall therefore feel obliged to you if you will cause the necessary despatches to be forwarded on Monday next, the 25th instant.

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

No. 26.

TELEGRAM.

The Lieutenant-Governor to the Earl of Carnarvon.

This Government having received no reply to Railway Memorial, and Legislature being in session, urgently request to be informed, by telegraph, whether official reply has yet been sent, or may be expected; and whether Canada accepts decision in your despatch handed Mr. Walkem. No communication from Ottawa on subject.

(Signed) JOSEPH W. TRUTH.

No. 27

TELEGRAM.

The Honorable Mr. Walkem to the Under Secretary of State for the Colonies.

3rd March, 1875.

Authorize Government to use copy Railway despatch you gave me. You stated, and your private letter says, communication through Governor-General, and copy handed me for own convenience.

(Signed) GEO. A. WALKEM.

No. 28.

TELEGRAM.

The Earl of Carnarvon to the Lieutenant-Governor of British Columbia.

March 4th, 1875.

My despatch to Governor-General, of November 17th, was officially communicated to Mr. Walkem as answer to Railway Memorial, and all other representations. It may of course be published. Dominion Government accepts arrangement.

(Signed) CARNARVON.

No. 29.

TELEGRAM.

The Provincial Secretary to Hon. A. DeCosmos.

March 2nd, 1875.

Ask Mackenzie to forward Railway despatches. Walkem told they would be sent through Dominion Government, and was only informed of the result as matter of courtesy. Please send some answer immediately.

(Signed) JOHN ASH.

No. 30.

TELEGRAM.

Hon. Mr. DeCosmos to the Provincial Secretary.

OTTAWA,

March 4th, 1875.

Despatches will be sent; printed copies forwarded.

(Signed) A. DE COSMOS.



No. 5.

PETITION.

Copy of Petition, by Provincial Government, to Her Majesty the Queen,
complaining of non-fulfilment of Terms of Union by the Dominion.

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 America 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 Honorable 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 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 One Million 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 manner as the Dominion Government may deem advisable in furtherance of the construction of the said Railway, a similar extent of lie lands along the line of railway throughout its entire length in British Columbia, not to exceed however, twenty (20) 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 enclosed Order of the Privy Council, Appendix E. F., (based "on a memorandum of the 29th 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 Harbor of Esquimalt and Seymour Narrows, on the said Island;" and they requested the Provincial Government to convey to the Dominion Government "in trust, accord-

“ing to the 11th paragraph of the Terms of Agreement of Union, a strip of Land
“Twenty Miles in width, along the Eastern Coast of “ Vancouver Island, between
“ Seymour Narrows and the Harbor 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 colored 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 of June, 1873, and by Public Notice on the day following; and has been ever since reserved:

20. That, on the 11th of 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 Honorable 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 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 Provincial 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 Honorable Mr. Mackenzie, the Premier of Canada, addressed the letter (Appendix AA.) to the Honorable 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 the proposals in Mr. Edgar's letter had been made "on behalf of 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 vigor, 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 One million five hundred thousand 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 of 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 vigor 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 the 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 of 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 DD.):

35. That, on the 8th May, 1874, the Dominion Government made the offer of *immediate construction on the Island*, as contained in Appendix EE, 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 that the "Terms of the Agreement with British Columbia had been violated." (Appendix RR.):

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 day 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 Harbor 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 favorable consideration, in order that justice may be done to British Columbia :

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

APPENDIX.

A.

DESPATCH FROM EARL GRANVILLE TO THE GOVERNOR OF BRITISH COLUMBIA, ON CONFEDERATION.

BRITISH COLUMBIA.
No. 84.
DUPLICATE.

DOWNING STREET,
14th August, 1869.

SIR,

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 favor 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.,

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

(Signed) GRANVILLE.

B.

"PROPOSED TERMS."

1. 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 five per centum 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, and a further sum equal to 80 cents a head per 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 cents a head to be augmented in proportion to the increase of population, when such may be shewn, 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 five per centum per annum on such sum, not exceeding £100,000, 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,

C.

"ACCEPTED TERMS."

1. Canada shall be liable for the debts and liabilities of British Columbia existing at the time of 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 five 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 (27.77 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 cents per head of the said population of 60,000, both half-yearly in advance, such grant of 80 cents 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.

B.

"PROPOSED TERMS."—Continued.

and such further charges as may be incident to and connected with the Services which by the "British North America 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 regularly fortnightly steam communication between Victoria and San Francisco by steamers adapted and giving facilities for the conveyance of passengers and cargo.

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 for such Railway shall be at once commenced; and that a sum of not less than One Million 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.

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 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 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 1875, and thereafter the Representation 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;

C.

"ACCEPTED TERMS."—Continued.

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, 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 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

B.

"PROPOSED TERMS."—Continued.

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 America Act, 1867," continue as existing at the time of Union, until altered under the authority of the said Act.

16. The provisions in 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 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 Defences:—

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.

C.

"ACCEPTED TERMS."—Continued.

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 (20) 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 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 the interest for ten years from the date of the completing of the works, at the rate of five per centum 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 Honorable 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.

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. Lord Chamberlain.
 Earl Cowper. Mr. Secretary Cardwell.
 Earl of Kimberley. Mr. Ayrton.

WHEREAS by the "British North America 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 be lawful for the Queen, by and with the advice of Her Majesty's Most Honorable 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 Honorable Privy Council, under the One hundred and forty-sixth 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.

E.

The Secretary of State to the Lieutenant-Governor.

Copy.
No. 58.

OTTAWA, 10th June, 1873.

SIR,—I have the honor to enclose, 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 honor 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.

F.

Copy of a Report of a Committee of the Honorable 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) W. A. HIMSWORTH,
Clerk, Privy Council.

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 Honorable the Attorney-General, reporting upon a despatch, dated the 10th June last, from the Honorable the Secretary of State for the Provinces to Your Excellency, covering an Order of the Honorable 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 20 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 Honorable 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 eleventh 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 accompanying 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 at 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)

W. J. ARMSTRONG,

Clerk Executive Council.

H.

*The Lieutenant-Governor to the Secretary of State for Canada.*COPY,
No. 67.GOVERNMENT HOUSE,
26th July, 1873.

SIR,—I have the honor to state that the Under Secretary of State for the Provinces' Despatch No. 58, of the 10th ultimo, and the copy therewith enclosed 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 Harbor 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 Harbor 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 enclosed.

With further reference to the Under Secretary of the Provinces' Despatch, I have also the honor to enclose 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.

J.

*Secretary of State to the Lieutenant-Governor.*COPY,
No. 74.OTTAWA,
26th August, 1873.

SIR,—I have the honor to acknowledge the receipt of your Despatch, No. 67, 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 Harbor of Esquimalt, and enclosing a copy of a Minute of your Executive Council on the subject of the said application.

Your Despatch and its enclosures, will be laid before His Excellency the Governor-General in Council.

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

K.

Copy of a Report of a Committee of the Honorable 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 Honorable the Attorney-General, recommending that, for the present, a bare reservation of the Twenty mile belt, lying between Esquimalt Harbor 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 enclosed Notice of Reservation be adopted, and published in a *Gazette Extraordinary*.

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

L.
NOTICE.

Whereas by an Order in Council, dated the 7th day of June, 1873, of the Honorable 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 con- "struction of the said Railway."

And whereas it has been deemed advisable that the Land, within the limits afore- said, 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.

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

JOHN ASH,
Provincial Secretary

M.

The Secretary of State to the Lieutenant-Governor.

DEPARTMENT OF THE SECRETARY OF STATE FOR CANADA,
OTTAWA, 11th September, 1873.

SIR,—I have the honor 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, No. 67, of the 26th of July last, enclosing 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 a Committee of the Honorable 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, enclosing 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, enclosed 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)

W. A. HIMSWORTH,
Clerk, Executive Council.

O.

*The Lieutenant-Governor to the Secretary of State.*COPY.
No. 86.GOVERNMENT HOUSE,
22nd September, 1873.

SIR,—With reference to my Despatch, No. 67, of the 26th July last, I have the honor to enclose 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 Honorable A. DeCosmos, 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 enclosure will be handed to you by Mr. DeCosmos, who starts to-morrow for Ottawa.

I have, &c.,
(Signed)

JOSEPH W. TRUTCH.

P.

Copy of a Report of a Committee of the Honorable 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 Honorable Chief Commissioner of Lands and Works, reporting that the Order in Council of the 30th June, 1873, reserving Crown Lands on 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 Honorable Amor DeCosmos, as Special Delegate, about to proceed to Ottawa, be authorized to confer with the Dominion Government upon the subject.

(Certified)

W. J. ARMSTRONG.
Clerk Executive Council.

Q.

The Secretary of State to the Lieutenant-Governor.

COPY.

OTTAWA, 8th October, 1873.

SIR,—I have the honor 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)EDOUARD J. LANGEVIN
Under Secretary of State.

R.

Copy of an Order in Council of this Province, dated July 25th, 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) W. J. ARMSTRONG,
Clerk Executive Council.

S.

The Lieutenant-Governor to the Secretary of State.

COPY.
No. 68.

GOVERNMENT HOUSE,
26th July, 1873.

SIR,—I have the honor to enclose, 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.

T.

Secretary of State to the Lieutenant-Governor.

COPY.
No. 72.

OTTAWA,
23rd August, 1873.

SIR,—I have the honor to acknowledge the receipt of your Despatch, No. 68, 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 of British Columbia with Canada.

Your Despatch and its enclosures 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.

COPY.
No. 96.

GOVERNMENT HOUSE,
24th November, 1873.

SIR,—I have the honor to enclose 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, Nos. 67 and 68, 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 Honorable 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 from the Honorable the Provincial Secretary, dated 19th November, 1873, setting forth the facts—

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 Despatch 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 Honor 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 Honor by telegram at the earliest moment possible; and the Committee respectfully suggest, that if the present report be sanctioned, Your Honor 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.

OTTAWA, December 22nd, 1873.

The Hon. G. A. Walkem.

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, 9th February, 1874.

On the motion of the Honorable 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 Eleven 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 Honor 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.

VICTORIA, 25th February, 1874.

SIR,—I have the honor to enclose 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 enclose 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 Enclosure before His Excellency the Governor-General, and to recommend to His Excellency's favorable consideration, the representations and urgent requests of the Government and Legislature of British Columbia herein set forth.

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

Z.

The Secretary of State to the Lieutenant-Governor.

OTTAWA, 12th March, 1874:

SIR,—I have the honor to acknowledge the receipt of your Despatch, No. 9, 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 enclosures, will be submitted for the consideration of His Excellency the Governor-General.

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

AA.

Letter of Introduction from the Hon. A. Mackenzie, to the Hon. G. A. Walkem.

OTTAWA, February 19th, 1874.

DEAR SIR,—Allow me 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 member of the Government would have visited your Province, but Mr. Edgar, as a public man, is well known here, and fully understands the question he will discuss with you.

I need not, I am sure, assure you of my own 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 to 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 have, &c.,
(Signed) A. MACKENZIE.

BB.

Copy of a Report of a Committee of the Honorable the Executive Council, approved by His Excellency the Lieutenant-Governor on the 7th May, 1874.

On a memorandum dated 7th May, 1874, from the Honorable 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) W. J. ARMSTRONG,
*Minister of Finance and Agriculture,
and Clerk of the Executive Council.*

CC.

Telegram.

VICTORIA, May 7th, 1874.

*To the Honorable 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 inst., that construction of Railway in British Columbia would not be commenced this year, this Government urgently requests to be fully informed immediately, by telegraph, of particulars of policy adopted by Dominion Government respecting Railway Clause of Terms of Union.

(Signed)

JOSEPH W. TRUTCH,
Lieutenant-Governor.

DD.

Telegram.

OTTAWA, ONTARIO, May 8th, 1874.

Lieutenant-Governor Trutch.

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 year.

(Signed)

R. W. SCOTT,
Secretary of State.

EE.

Mr. J. D. Edgar's Letter to the Hon. G. A. Walkem.

VICTORIA, B. C., May 8th, 1874.

SIR,—I have the honor 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 the 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 eleventh article of the Terms of Union embodies the bald proposition that the Railway should be commenced in two, and completed in ten years, from the date of Union, to connect the seaboard 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 Esquimalt to Nanaimo immediately, and to push that portion of Railway on to completion, with the utmost vigor, 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 the telegraph wire across the Continent. It is believed that the mere commencement to build a railway at the seaboard, as stipulated for in the existing terms, would give but little satisfaction to the producers living upon 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 producers. In addition to constructing the road to facilitate transport along the located line, they are anxious to avail 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 on any particular portion of the line. To predicate the highest expenditure, which in any one year might be warranted in a 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 ever 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 on the Mainland can be completed, there shall be in each and every year, and even under the most unfavorable circumstances, during the construction of the railway, a minimum expenditure upon works of construction within the Province of at least one million five hundred thousand 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 one million of 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 cipher, and based upon that, I have the honor 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.

FF.

Hon. G. A. Walkem to Mr. J. D. Edgar.

ATTORNEY-GENERAL'S DEPARTMENT,

VICTORIA, May 11th, 1874.

SIR,—I have the honor 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 Union to the Local Administration, for their consideration and acceptance, I have the honor 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, &c.,

(Signed)

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

GG.

Copy of a Report of a Committee of the Honorable the Executive Council, approved by His Excellency the Lieutenant-Governor on the 18th May, 1874.

On a memorandum, dated 16th May, 1874, from the Honorable the Attorney-General, recommending that His Excellency the Lieutenant-Governor be respectfully requested to ascertain by telegraph, from the Honorable Secretary of State, whether any propositions purporting to be, or to have been, made by James D. Edgar, Esquire, 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)

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.

VICTORIA, May 18th, 1874.

SIR,—I have the honor to acknowledge having received your letter of the 11th inst., 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 inst., 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 honor of assuming that my statement was incorrect, and that I am acting without authority and without 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 honor 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, &c.,
(Signed) J. D. EDGAR.

—
JJ.

Hon. G. A. Walkem to Mr. J. D. Edgar.

VICTORIA, May 18th, 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, &c.,
(Signed) GEO. A. WALKEM.

—
KK.

Telegram.

VICTORIA, 18th May, 1874.

The Hon. K. 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.

—
LL.

Telegram.

OTTAWA, May 20th, 1874.

To Lieutenant-Governor Trutch:—

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.

VICTORIA, May 21st, 1874.

Hon. A. Mackenzie, Ottawa.

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

OO.

Telegram.

OTTAWA, ONTARIO, June 8th, 1874.

*Received at Victoria, June 8th.**To Lieutenant-Governor Trutch.*

On May 8th, 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 an 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 Honorable Alexander Mackenzie, Premier of the Dominion of Canada, (copy of which is enclosed) 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 enclosed telegraphic message in reply thereto.

The Committee advise that the recommendation be approved.

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

 QQ.

 Telegram.

VICTORIA, June 9th, 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)

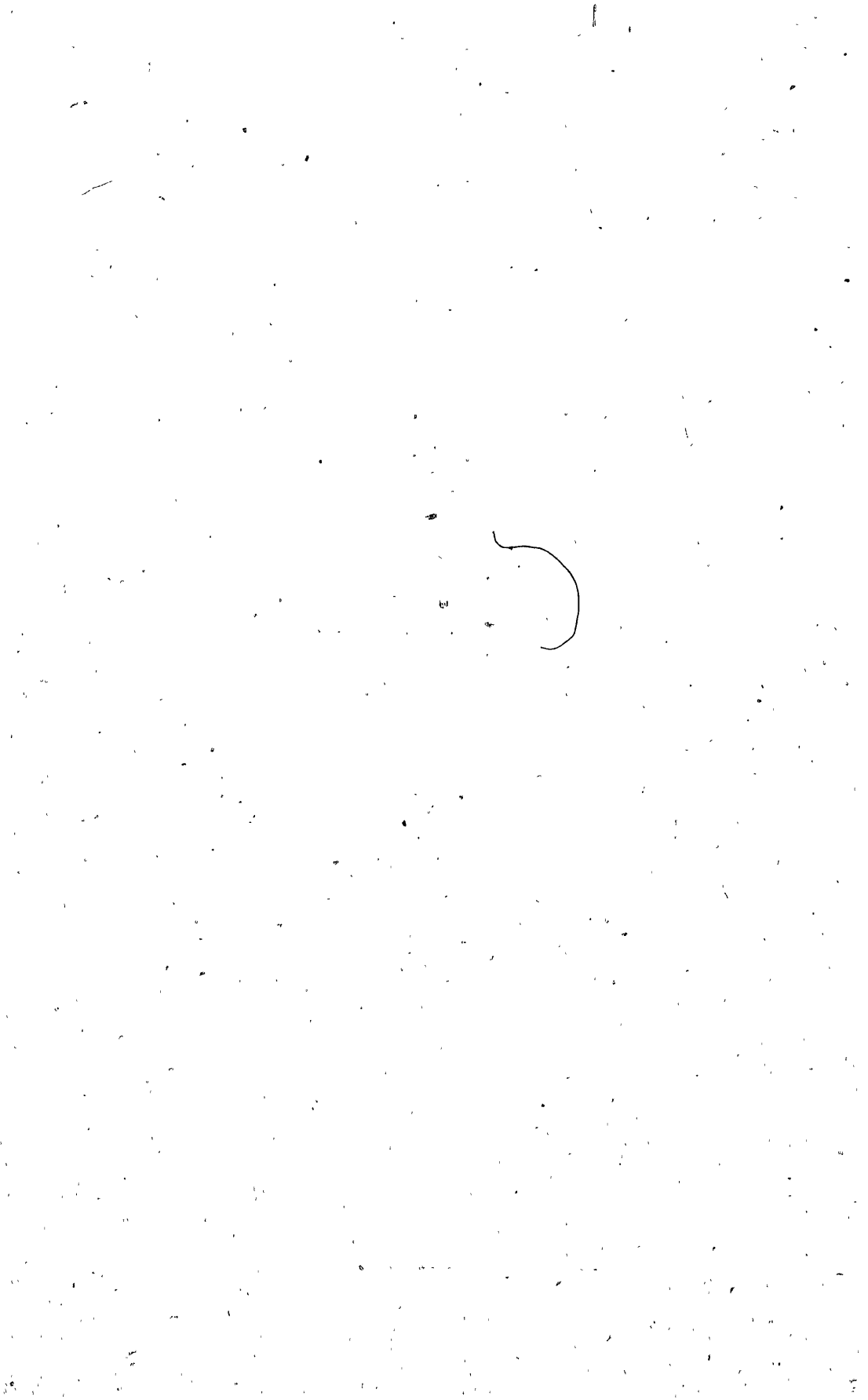
JOSEPH W. TRUTCH,

Lieutenant-Governor.

 RR.

Extract from the Montreal Weekly Gazette, May 15th, 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 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 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 honorable gentlemen opposite. He had his own impression as to the course to be pursued, and he thought, if he recollected rightly, that the right honorable gentleman opposite had said that if his views were adopted, British Columbia would be justified in seceding from the Union."



APPENDIX

To the Report on the subject of the mission of the Honorable Mr. Walkem, Special Agent and Delegate of the Province of British Columbia to England, with regard to the non-fulfilment by Canada of the Railway Clause of the Terms of Union, being papers relating to the above subject laid before the Senate and House of Commons of Canada.

By Command.

JOHN ASH,
Provincial Secretary.

*Provincial Secretary's Office,
20th March, 1875.*

MESSAGE.

DUFFERIN.

The Governor-General transmits, for the information of the Senate and House of Commons, copies of a Correspondence which has taken place on the subject of the non-fulfilment of the Terms of Union with the Province of British Columbia.

GOVERNMENT HOUSE,
February, 1875.

TERMS OF UNION—BRITISH COLUMBIA.

SCHEDULE OF DESPATCHES, &c.

- A. Lieutenant-Governor, British Columbia, 26th July, 1873.
- B. Lieutenant-Governor, British Columbia, 25th February, 1874.
- C. Lieutenant-Governor, British Columbia, (Tel.) 8th May, 1874.
1. Governor-General, 26th December, 1873.
2. Secretary of State for the Colonies, 15th January, 1874.
- 2 $\frac{1}{2}$. Minister Public Works, 19th and 21st February, 1874.
3. Governor-General, 15th May, 1874.
4. Governor-General, 15th May, 1874.
5. Secretary of State for the Colonies, 18th June, 1874.
6. Secretary of State for the Colonies, (Tel.) 18th June, 1874.
7. Governor-General, 9th July, 1874.
8. J. D. Edgar, 17th June, 1874.
- 8 $\frac{1}{2}$. Privy Council, 8th July, 1874.
9. Governor-General, 9th July, 1874.
10. Governor-General, 18th July, 1874.
11. Governor-General, 22nd July, 1874.
- 12, 13. Governor-General, 31st July, 1874.
14. Governor-General, 31st July, 1874.
15. Secretary of State for the Colonies, 16th August, 1874.
16. Governor-General, 21st August, 1874.
17. 18. Governor-General, 18th September, 1874.
19. Secretary of State for the Colonies, 17th November, 1874.
20. 21. Governor-General, 18th December, 1874.
22. Secretary of State for the Colonies, 4th January, 1875.
- 1A. Lieutenant-Governor, British Columbia, 31st March, 1874.
- 2A. Lieutenant-Governor, British Columbia, 18th May, 1874.
- 2 $\frac{1}{2}$ A. Minister of Public Works, (Tel.) 8th June, 1874.
- 3A. Lieutenant-Governor, British Columbia, 11th June, 1874.
- 4, 5A. Minister Public Works, (Tel.) 28th May, 1874.
- 6, 7A. Honorable G. A. Walkem, 18th July, 1874.
- 8A. Honorable G. A. Walkem, 4th July, 1874.
- 9A. Mr. W. Buckingham, 4th July, 1874.

(A.)

The Lieutenant-Governor to the Secretary of State for Canada (already printed, marked S., page xi., No. 5—Mr. Walkem's mission.)

Copy of a Report of a Committee of the Honorable the Executive Council, approved by His Excellency the Lieutenant-Governor on the 25th July, 1873 (already printed, marked R., page xi., No. 5—Mr. Walkem's mission.)

The Lieutenant-Governor to the Secretary of State for Canada (already printed, marked U., page xi., No. 5—Mr. Walkem's mission.)

Copy of a Report of a Committee of the Honorable the Executive Council, approved by His Excellency the Lieutenant-Governor on the 22nd November, 1873 (already printed, marked V., page xii., No. 5—Mr. Walkem's mission.)

The Secretary of State for Canada to Lieutenant-Governor.

SIR,—I have the honor to acknowledge the receipt of your despatch, No. 96, of the 24th ultimo, enclosing, with reference to your previous despatches on the subject, a further minute of your Executive Council respecting the non-fulfilment by the Dominion Government of the 11th Article of the "Terms" of the Union of British Columbia with Canada.

In reply, I have to inform you that the subject will receive the consideration of the Government.

I have, &c.,

Copy of a Report of a Committee of the Honorable the Privy Council, approved by His Excellency the Governor-General in Council on the 23rd December, 1873.

The Committee have had under consideration the despatch dated 24th November, 1873, from the Lieutenant-Governor of British Columbia, enclosing a further minute of his 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, and stating that in accordance with the advice of his Ministers expressed in this minute, he requests that this despatch, and its enclosure, 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, No. 67 and No. 68, 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 11th 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 requirement of the desire indicated by his Ministers, the course intended to be taken by the Dominion Government in fulfilment of the 11th 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 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.

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

(590-246.)

DEPARTMENT, SECRETARY OF STATE,
20th December, 1873.

SIR,—Adverting to your Despatches, Nos. 68 and 96, of the 26th July and 24th November last, respectively, I have the honor to transmit to you 23rd December, 1873, herewith, for the information of your Government, a copy of an Order of His Excellency the Governor-General in Council, on the subject of the alleged non-fulfilment by the Dominion Government of the 11th Article of the Terms of Union of the Province of British Columbia with Canada.

I have, &c.,

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

(No. 4.)

BRITISH COLUMBIA,
Government House, 21st January, 1874.

SIR,—I have the honor to acquaint you that I have duly received and laid before my Executive Council your despatch of the 30th ultimo, and the copy therewith enclosed of an Order of His Excellency the Governor-General in Council, on the subject of the non-fulfilment by the Dominion Government of the 11th Article of the Terms of Union of this Province with Canada.

I have, &c.,

(Signed) JOSEPH W. TRUTCH.

(B.)

The Lieutenant-Governor to the Secretary of State for Canada (already printed, marked Y., page xiii., No. 5—Mr. Walkem's mission.)

Copy of a Report of a Committee of the Honorable the Executive Council, approved by His Excellency the Lieutenant-Governor, on the 23rd February, 1874.

The Committee of Council have had under consideration an Address of the Legislative Assembly of the 9th instant, respecting the breach of the railway clause contained in the Terms of Union.

On the 25th July last, and again on the 24th November last, strong protests and representations on the subject of the Address were forwarded to the Dominion Government, but no reply of an assuring character has yet been received by the Province. The result of this silence has been one of painful and growing dissatisfaction.

The Committee feel that a strong but respectful protest against the course pursued by the Dominion Government should be once more forwarded to His Excellency the Governor-General.

The Committee recommend that should this their report be approved of His Honor the Lieutenant-Governor be respectfully requested to cause a copy of the Address to be forwarded to His Excellency the Governor-General, with a request that he will be pleased to order immediate action to be taken thereon.

The Committee advise that their recommendation be approved of.

Certified.

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

Address of the Legislative Assembly of British Columbia to the Lieutenant-Governor.

To His Honor the Honorable JOSEPH WILLIAM TRUTCH, Lieutenant-Governor of the Province of British Columbia.

"MAY IT PLEASE YOUR HONOR:—We, Her Majesty's dutiful and loyal subjects, the Legislative Assembly of the Province of British Columbia, in Parliament assembled, beg leave to approach Your Honor with our respectful request that Your Honor will be pleased to take into consideration the following Resolution of the House:—

"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 Excellency 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 the absolute necessity of commencing the actual construction of the railway from the seaboard of British Columbia early in the present year."

(Signed) J. ROLAND HETT,

Clerk of the Assembly.

9th February, 1874.

The Secretary of State for Canada to the Lieutenant-Governor (already printed, marked Z., page xiv., No. 5—Mr. Walkem's mission.)

(C.)

Telegram—Lieutenant-Governor to the Secretary of State for Canada (already printed, marked CC., page xv., No. 5—Mr. Walkem's mission.)

Telegram—Secretary of State for Canada to Lieutenant-Governor (already printed, marked DD., page xv., No. 5—Mr. Walkem's mission.)

(1.)

The Governor-General to the Earl of Kimberley.

(No. 301.)

OTTAWA, December 26th 1873.

MY LORD,—I have the honor to enclose, for your information, a copy of a despatch from the Lieutenant-Governor of British Columbia to the Secretary of State of Canada, forwarding a minute of his Executive Council referring to the non-fulfilment on the part of the Government of the Dominion, of the 11th Article of the Terms of Union with that Province, in respect to the construction of the Canada Pacific Railway.

I also beg to transmit 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.

23rd December.

I have, &c.,

(Signed) DUFFERIN.

Copy of a Report of the Honorable the Privy Council, approved by His Excellency the Governor-General in Council, on the 23rd December, 1873, (already printed, page 2 of this Report.)

The Lieutenant-Governor to the Secretary of State for Canada (already printed, marked U., page xi., No. 5—Mr. Walkem's mission.)

Copy of a Report of a Committee of the Honorable the Executive Council, approved by His Excellency the Lieutenant-Governor, on the 22nd day of November, 1873, (already printed, marked V., page xii., No. 5—Mr. Walkem's mission.)

(2.)

The Earl of Kimberley to the Earl of Dufferin.

DOWNING STREET,
15th January, 1874.

MY LORD,—I have the honor to acknowledge the receipt of your despatch, No. 391, of the 26th of December, enclosing 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 11th 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.

(2½)

Mr. Mackenzie to Mr. Edgar (Confidential—Copy 3,494.)

OTTAWA, February 19, 1874.

MY DEAR SIR,—In your conversations 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 in 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—the early 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 in the Terms of the 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 require still eighteen months to complete it. If it requires 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 labor required to construct a line five times the 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 have said nothing about it, or carelessly to have assumed the task of finishing the road before the month of July, 1881. Acting from a desire to deal frankly and honestly with 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 interest 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 the 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 Esquimalt, and you will convey an intimation to them that any further extension beyond the head waters of the 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 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 extensive patronage immediately before the general election, and saw in coming contests 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 favorable disposition among the leading men of the Province towards affording a generous consideration to the obvious necessity of giving a sufficient time for pushing the road through Columbia, you will endeavor 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, showed that it was not considering itself bound to the 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 building the road, you will endeavor to obtain some proposition from them, directly or indirectly, and communicate this to us by cipher 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 any proposition.

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

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 the general question.

It will be well not to confine yourself to the vicinity of the Government offices or Victoria, but to cross to the mainland and meet with the people at Westminster and other towns and villages on the lower reaches of the Fraser.

It may be that you will find 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 special care not to admit in any way that we are bound to build the railway to Esquimalt or 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 will 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.

Mr. Mackenzie to Mr. Walkem (already printed, marked AA., page xiv., No. 5.)—Mr. Walkem's mission.

The Honorable Mr. Mackenzie to the Lieutenant-Governor.

February 21st, 1874.

SIR,—The bearer is James D. Edgar, Esq., Barrister, Toronto, who visits Columbia as the Agent of the Dominion Government, to consult with your Government with reference to the late agitation concerning an extension of time for the construction of the Pacific Railway beyond that promised in the Terms of Union.

Mr. Edgar will explain to Your Excellency our anxiety to do everything in our power to meet the views of your people.

He will be glad to receive your suggestions concerning matters which may require attention.

I am, &c.,

(Signed)

A. MACKENZIE.

The Governor-General to the Earl of Carnarvon.

GOVERNMENT HOUSE, OTTAWA,

May 15th, 1874.

MY LORD,—I have the honor to enclose for Your Lordship's information a newspaper report of the speech delivered by Mr. Mackenzie on the *Globe*, 13th and 14th May. 12th instant, when introducing Resolutions for a Bill to provide for the construction of the Pacific Railroad, together with a summary of *Globe*, 12th May. this speech, and an article from the *Globe* newspaper of the 12th instant, explanatory of the Government project.

I have, &c.,

(Signed)

DUFFERIN.

The Governor-General to the Earl of Carnarvon.

GOVERNMENT HOUSE, OTTAWA,

May 15th, 1874.

MY LORD,—In continuation of my despatch, No. 130, of this day's date, I have the honor to enclose an extract from the *Toronto Mail*, an opposition paper, criticising the scheme of the Government.

May 14th. For article see Scrap Book, page 40.

I have, &c.,

(Signed)

DUFFERIN.

The Earl of Carnarvon to the Governor-General.

DOWNING STREET,
18th June, 1874.

MY LORD,—The intimation which I have received by telegraph of the departure from British Columbia of the President of the Council and Attorney-General of that Province, 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 interfere in these questions. They appear to me to be such as it should be within the province of and competency 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 representation 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 would 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 to 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. May 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 am, &c.

(Signed) CARNARVON.

The Earl of Carnarvon to the Governor-General.

Received in OTTAWA, 18th January, 1874.

I regret extremely the difficulty between Dominion of Canada and British Columbia as to terms of Union in connection with Pacific Railway. Her Majesty's Government are willing to give their good offices in adjusting the matter. If both parties unite in referring all matters of difference to my arbitration, binding themselves to abide by such award as I may deem just and fair, I will not refuse to undertake the duty.

The Governor-General to the Earl of Carnarvon.

(No. 182.)

QUEBEC, 9th July, 1874.

MY LORD,—I have the honor to acknowledge the receipt of your Lordship's despatch, No. 110, of the 18th of June, in which you refer to a misunderstanding that has occurred between the Dominion Government and that of British Columbia, and in which you have made so considerably a suggestion in regard to the settlement of the dispute.

In accordance with your instructions, I have forwarded a copy of the despatch to the Lieutenant-Governor of British Columbia, and I have also communicated it to my Government.

There has not yet been time for them to acquaint me with their view in regard to the extremely considerate and friendly suggestions your Lordship is good enough to convey, but in connection with the subject matter to which the despatch under acknowledgment refers, I have the honor to enclose, for your Lordship's information 8th July, 1874.

a memorandum of a Committee of Council on the points in dispute between the Dominion Government and the Government of British 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 am, &c.,

(Signed)

DUFFERIN.

Mr. Edgar to the Secretary of State for Canada.

TORONTO, June 17th, 1874.

SIR,—I have the honor 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 in 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 Eleventh Article of the terms of 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 Hon. 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 Hon. Mr. Mackenzie certain further instructions and directions for my guidance, which were contained in the following letter:—

(Already printed—page 5 of this Report.)

When I received the above letter I lost no time, and 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 Hon. Mr. Walkem, leader of the Local Government, called upon me, and I made him aware of the object of my mission. On the same day I handed him Hon. Mr. Mackenzie's letter of 16th February (Appendix A), also informing him that I had letters from His Excellency the Governor-General to His Honor 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 this 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 of 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 labor 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 their 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 and 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 head-quarters of Government, of the courts, of the churches, and of trade. Within three miles there is the fine harbor of Esquimalt, 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 hope to secure the terminus at Esquimalt. 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 the line of railway should be at once undertaken by the Dominion from the harbor of Esquimalt 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 their portion of railway a means of connection with Esquimalt, which is said to be the finest harbor 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 Esquimalt from the mines at 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 agreement 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 Sergeant-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 usually from fifteen to thirty thousand 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 the 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 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, very 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 1873-4 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 Esquimalt 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 two and twelve 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 railway, and 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 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 terms 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 enquiry 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 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 endeavored to ascertain from Local Ministers if their unwillingness to submit proposals as to 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 attentions 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 Hon. Captain Hare, Senior Naval Officer at

Esquimalt, kindly afforded me an opportunity of visiting the east coast of the island, in company with them, on board H. M. S. *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 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 sympathize 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 favor 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 at 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, Hon. 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 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 Honor the Lieutenant-Governor as directed, accompanied with 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 proposals under consideration. Before sailing for New Westminster, however, I received the letter from Mr. Walkem (Appendix D) in which he raised objections to recognizing 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 await the lapse of a few days to be occupied by me in visiting New Westminster, Burrard 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 Hon. 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 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) endeavored to point out that he could not ignore the communication of 8th 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 Hon. 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 Honor 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 Provincial Governments.

In accordance with the direction contained in the last paragraph of Hon. 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 honor 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.

APPENDIX A.

Mr. Mackenzie to Mr. Edgar (already printed, marked AA., page xiv., No. 5—Mr. Walkem's mission.)

APPENDIX B.

Mr. Edgar to Mr. Walkem (already printed, marked EE., page xv., No. 5—Mr. Walkem's mission.)

APPENDIX C.

Mr. Edgar to the Lieutenant-Governor.

VICTORIA, B. C., May 9th, 1874.

SIR,—I have the honor to inform Your Excellency that in accordance with instructions from Honorable Alexander Mackenzie, leader of the Canadian Government, I have submitted to the Honorable G. A. Walkem, leader of your Ministry, the views of the former upon the question of the Canada 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 honor to enclose, of the communication addressed by me to your Minister upon that subject.

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

APPENDIX D.

Mr. Walkem to Mr. Edgar (already printed, marked FF., page xvii., No. 5—Mr. Walkem's mission.)

APPENDIX E.

Mr. Edgar to Mr. Walkem (already printed, marked HH., page xvii., No. 5—Mr. Walkem's mission.)

APPENDIX F.

Mr. Walkem to Mr. Edgar (already printed, marked JJ., page xviii., No. 5—Mr. Walkem's mission.)

Copy of a Report of a Committee of the Honorable the Privy Council, approved by His Excellency the Governor-General in Council, on the 8th July, 1874.

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 Honorable the Secretary of State for the Colonies with reference to the said mission, in which he offers 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 sea-board 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 of 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 even 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 :—

“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 not less than one million 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 sea-board 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 conveyances 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 united to construct certain public works, but before one would protest against anything by which it should be understood that the Government were to borrow one hundred millions of 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 condi-

tion of affairs regarding the railway was as follows:—A sum of over a million of dollars 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 Allen, had been formed by the late Government to construct the line. That Company had undertaken to complete the railway for a grant of thirty millions of money and a grant of twenty thousand acres of land per mile, retaining possession of the railway when built as their own property. The President of the delegation of the Directors of this Company visited England to make financial arrangements to enable them to commence the work of construction. Their mission proved a total failure. Their failure was so complete that soon after the return of Sir Hugh Allan and his co-delegates from England, they relinquished their charter, and the Government paid them the sum of one million 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 A. 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 prosecution of the work, to endeavor 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 D. 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 instructions 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 them sanctioned in due form; or if any counter proposition had been made, instructions would be given Mr. Edgar concerning them.

The propositions made by Mr. Edgar involved an immediate heavy expenditure in British Columbia not contemplated by the terms of Union, namely, the construction of a railway on Vancouver Island, from the Port of Esquimalt to Nanaimo, 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 a million and a half 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 a half 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 fifteen per cent. The customs duties being raised from fifteen per cent. to seventeen and a half per cent., and the excise duties on spirits and tobacco a corresponding rate, both involving additional taxation exceeding three millions of 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 induce the Government of British Columbia not to entertain these proposals.

Since these propositions have been before the people, meetings have been had on Vancouver's 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 favor 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 to do everything that can fairly be asked, whether there be an obligation or not under the Terms of the Union. The Dominion was only bound to guarantee the interest on one hundred thousand pounds at five 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 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 Honorable Lord Carnarvon, Secretary of State for the Colonies, with this Minute.

Certified.

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

The Governor-General to the Earl of Carnarvon.

QUEBEC,
9th July, 1874.

MY LORD,—I have the honor 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.

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, labor, 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 to state the time when the party tendering will undertake to have the telegraph ready for use in each case:

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.

Department of Public Works,
June, 1874.

F. BRAUN,
Secretary.

The Governor-General to the Earl of Carnarvon.

OTTAWA,
18th July, 1874.

MY LORD,—I have the honor to enclose 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 Columbia, has been deputed by that Government as a Special Agent to lay before Your Lordship the claims of British Columbia, under the 11th Clause of the Terms of the Union with the Dominion of Canada.

I have, &c.,
(Signed) DUFFERIN.

Copy of a Report of the Honorable the Privy Council, approved by His Excellency the Governor-General in Council, on the 8th July, 1874, (already printed, marked No. 9, page 8—Mr. Walkem's mission.)

The Governor-General to the Earl of Carnarvon.

OTTAWA,
22nd July, 1874.

MY LORD,—I have the honor 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, etc.,
(Signed) DUFFERIN.

The Governor-General to the Earl of Carnarvon.

OTTAWA,
31st July, 1874.

MY LORD,—I have the honor to transmit a copy of a despatch and enclosure from the Lieutenant-Governor of British Columbia, together with the petition to Her Majesty therein referred to from the inhabitants of Victoria, respecting the non-fulfilment by Canada of the Terms of Union.

I have, etc.,
(Signed) DUFFERIN.

The Governor-General to the Earl of Carnarvon.

SAULT STE. MARIE,
July 31st, 1874.

MY LORD,—In further reference to your public despatch, No. 110, of 18th June, which I communicated to my Ministers, I have the honor to enclose 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.

Copy of a Report of a Committee of the Honorable the Privy Council, approved by His Excellency the Governor-General in Council, on the 23rd July, 1874.

The Committee of Council have had under consideration the despatch from the Right Honorable the Secretary of State for the Colonies, No. 110, relative 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 dispatch.

There can be no question of the extreme difficulty involved in the survey of a line of railway across an uninhabited continent, a distance of twenty-five hundred 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 one million of 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 endeavor to arrive at some understanding as to a course to be pursued which could 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 Allen 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 favor, 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 *seaboard* 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 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 endeavoring to locate the line.

This may be understood from the fact, that the surveys of the Intercolonial 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 works; 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 Honorable the Secretary of State for the Colonies.

Certified,

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

The Earl of Carnarvon to the Governor-General.

(Canada.)

DOWNING STREET, 16th August, 1874.

MY LORD,—With reference to my despatch, No. 110, of the 18th of 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 works, 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, enclosing 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 offers 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 the 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 ought to 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 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.

8. 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 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 the 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 Ministers, and important as is the subject-matter of controversy, I, as at present advised, can see no reason why 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 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 share 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 labor 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 definitely settled.

(4.) The offer made by the Dominion Government to spend a minimum amount of \$1,500,000 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 should 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 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 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 assume 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 been originally 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 felt 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 entrusted 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 entirely your Lordship and your Ministers may count upon my best efforts in furtherance of every measure that can contribute to the strength and honor 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.

The Governor-General to the Earl of Carnarvon.

OTTAWA, 21st August, 1874.

MY LORD,—In continuation of my despatches, noted in the margin, on the subject
 No. 182, 9th July, of the suggestions made by your Lordship for the settlement of the
 207, 31st, " differences between the Government of British Columbia and that
 of the Dominion, I have the honor to enclose a copy of a despatch
 No. 3,677, 29th from Lieutenant-Governor Trutch acknowledging the receipt of the
 July, 1874. copy I sent him of your despatch, No. 110, of the 18th June.

I have, &c.,

(Signed)

DUFFERIN.

The Lieutenant-Governor to the Governor-General (already printed, marked No. 16A, page 12—Mr. Walkem's mission.)

The Governor-General to the Earl of Carnarvon.

(CANADA)

September 18th, 1874.

MY LORD,—In acknowledging the receipt of your Lordship's despatch, secret, 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 proffered 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 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 enclosed 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.

4. I have further the honor 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 dispatch, and that the employment of any additional staff would uselessly increase the expense without forwarding the work.

I have, &c.,

(Signed) DUFFERIN.

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

The Committee of Council have had under consideration the despatch of the Right Honorable Lord Carnarvon relating to the complaints of the British Columbia Government with respect to the Pacific Railway, and suggesting certain modifications of the proposals made by the Dominion Government, through Mr. Edgar, on the 8th 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 thus be summarized:—

1. To build a railway from Esquimalt to Nanaimo, on Vancouver Island, in excess of the terms of Union, and to begin the work immediately.
2. 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 than one and a half millions annually.
3. 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 become available as part of the permanent works.

The arrangement proposed by Lord Carnarvon embodies 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 two millions on the mainland, instead of one and a half millions.

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.

4th. 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 consideration, 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 two millions. 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 enclosed), there is almost an entire unanimity there in favor of these proposals, and assurances were given very lately by a gentleman 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, 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 here.

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 service; 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 arrived at by the foregoing suggestion is already being accomplished with the utmost despatch 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 larger force 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 five or six hundred 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 unassociated with serious difficulties. For a distance of twenty miles the ascent or grade is about 150 feet to the mile.

The straits which form the approach to the harbor from seaward, are encumbered by islands, and when reached the harbor 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 endeavor to obtain a favorable 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 labor involved, and the impossibility of placing a large 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 two thousand 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 lines. 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 is 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 as 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 a 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 communications 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 every thing in reason, in order to keep within the spirit of its engagements.

The intention of the Government will be seen from the following quotations 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 Esquimalt 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 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 Sec. 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 thirty millions of dollars, and allot nearly sixty million 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 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 lines 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 harbor 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 favorable 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 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 favorable consideration.”

The Earl of Carnarvon to the Governor-General (already printed, marked No. 23, page 24—Mr. Walkem's mission.)

Mr. Walkem to the Earl of Carnarvon (already printed, marked No. 21, page 15—Mr. Walkem's mission.)

The Governor-General to the Earl of Carnarvon.

(No. 313.)

OTTAWA, 18th December, 1874.

MY LORD,—I have the honor to transmit to Your Lordship a copy of an Order of the Privy Council, in which my Ministers convey to Your Lordship their best acknowledgment for the pains and trouble you have been good enough to take in promoting the settlement of the difference which has arisen between British Columbia and the Government of the Dominion.

I have, &c.,

(Signed)

DUFFERIN.

Copy of a Report of a Committee of the Honorable the Privy Council, approved by His Excellency the Governor-General in Council, on the 18th December, 1874.

The Committee of Council have had under consideration the despatch of the Right Honorable Lord Carnarvon, Secretary of State for the Colonies, of November 17th, 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 23rd, 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 17th, 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 Governor-General.

(Canada.—No. 4.)

DOWNING STREET,
4th January, 1875.

MY LORD,—I have the honor 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. 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.

The Lieutenant-Governor to Secretary of State for Canada.

BRITISH COLUMBIA,

GOVERNMENT HOUSE, 31st March, 1874.

SIR,—I have the honor to enclose herewith a minute of the Executive Council of this Province, together with a copy of the Act respecting Articles 2 and 12 of the Terms of Union, passed at the recent Session of this Legislature of British Columbia, and to which this minute refers; and in accordance with the advice and desire of my Ministers, I beg you to lay this despatch and its enclosure before His Excellency the Governor-General, and to recommend the request of this Government, expressed in the said minute, to His Excellency's favorable consideration.

I have, &c.,

(Signed) JOSEPH W. TRUTCH.

Minute of
Council, 30th
March, 1874.

Copy of a Report of a Committee of the Honorable the Executive Council, approved by His Excellency the Lieutenant-Governor, on the 30th day of March, 1874.

The Committee of Council have had under consideration a memorandum, dated 16th March, 1874, from the Honorable the Minister of Finance, submitting that as authority has been given by the Legislature for the expenditure in excess of revenue, of the sum of \$300,000 or thereabouts, it is advisable that immediate steps should be taken to insure that that sum shall be at the call of the Government when required, and recommending that a copy of the "Act to alter the Terms of Union 1874," be sent to the Dominion Government, with the request that the Provincial Government be informed by telegram if it is the intention of the Dominion Government to introduce a corresponding measure to the Parliament of Canada, in order that should a negative answer be returned, no time may be lost in obtaining the funds elsewhere, under the powers conferred by "British Columbia Loan Act, 1874."

The Committee concur with the recommendation of the Minister of Finance, and advise its approval, and request that Your Excellency will be pleased to forward a copy of this report through the proper channel to the Dominion Government, at the same time asking that a measure to compliment the Act to alter the terms of Union 1874, be introduced to the Parliament of Canada, and that a telegram anticipating any written reply may be sent to Your Excellency.

Certified.

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

Terms of Union Amendment Act, (See B. C. Statutes, 1874—No. 1, page 1.

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

BRITISH COLUMBIA.

GOVERNMENT HOUSE, 18th May, 1874.

Minute of Executive Council.

Tel. Mess., May 18th, 1874.

SIR,—I have the honor to enclose herewith a minute of the Executive Council of this Province to state that, in accordance with the advice of my Ministers therein expressed, I have this day addressed to you a message by telegraph, of which a copy is appended hereto.

I have, &c.,

(Signed) JOSEPH W. TRUTCH.

Telegram—Lieutenant-Governor to the Secretary of State for Canada (already printed, marked KK., page xviii., No. 5—Mr. Walkem's mission.)

The Under Secretary of State for Canada to Lieutenant-Governor.

DEPARTMENT SECRETARY OF STATE,

10th June, 1874.

SIR,—I have the honor to acknowledge the receipt of your despatch, No. 28, of the 18th ult., purporting to enclose a minute of your Executive Council, and also copy of a telegram founded thereon, and sent by you to the Secretary of State on the 18th ult., on the subject of the mission of Mr. J. D. Edgar to the Government of British Columbia.

The minute of Council referred to did not accompany your despatch.

(Signed) EDOUARD J. LANGEVIN,
Under Secretary of State.

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

BRITISH COLUMBIA,

GOVERNMENT HOUSE, 9th June, 1874.

Minute of Council, 9th June.

SIR,—With reference to my telegraphic despatch to you of to-day's date, I have the honor to enclose a minute of my Executive Council

in accordance with which that telegram was addressed to you, together with copies of the documents referred to in the said minute, being a copy of a telegram from Hon. A. Mackenzie. request, I communicated to my Ministers, and a draft of the telegraphic message to you in reference thereto sent by me at the instance of my Ministry I have, &c.

(Signed) JOSEPH W. TRUTCH.

Copy of a Report of a Committee of the Honorable the Executive Council, approved by His Excellency the Lieutenant-Governor on the 9th June, 1874 (already printed, marked PP., page xix—Mr. Walkem's mission.)

Telegram—Mr. Mackenzie to the Lieutenant-Governor (already printed, marked OO., page xix., No 5—Mr. Walkem's mission.)

Telegram—The Lieutenant-Governor to the Secretary of State for Canada (already printed, marked QQ., page xx., No. 5.—Mr. Walkem's mission.)

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

DEPARTMENT SECRETARY OF STATE,

25th June, 1874.

SIR,—I have the honor to acknowledge the receipt of your despatch, No. 39, of the 9th instant, transmitting a copy of a minute of your Executive Council, together with a copy of a telegram addressed to you by the Honorable the Minister of Public Works, and also of a telegram addressed by you to the Secretary of State, in reply thereto, on the subject of the mission of Mr. J. D. Edgar to British Columbia in connection with the Pacific Railway. I have, &c.,

(Signed) EDOUARD J. LANGEVIN,
Under Secretary of State.

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

(Copy of No. 46.)

BRITISH COLUMBIA,

Government House, 26th June, 1874.

Minute of Executive Council. Copy of Telegram. SIR,—I have the honor to acknowledge the receipt of your despatch of the 10th instant, referring to my despatch, No. 28, of the 18th May, and informing me that the minute of Executive Council, which my said despatch purported to enclose, had not reached you.

I beg to enclose herewith a duplicate copy of the said minute of Council, and of the telegram to you based thereon. I have, &c.,

(Signed) JOSEPH W. TRUTCH.

Copy of a Report of the Honorable the Executive Council, approved by His Excellency the Lieutenant-Governor on the 18th May, 1874, (already printed, marked GG., page xvii., No. 5—Mr. Walkem's mission.)

Telegram—The Lieutenant-Governor to the Secretary of State for Canada, (already printed, marked KK., page xviii., No. 5,—Mr. Walkem's mission.)

The Under Secretary of State to the Lieutenant-Governor.

DEPARTMENT SECRETARY OF STATE,

11th July, 1874.

SIR,—I have the honor to acknowledge the receipt of your despatch, No. 46, of the 26th ultimo, covering a copy of the minute of your Executive Council, and of the telegram founded thereon, referred to in your despatch, No. 28, of the 18th May last, on the subject of the mission of Mr. J. D. Edgar to British Columbia.

I have, &c.,
(Signed)

EDOUARD J. LANGEVIN,
Under Secretary of State.

Telegram—The Honorable Mr. Mackenzie to the Lieutenant-Governor, (already printed, marked OO., page xix., No. 5—Mr. Walkem's mission.)

The Lieutenant-Governor to the Secretary of State for Canada (already printed, marked QQ., page xx., No. 5.—Mr. Walkem's mission.)

The Lieutenant-Governor to the Secretary of State for Canada (already printed, marked No. 1, page 4—Mr. Walkem's mission.)

Copy of a Report of a Committee of the Honorable the Executive Council, approved by His Excellency the Lieutenant-Governor on the 11th June, 1874 (already printed, marked No. 2, page 4,—Mr. Walkem's mission.)

The Lieutenant-Governor to the Secretary of State for Canada (already printed, page 6—Mr. Walkem's mission.)

Copy of a Report of a Committee of the Honorable the Executive Council, approved by His Excellency the Lieutenant-Governor, on the 11th day of June 1874, (already printed, marked No 3, page 5—Mr. Walkem's mission.)

The Lieutenant-Governor to the Secretary of State for Canada (already printed, page 6—Mr. Walkem's mission.)

Telegram—The Lieutenant-Governor to the Secretary of State for Canada (already printed, page 6—Mr. Walkem's mission.)

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

DEPARTMENT, SECRETARY OF STATE,
11th July, 1874.

SIR,—I have the honor to acknowledge the receipt of your despatch, No. 40, of the 11th ult., concerning a copy of a Minute of your Executive Council, in reference to the alleged failure of the Dominion Government to carry out the obligations of the 11th clause of the terms of Union, and recommending that the case be laid before the Imperial Government by means of a memorial, to be presented to Secretary of State for the Colonies, by the Attorney-General of British Columbia as special agent and delegate of the Government of that Province.

I am, &c.,

(Signed)

EDOUARD J. LANGEVIN.

Under Secretary of State.

Copy of a Report of the Honorable the Privy Council, approved by His Excellency the Governor-General in Council, on the 8th July 1874, (already printed, marked No. 9, page 8—Mr. Walkem's mission.)

The Secretary of State for Canada to Mr. Walkem (already printed, marked No. 8, page 8—Mr. Walkem's mission.)

Mr. Walkem to the Secretary of State for Canada (already printed, marked No. 8, page 8—Mr. Walkem's mission.)

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

DEPARTMENT OF SECRETARY OF STATE,
OTTAWA, 13th July, 1874.

SIR,—With reference to my letter of the 11th inst., I have the honor to transmit to you for the information of your Government, a copy of an Order of His Excellency the Governor-General in Council, and of a letter addressed to Mr.

8th July, 1874. Attorney-General Walkem on the subject of the alleged failure of
11th July, 1874. the Dominion Government to carry out the obligations of the 11th
clause of the terms of Union. I have, &c.,

(Signed)

EDOUARD J. LANGEVIN,
Under Secretary of State.

*The Lieutenant-Governor to the Secretary of State for Canada (already printed,
page 9—Mr. Walkem's mission.)*

*Telegram—Mr. Mackenzie to the Lieutenant-Governor (already printed, marked LL.,
page xviii., No. 5—Mr. Walkem's Mission.)*

*Mr. Walkem to Mr. Mackenzie (already printed, marked No. 10, page 9—Mr. Walkem's
mission.)*

*The Under Secretary of State to Mr. Walkem (already printed, marked No. 11, page
9—Mr. Walkem's mission.)*

*The Earl of Carnarvon to the Governor-General (already printed, marked No. 14, page
10—Mr. Walkem's mission.)*

*Telegram—The Lieutenant-Governor to the Secretary of State for Canada (already
printed, marked No. 17, page 14—Mr. Walkem's mission.)*

*The Lieutenant-Governor to the Secretary of State for Canada (already printed,
marked No. 16 B., page 13.—Mr. Walkem's mission.)*

*The Lieutenant-Governor to the Earl of Carnarvon, (already printed, marked No. 16c,
page 13,—Mr. Walkem's mission.)*

*Copy of a Report of a Committee of the Honorable the Executive Council, approved by
His Excellency the Lieutenant-Governor, on the 3rd August, 1874, (already
printed, marked No. 15, page 11,—Mr. Walkem's mission.)*

*Telegram—The Lieutenant-Governor to the Secretary of State for Canada (already
printed marked No. 17, page 14—Mr. Walkem's mission.)*

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

DEPARTMENT OF THE SECRETARY OF STATE,

20th September, 1874.

SIR.—I have the honor to acknowledge the receipt of your despatch, No 53, of
the 3rd instant, and its enclosures, transmitting for the information of His Excel-
lency the Governor-General, a copy of a despatch addressed by you to the Right
Honorable the Secretary of State for the Colonies, expressing the acceptance by
your Government of his Lordship's offer, as conveyed in his despatch of the
eighteenth of June last, to arbitrate in the difference between the Government of
British Columbia and the Dominion in relation to the railway article of the terms of
Union.

Your despatch will be submitted for the consideration of the Government.

I have, &c.,

(Signed)

EDOUARD J. LANGEVIN.

Under Secretary of State.

*Mr. Walkem to Mr. Mackenzie (already printed, marked No 6, page 7,—
Mr. Walkem's mission.)*

*Mr. Buckingham to Mr. Walkem (already printed, marked No. 7, page 7—Mr.
Walkem's mission.)*

