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.

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

JOHN ASH,

Provincial Secretary.

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.

- C.
- 1.
- Lieutenant-Governor, British Columbia, 26th July, 1873. Lieutenant-Governor, British Columbia, 25th February, 1874. Lieutenant-Governor, British Columbia, (Tel.) 8th May, 1874. Governor-General, 26th December, 1873. Secretary of State for the Colonies, 15th January, 1874. Minister Public Works, 19th and 21st February, 1874. Governor-General, 15th May, 1874.

- Governor-General, 15th May, 1874.
 Governor-General, 15th May, 1874.
 Secretary of State for the Colonies, 18th June, 1874.
 Secretary of State for the Colonies, (Tel.) 18th June, 1874.
 Governor-General, 9th July, 1874.
 J. D. Edgar, 17th June, 1874.
 Governor-General, 9th July, 1874.
 Governor-General, 18th July, 1874.
 Governor-General, 22nd July, 1874.
 Governor-General, 31st July, 1874.
 Governor-General, 31st July, 1874.
 Secretary of State for the Colonies, 16th August, 1874.
 Governor-General, 21st August, 1874.

- 16. Governor-General, 21st August, 1874.
- 17. 18. Governor-General, 18th September, 1874.
- Secretary of State for the Colonies, 17th November, 1874.
 Governor-General, 18th December, 1874.
 Secretary of States for the Colonies, 4th January, 1875.

- 22. Secretary of States for the Colomes, 4th January, 1875.

 1A. Lieutenant-Governor, British Columbia, 31st March, 1874.

 2A. Lieutenant-Governor, British Columbia, 18th May, 1874.

 2½A. 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, 13th 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 510—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 510—Mr. Walkem's mission.)

The Lieutenant-Governor to the Secretary of State for Canada (already printed, marked U., page 510—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 511—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 Domiuion 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, 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., JOSEPH W. TRUTCH. (Signed)

> > (B.)

The Lieutenant-Governor to the Secretary of State for Canada (already printed, marked Y., page 512—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 The result of this silence has been one of painful and growing dissatis-Province. faction.

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)

9th February, 1874.

J. ROLAND HETT, Clerk of the Assembly.

The Secretary of State for Canada to the Lieutenant-Governor (already printed, marked Z., page 513—Mr. Walkem's mission.)

(C.)

Telegram—Lieutenant-Governor to the Secretary of State for Canada (already printed, marked CC., page 514—Mr. Walkem's mission.)

Telegram—Secretary of State for Canada to Lieutenant-Governor (already printed, marked DD., page 514-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 24th March. 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 23rd December. Government is giving its most earnest consideration to the project for the construction of a Railway to the Pacific.

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 604 of this Report.)

The Lieutenant-Governor to the Secretary of State for Canada (already printed, marked U., page 510-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 511—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.

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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 Intercolonial 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 com-

plete 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 modifica-

tion 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 eigher

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 propo-

sition 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 513—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 12th May. This speech, 12th May 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 May 14th. For ar- the honor to enclose an extract from the Toronto Mail, an oppoticle see Scrap Book, sition paper, criticising the scheme of the Government.

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 criginal 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 Lordsip'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 considerately 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 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 607 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 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. 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 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 Within three miles there is the fine harbor courts, of the churches, and of trade. 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. mediate 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 endorsation." 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. 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 513-Mr. Walkem's mission.)

APPENDIX B.

Mr. Edgar to Mr. Walkem (already printed, marked EE., page 514—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 516—Mr. Walkem's mission.)

APPENDIX E.

Mr. Edgar to Mr. Walkem (already printed, marked HH., page 516—Mr. Walkem's mission.)

APPENDIX F.

Mr. Walkem to Mr. Edgar (already printed, marked JJ., page 517—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 con-

veyances 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 pro-

prietors 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 pur-

sued 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. W. A. HIMSWORTH, (Signed) 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.

Propoals 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 8th July, 1874. 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, page522 -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 2nd July, 1874. 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 pos-

sible 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-ful-

filment 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 com-

mencing 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 continu-

ous 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 satis-

faction 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 circum-

stances 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 Deminion 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 of the suggestions made by your Lordship for the settlement of the No. 182, 9th July, differences between the Government of British Columbia and that 207, 31st " 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 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 526-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 inter-

pretation 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 Honorable 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 ex-

cess 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 dis-

tance 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 rail-"way 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 com-

"mencing 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 has 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 Rail-"way 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 con-

veyance 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 termi"nus 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 or 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 538—Mr. Walkem's mission.)

Mr. Walkem to the Earl of Carnarvon (already printed, marked No. 21, page 529—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.

re, 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 Minute 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.

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 tele-

gram 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 517—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

Telegram from of the documents referred to in the said minute, being a copy of a

Hon. A. Mactelegram to me from the Honorable A. Mackenzie, which, at his
request, I communicated to my Ministers, and a draft of the teleTelegram from
Lt.-Governor.

Telegram from graphic 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 518—Mr. Walkem's mission.)

Telegram—Mr. Mackenzie to the Lieutenant-Governor (already printed, marked OO., page 518—Mr. Walkem's mission.)

Telegram—The Lieutenant-Governor to the Secretary of State for Canada (already printed, marked QQ., page 519—Mr. Walkem's mission.)

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

Department Secretary of State,

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 your test the Secretary of

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.

(Copy of No. 46.)

BRITISH COLUMBIA,
Government House, 26th June, 1874.

Minute of Executive Council. of the 10th instant, referring to my despatch, No. 28, of the 18th

Copy of Telegram. The 10th instant, referring to my despatch, No. 28, of the 18th
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 516—Mr. Walkem's mission.)

Telegram—The Lieutenant-Governor to the Secretary of State for Canada, (already printed, marked KK., page 517—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 518—Mr. Walkem's mission.)
- The Lieutenant-Governor to the Secretary of State for Canada (already printed, marked QQ., page 519—Mr. Walkem's mission.)
- The Lieutenant-Governor to the Secretary of State for Canada (already printed, marked No. 1, page 490—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 490—Mr. Walkem's mission.)
- The Lieutenant-Governor to the Secretary of State for Canada (already printed, page 492-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 491—Mr. Walkem's mission.)
 - The Lieutenant-Governor to the Secretary of State for Canada (already printed, page 492—Mr. Walkem's mission.)
- Telegram—The Lieutenant-Governor to the Secretary of State for Canada (already printed, page 492—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.

(Signed) 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 522—Mr. Walkem's mission.)
- The Secretary of State for Canada to Mr. Walkem (already printed, marked No. 8, page 522-Mr. Walkem's mission.
- Mr. Walkem to the Secretary of State for Canada (already printed, marked No. 8, page 521-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 522—Mr. Walkem's mission.)

Telegram—Mr. Mackenzie to the Lieutenant-Governor (already printed, marked LL., page 517—Mr. Walkem's mission.)

Mr. Walkem to Mr. Mackenzie (already printed, marked No. 10, page 523—Mr. Walkem's mission.

The Under Secretary of State to Mr. Walkem (already printed, marked No. 11, page 523—Mr. Walkem's mission.

The Earl of Carnarvon to the Governor-General (already printed, marked No. 14, page 524—Mr. Walkem's mission.)

Telegram—The Lieutenant-Governor to the Secretary of State for Canada (already printed, marked No. 17, page 528—Mr. Walkem's mission.

The Lieutenant-Governor to the Secretary of State for Canada (already printed, marked No. 16B., page 527.—Mr. Walkem's mission.)

The Lieutenant-Governor to the Earl of Carnarvon, (already printed, marked No. 16c, page 527—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 525,—Mr. Walkem's mission.

Telegram—The Lieutenant-Governor to the Secretary of State for Canada (already printed marked No. 17, page 528—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 Excellency 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 521,—Mr. Walkem's mission.)

Mr. Buckingham to Mr. Walkem (already printed, marked No. 7, page 521-Mr. Walkem's mission.)