At the date of Confederation British Columbia had a separate Provincial Government, the establishment of which dated from 1858. The Provincial Legislature having passed resolutions in favour of union with Canada on certain specified conditions, which embraced the construction of a transcontinental railway and the maintenance of a sea service between Victoria and San Francisco, an address to the Queen praying that the measure should be carried into effect was adopted by the Parliament of the Dominion, and on July 20, 1871, the Pacific province joined the Confederation. Two years later (July 1, 1873) Prince Edward Island was admitted. Negotiations for the inclusion of Newfoundland have at different times taken place, but hitherto without result.

In the year preceding Confederation the Reciprocity Treaty negotiated with the United States in 1853 was abrogated. The effect was temporarily depressing so far as Canada was concerned, but the main result was to create an active search for other markets, and in 1866 a commission, headed by the Hon. Wm. McDougall, was sent to the West Indies and South America with that object. An attempt was nevertheless made to obtain a renewal of the treaty, and delegates were sent to Washington to discuss the matter. Their mission was wholly unsuccessful. It was in the same year, 1866, that an attack was made by the Fenians, chiefly soldiers from the disbanded Union armies, on the Niagara frontier. In an engagement which took place near the village of Ridgeway, the Canadian volunteers sustained, for their numbers, considerable loss; but the enemy, hearing of the advance of a body of regular troops, made their escape to the American side, where they were arrested by the civil authorities.

An important event in the early history of the Dominion was the negotiation of the Treaty of Washington (1871). The abrogation of the Reciprocity Treaty, five years earlier, had put an end to the fishing rights in British waters which, under that treaty, the Americans had enjoyed. American fishermen were, however, slow to recognize or accept the change. Treaty or no treaty, they were bent on enjoying the privileges to which they had grown accustomed. Some of their vessels having been seized and confiscated much ill-feeling arose; and, as the Alabama claims were still unsettled, the condition of things as between Great Britain and the United States was highly unsatisfactory, not to say alarming.

It was in these circumstances that it was decided to refer the principal matters in dispute or in doubt between the two countries to a Joint Commission, consisting of five members from each; and the Canadian Prime Minister, Sir John A. Macdonald, was appointed as a member on the British side in order that the interests of Canada might have full representation. The Commission accomplished some useful work, inasmuch as it provided a means for the settlement of the Alabama claims and of the San Juan question; but while the Canadian Parliament ratified the clauses relating to Canadian interests the feeling was general that those interests had in a measure been sacrificed. The fisheries were to be thrown open to the Americans for a period of ten years, and a Commission was to decide as to the compensation to be paid to Canada for the privilege. The Americans were to have free navigation