

whatever; we have written you that we accept the offer on certain conditions, and it is for the Government to consider whether they will agree to the conditions, or extend the guarantee, as proposed in a former letter."

I then decided to acknowledge the receipt of the letter, and return to Nova Scotia:

19 SACKVILLE STREET,  
Piccadilly,  
20th Dec., 1882.

SIR:

I have to acknowledge the receipt of your letter of the 19th inst., in which you state "that the Company accept the offer made by the Government on the 15th inst., on the understanding that the practical details of the financial arrangements shall be carried out as proposed by Messrs. Baring Bros. & Co. in their letter to Mr. Plunkett, a copy of which has been furnished you, and the Company is not required—at all events, at present—to deal with more than the guaranteed capital."

I must observe that this is not a direct reply to my communication of the 15th inst., in which I asked whether the Company would accept the offer of the Government, and whether or not they were prepared to put up the deposit required.

I look upon Messrs. Barings' letter, as I remarked in my letter of the 13th inst., as a new proposition; which, besides containing some suggestions to which the Government could not assent, ignores altogether the question of payment, or deposit of money, before giving the guarantee; and, as the Company take that letter as the basis upon which, and which alone, they would accept the offer of the Government, I can only regard your communication as an admission that the Nova Scotia Railway Co. are not prepared to make the deposit required by the Agreement, Receipt and Act, without which deposit the Government guarantee cannot be given.

It is, therefore, unnecessary for me to prolong my stay, or these negotiations; and I propose to leave Liverpool to-morrow, and report the result to the Nova Scotia Government.

I am, &c.,

(Sdg.) W. B. VAIL.

SYDNEY J. SMITHERS, Esq.,

Sec. of the N. S. R. Co.

Moorgate St. Chambers,

E. C.

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As the negotiations were nearly all carried on in writing, and an examination of the correspondence, which I have placed in regular order, will put the Government in possession of the requisite information as to the progress made in the business from time to time, it is not necessary for me to extend this report, which could only be done by recapitulating what is contained in the letters