

Gr. Brit. Treasury

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CANADA RAILWAY LOAN.

RETURN to an Order of the Honourable The House of Commons,  
dated 26 March 1867:—for,

COPY "of recent CORRESPONDENCE between the COLONIAL OFFICE and the  
TREASURY respecting the proposed Guarantee of the INTERCOLONIAL  
RAILWAY LOAN (*British North America*)."

Treasury Chambers, }  
27 March 1867. }

GEORGE WARD HUNT.

— No. 1. —

Sir *F. Rogers* to the Secretary to the Treasury.

Sir,

Downing-street, 13 March 1867.

THE Bill for the confederation of the three principal North American Provinces having now passed the two Houses of Parliament, the Duke of Buckingham and Chandos directs me to request that you will call the attention of the Lords Commissioners of the Treasury to the state of the negotiations which have taken place respecting the completion of a railway from Halifax to Quebec, and a proposed guarantee by this country of the sum of 3,000,000 *l.* to be expended upon that object.

The history of the transactions relating to this guarantee is given in a printed statement drawn up in this Department, of which I enclose a copy.\*

It will be seen (pages 10, 11, 12), that in 1862 the then Government of this country caused to be embodied in two Treasury Memoranda the terms on which they would consent to propose such a guarantee to Parliament. As far as the Imperial Government was concerned, the leading conditions were—

1. That the debt should be paid off at certain fixed periods ranging from 10 to 40 years with adequate provisions (which are specifically set forth), for the maintenance of a sinking fund.
2. That the line and surveys should be approved by Her Majesty's Government.
3. That Her Majesty's Government should be satisfied first that the line could be constructed without further application for Imperial guarantee, and next, that the Colonial revenues were sufficient to meet the charges intended to be imposed on them.

In 1864 it was stated by the Duke of Newcastle, with the concurrence of the Treasury, that Her Majesty's Government considered the above offer as still subsisting, "but would certainly cease to do so unless a definitive arrangement were made, and the necessary Colonial laws passed, within five years of the date of the first Memorandum, *i. e.*, before December 1867."

The transactions which have resulted in uniting the three Provinces in one "dominion" have rendered impossible the literal performance of the condition imposed by the Duke of Newcastle, but they furnish additional reasons for proceeding with the completion of the railway, and they greatly facilitate the arrangements for that purpose, as the Government will now only deal with one body politic instead of three, and with a body politic which is pledged in the most public way to the speedy construction of the railway by a clause inserted in an Act of Parliament at the urgent desire of its authorised Representatives.

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\* See Enclosure in No. 5.