

BRITISH
NORTH AMERICA.

to construct the line should receive assistance, not in the form of a guarantee of any given rate of interest, but of a fixed payment either of capital towards the execution of the work, or of an annual sum of money in addition to the receipts derived from traffic when the line is completed.

6. Another plan which has been suggested is that the required capital should be raised by loan by the Government, and contracts entered into for the formation of the line which, when finished, could be worked either by the Government or by any Company formed for that purpose, and to which Company the working of the line might be leased, under such conditions and for such a period as might be deemed advisable. The objections to this proposal are those usually raised against the undertaking of such a work by a Government, while on the other hand it would be attended with these advantages: first, that probably the capital required would there be raised on better terms than could otherwise be expected, and secondly that the Government would have a more complete control over a great national line of communication.

7. I am not able at present to pronounce any opinion in favour of one or other of these plans, or even in favour of the measure being attempted at all; but I merely throw out these different suggestions for the consideration of your Lordship and of the Executive Council and Legislature of Canada.

8. It will further be very material to consider what return is to be expected for the outlay, and from what source the means of affording any pecuniary assistance, to be given by the respective provinces, can best be provided. Upon this part of the subject I have to remark that, in estimating the probable return which the railway would yield, it appears to me highly necessary to advert not only to the direct return from the traffic, but to the indirect return from the increased value given to the lands through which it will pass. That the opening of the line would, in the districts it traversed, greatly enhance the value of the lands which are still lying waste, and also, though in an inferior degree, the value of those already settled, there can be no reasonable doubt, though I do not possess the means of judging whether the amount of that increased value has been correctly estimated by Major Robinson in his report. Hence it seems to follow that this increased value ought to be made available towards the execution of the work, and I would suggest, for the consideration of the Colonial Authorities, whether it might not be advisable that Acts should be passed vesting in the hands of the Commissioners, to be appointed for that purpose, all the hitherto ungranted lands lying within a certain distance of the line, in order that these lands might be sold or otherwise appropriated for the promotion of the undertaking.

9. It might also, I think, be very reasonably enacted that lands lying within a given distance of the line should be subjected, on its being completed and opened, to some moderate charge in the nature of a rate in consideration of the benefit the proprietors receive from it. The practice is general both in this country and in America of rating for the highways the property which is benefited by them, and I can see no reason why this rule should not be extended to railways. Should this suggestion be adopted, it would, I think, be expedient to give the owners of lands subjected to this charge the option of redeeming it upon easy terms, and of paying in land where they might have a difficulty in doing so in money.

I understand from Major Robinson that the owners of land in one portion of Nova Scotia have already offered to contribute liberally to this object.

10. In addition to the value which the different Legislatures would be prepared to contribute in land, or by the imposition of a local charge upon lands benefited by the line, it would be necessary also for them to consider respectively what amount they would be willing to grant from the general revenue of the provinces towards the payment either of the interest of a loan to be raised for the execution of the work, or towards the sum which might be required to make good the engagements entered into with any Company that might undertake it.

11. The whole subject is one of the very highest importance on which I shall be anxious to learn the conclusions to which the Colonial Authorities may come, after mature consideration, and after such communication with each other as may be necessary.

The Right Hon. Earl of Elgin and Kincardine,
&c. &c. &c.

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