

State for the Colonies, should form the medium of communication between the Secretary of State and the Delegates, if it became necessary to invoke his Grace's further interference.

Messrs. Howland and Tilley had several interviews with the gentlemen at the Treasury; and, subsequently, all the Delegates met Messrs. Hamilton and Anderson, and discussed with them at large the important questions involved in the guarantee. It was arranged, to our entire satisfaction, that the money should be borrowed by the British Government, and paid over to the Provinces, without any charge for brokerage or commission, other than the ordinary expenses which the British Government are required to pay. This was a very important concession, calculated to save a very large amount of commissions, which would have been lost, had we been left to borrow the money and manage the loan ourselves. Whether the debentures were to bear an interest of 3l or 4 per cent was left an open question; but it was understood that whatever the rate, the Colonies were to get the benefit of all the money realized, either in the form of principal or premium. On this point we had nothing more to ask.

On another, of equal importance, we were met in a spirit so liberal, as to leave us nothing to desire. The Treasury proposed to give us forty years to repay the loan, by instalments to fall due at decennial periods; and the sums to be repaid at the end of the first two decades were so moderate (£250,000 at the end of ten, and £500,000 at the end of twenty years), as to bring them quite within the compass of the accumulating revenues of all the Provinces.

Upon one point only did there seem to be any difficulty, the question of a sinking fund; and that appeared of sufficient importance to warrant us in seeking an interview with the Right Honorable the Chancellor of the Exchequer. Mr. Gladstone answered our application promptly, received us graciously, and discussed with us the whole subject in a spirit at once frank and conciliatory.

The Chancellor admitted the national character of the work, and the strong claims of the Colonies; but informed us that a guaranteed loan, uncovered by a sinking fund, was a novelty in British legislation;—that it was opposed to the principles he had always advocated, and to the invariable practice of the House of Commons. That the whole stream of precedents was against us, except in the single case of the Turkish loan, which was in the nature of a war subsidy, granted to enable the Sultan to place his army in the field at the outbreak of the Crimean war, and very amply secured. He assured us, that, even if the Cabinet could be got to consent to take down to Parliament a measure without the accustomed provision, they would be outvoted and the measure lost. Under these circumstances, although we exhausted all the arguments which naturally occur to the Colonial mind, they failed to shake the Chancellor's strong conviction, and it was evident that we must accept the guarantee, upon the only terms on which it could be given, or abandon all hopes of being able to accomplish the work.

Assuming, therefore, that provision for a sinking fund must accompany the guarantee, it appeared to be sound policy to endeavor to get the stipulation so modified as to render it but lightly burdensome. It was apparent to us all, that if, in addition to the interest to be paid, the Provinces were expected to accumulate, from the commencement of the work, a sinking fund, to be invested in three per cent consols, while money was worth, at least, six per cent in North America, that a large amount of interest would be lost, and that the burthen would be greater at the outset, and before the road was opened, than the Provinces could bear. In this view of the case all the delegates concurred, and, had not the proposition been modified, we should all, perhaps, have abandoned the negotiation.

We stated to the Chancellor, that there was a mode by which the requirements of Parliament would be met, and yet by which the Provinces might be enabled to assume the burthen. It would take four years to build the road, and, at least six more to people the wilderness, through which a large