

Imperial Government on the condition that a Sinking Fund should be established for its repayment, it was but reasonable to expect that it would be required in this case also. The Government of Canada must have been fully alive to the probability of such a stipulation on the part of the Imperial Government, when they assented to the arrangements of 1862; and if they had determined beforehand that it was one to which they could under no circumstances agree, it would have been only fair to the other parties to the negotiation that some intimation of this determination should have been then communicated to them. If this point was regarded as being of such vital importance, why, it may be asked, was it not brought forward upon that occasion?

The objections to the stipulation that the loan is to be the first charge after the interest of existing debts, and that the Debentures should bear $3\frac{1}{2}$ per cent. instead of 4 as was supposed by the Canadian Delegates, are both removed by the letter of Sir Frederic Rogers, addressed to Mr. Tilley on the 24th January 1863. A paragraph in the proposition which provides that the assent of the Treasury to these arrangements pre-supposes adequate proof of the sufficiency of the Colonial resources to meet the charges intended to be imposed upon them, was, no doubt, introduced upon the suggestion of one of the Delegates, Mr. Howe, that such information would be furnished the Treasury before Parliament would be asked to give assent to the loan. Had the Canadian Delegates requested to see the Duke of Newcastle before they left England, they would have ascertained from His Grace that the transportation of troops, munitions of war, &c., was not to be at the expense of the Colonial Governments, but paid for by the British Government as before stated. The Committee conceive that the objection of the Canadian Government to the Survey being made, in advance of Imperial legislation, being now removed, the Sinking Fund is the only question upon which the Imperial and Canadian Governments appear to be at issue, and, in the opinion of the Committee, nearly all the objections to that proposition were removed by the assent of Mr. Gladstone to invest the fund in our own Colonial securities, while, if a difference of opinion should still exist between the Imperial Government and the Government of Canada upon this point, they cannot see how the Government of Canada can thereby justify herself in departing from the proportion of the expense to be borne by each Province, as proposed by Canada in 1862, and agreed upon by the other Colonies.

The difference between the Government of Canada and the Imperial Authorities may render the commencement of the work in view impossible until it has been satisfactorily adjusted, but the Committee fail to see how this bears upon the agreement between the Provinces, as to the course to be pursued on the satisfactory solution of such difficulties. The agreement of 1862 presupposed a satisfactory arrangement with the Imperial Government. Till that is effected, the scheme is, no doubt, in abeyance. On its settlement the provisions of the inter-Provincial agreement ought, it would appear, to take effect; and, in connection with this subject, the Committee cannot but observe what appears to them a slight confusion on the part of the Executive Council of Canada, between two things essentially distinct. When they speak of the "consent of four different Legislatures being requisite for the confirmation of the Quebec agreement," they are, no doubt, right, in as far as concerns the ratification by the Imperial Parliament of the undertaking of the British Government to guarantee the proposed loan; but they are clearly wrong in supposing that the consent of the British Parliament is required to—or, indeed, that it could with propriety be consulted upon,—the arrangements between the different Provinces themselves, which are dependent wholly on the local Legislatures and Executive Governments.

For the purposes of the negotiation, the Provinces are looked upon by Great Britain as one whole; their separate liability is a matter for their own consideration alone.

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