

sequent condemnation of the correspondence in which we are engaged, it would be hopeless to expect from any member of the Government any aid in the rather difficult task of adjusting our financial difficulties with the Dominion on an equitable and satisfactory basis. It is therefore fortunate that I can call to my assistance a gentleman, who is not unknown at the seat of government, and in whose integrity and financial skill the people of Nova Scotia have entire confidence. A. W. McLelan, Esq. M. P. for Colchester, has given much time to the investigation of all the branches of the general subject covered by your reports. I have sent them to him. When they have been digested, we will meet you either at Portland or elsewhere, and endeavour in a free and full discussion to arrive at sound conclusions. I am afraid that neither of us can leave home till after New Year, but when we are ready the time and place of meeting can be arranged by telegraph.

In the mean time permit me to say that, having discussed the whole subject with Mr. McLelan, we both concur in the opinion that nothing that would be unfair to the other Provinces should be asked of the Dominion Government. We seek only justice to our Province, and are quite satisfied that any fair and equitable reconsideration of the financial arrangements made in London will prove that the exceptions taken to those arrangements by the people of Nova Scotia can be sustained.

I have the honour to be, Sir,

Your obedient servant,

JOSEPH HOWE.

The Hon. JOHN ROSE,

Minister of Finance.

OTTAWA, *January 20th, 1869.*

SIR,—

The undersigned, having given careful and anxious consideration to the Reports submitted to them, and having discussed with yourself and with other members of the Cabinet the important questions which those Reports embrace, deem it their duty to state, with as much precision as possible, the general principles which they conceive ought to govern any satisfactory readjustment of the financial relations between the Province of Nova Scotia and the Dominion of Canada.

1.—DEBTS AND ASSETS.

In the adjustment of debts regard should be had to the population, as shown by census, and to the amount of property thrown into common stock. When \$8,000,000 were assigned as the recognized debt of Nova Scotia in 1864, the actual expenditure did not exceed \$5,000,000, representing property which might have been considered a fair offset to the Assets held by Canada; and had the Provincial Government funded the difference, instead of expending it, they might have applied the interest to local services, now left without any adequate provision. But they expended more than the whole amount in the construction of the Railway to Pictou, which becomes the absolute property of the Dominion, and in promoting the Windsor and Annapolis, which is properly an extension of and will be an important feeder

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