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the capital required for the work in the manner proposed, and if so, in what proportion each Province is to become responsible for the expense incurred. The question whether it will be advisable for these two Provinces to join in the construction of the projected Railway if they should be enabled by the assistance of Parliament to raise the required capital at a low rate of interest, is one for the consideration of their respective Legislatures; but so far as I have the means of forming a judgment upon the subject, I should anticipate that their decision would be in favour of doing so. I infer that this is probable not less from what I have learnt of the actual state of public opinion on this subject in the Provinces, than from the view which I take of their interest in the work. Though I can well believe that there would be much room for doubting whether the Railway would pay as a mercantile speculation to a company looking to traffic for its remuneration, the case is very different when it is regarded as a public undertaking. When viewed in this light the various indirect advantages which cannot fail to arise to the Provinces from possessing such improved means of communication, must be considered, as well as the very great additional value which would be conferred on a vast extent of public lands which are now comparatively worthless. This is a source of profit from which no advantage can in general accrue to the construction of Railways in countries where the soil has long been appropriated by individuals; on the contrary in these countries the purchase of land is not one of the least important items of the expense to be incurred in such undertakings; but where, as in parts of Canada and New Brunswick, a great part of the territory to be traversed by a Railroad is still unappropriated, and the land may be sold by the public, the increased value given to it by being thus rendered accessible may render it advantageous to construct a Railway, though the traffic is not expected to do more at first than pay the working expenses.

5. If these considerations should induce the Legislatures of the three Provinces to combine in undertaking the projected Railway, the terms on which they are to co-operate with each other for that object will have to be settled, and in coming to such an arrangement various questions of great difficulty and importance will require to be considered. For instance it is probable that when the line is completed the traffic will be far more remunerative at the two extremities than in the more central portion of it, while at the same time the expense of construction would from the nature of the country be precisely higher where the traffic returns would be lowest, so that if each Province were required to pay for the formation of the line through its own territory, and to receive the returns from the traffic through the same, it would follow that while the expense to New Brunswick would be the greatest, its receipts would be the smallest. On the other hand, as I have just observed, one of the most important sources of profit from the construction of such a Railway as that now in contemplation, would arise from the sale of land, of which the value would be increased by the work, and it appears from the papers before me, that New Brunswick would probably derive a greater profit from that source than the two sister Provinces.— Whether the result upon the whole would be that each Province, considering these various circumstances, ought to take upon itself the construction of the Railway through its own territory, or whether, on the contrary, any one should be assisted by the others, is a point on which I have not the means of forming a judgment; and I would suggest to you that the best course with a view of arriving at some practical result, would be that a deputation from the Executive Councils of the two Lower Provinces should proceed to the Seat of Government in Canada, in

order to confer with Your Lordship and with your Council, for the purpose of coming to some agreement upon the subject, which, after being approved by the Legislatures of the several Provinces, might be submitted for the sanction of Parliament.

6. It does not appear to me that if such a conference should be held it need occupy any very great length of time, or that much difficulty would arise in coming to an arrangement for the construction and working of the projected Railway, by which the expense of the undertaking on the one hand, and the advantage to be derived from it on the other, might be fairly apportioned between the different Provinces. Hereafter I may probably be enabled to offer some suggestions as to the manner in which this might be accomplished; but at present I have only to add that I shall transmit copies of this despatch to Sir Edmund Head, and to Sir John Harvey, with instructions to them to communicate with Your Lordship without delay on the important subject to which it relates, and it will give me the highest satisfaction if the result of these communications should be the undertaking of a work, which if completed, cannot, I believe, fail to add greatly to the prosperity of the British Provinces in North America, and at the same time to give additional strength to the ties which connect them with each other and with the British Empire.

I have, &c.,

(Signed) GREY.

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

(Copy.)

No. 204.

GOVERNMENT HOUSE,
Halifax, 25th October, 1850.

MY LORD,—The Members of my Government, upon a full consideration of the contents of Your Lordship's communication of the 21st ult., having deemed it to consist with what they owe to public feeling (which has been very unequivocally expressed throughout the Province) as well as to their own views of the great interests involved, to seek to present those views to Her Majesty's Government, in as plain and forcible a manner as may be consistent with the deep respect with which all decisions by Your Lordship have been, and will, at all times, be received by them; they have accordingly resolved on delegating one of their body to proceed to England, in the hope that Your Lordship will admit their delegate to an audience, and will afford him every facility in bringing the views which he is charged to advocate, under the consideration of Her Majesty's Government, which to Your Lordship may seem fit.

Permit me, therefore, to present to Your Lordship the Honourable Joseph Howe, a member of my Council, and a gentleman well qualified, in my judgment, to afford to Your Lordship and to Her Majesty's Government, the fullest information, and the most correct views of the state of public feeling in Nova Scotia.

The deep importance attached throughout the Province to the subject of Mr. Howe's mission, will, I doubt not, plead my excuse for any deviation from existing regulations which may attend this mode of communication with Your Lordship; and I do not doubt that on this as on some other points, Mr. Howe's local information, experience, and sound judgment, will be found useful and acceptable.

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