

(but in which the Imperial Government are in no way concerned) on the subsidiary loan of 1,000,000 £.

There is no doubt that a mere statement of the revenue and expenditure of the three Provinces for the last few years would not, if taken alone, justify the expectation that this annual charge would be certainly met. The natural indisposition of the Canadians (and it is the Canadian revenue on which this question really turns) to raise more money than is absolutely required, and their large expenditure on public works, very generally of a reproductive character, have caused a frequent excess of expenditure over receipts. But it appears from a Memorandum which is annexed to this letter, that notwithstanding unusually large expenses in connection with the defence of the Colony, the revenues of the united Provinces exceeded their expenditure in 1866 by 918,473 dollars, or about 190,000 £; while the accompanying statistics, compiled from official returns, show a growth in production, in commerce, in population, and, what is not less important, in productive and commercial activity relatively to the population, which, as it appears to his Grace, leaves no doubt that either by the natural increase of the revenue, or, if necessary, by the imposition of fresh taxation, the Confederation will find no difficulty in paying the cost of a public work in the completion of which, as distinct from its partial construction, it has so vital an interest.

The statistics furnished in these Tables relate chiefly to the period between 1851 and 1864 inclusive, and although not sufficiently uniform to be susceptible of any simple mode of comparison, they exhibit among others the following amounts of increase:—

Population	-	-	-	-	-	1851	1,842,265	1867	3,090,936
Exports	-	-	-	-	dollars	1850	12,943,795	1865	40,793,960
Tonnage of vessels entered and cleared	-	-	-	-	-	1851	1,230,702	1864	2,088,778
Customs	-	-	-	-	dollars	1859	4,555,326	1866	7,328,146
Produce of wheat	-	-	-	-	bushels	1851	15,756,493	1860	27,274,779
Other grain	-	-	-	-	"	1851	29,920,408	1860	61,215,786
Letters	-	-	-	-	-	1852	3,700,000	1865	12,000,000

Which result in the following Table:—

The population	-	was increased in 16 years to the extent of	67 per cent.
Exports	-	"	15 " 215 "
Tonnage	-	"	13 " 69 "
Customs (without change in the rates of duty)	-	"	7 " 60 "
Wheat	-	"	9 " 73 "
Grain	-	"	9 " 104 "
Letters	-	"	13 " 224 "

Whether, therefore, we look to the production as shown in the grain crops and exports, or to the consumption as shown in the Customs, or to the trade as shown in the exports, or to the commercial activity as shown in the increase of correspondence, we find that the wealth and effective labour has increased twice or three times as fast as the number of the population, which itself has increased 67 per cent. in 16 years.

Such being the prospects of the country in point of material progress, his Grace desires me to add that he has received from the delegates now in this country an explicit engagement (so far as they are capable of giving it) that the proposed railway shall be prosecuted to a conclusion; that the Canadian Parliament may, in his opinion, properly be required to adopt that engagement as a preliminary to any guarantee, and that no difficulty can well be anticipated in procuring that adoption, as a clause has, at the instance of the whole body of delegates, been inserted in the recent Act of Parliament binding them to make immediate provision for commencing the work.

It may not be out of place here to remind their Lordships that in 1842, when the Canadian revenue was but 300,000 £ per annum, the Imperial Government guaranteed a loan of 1,500,000 £, and that this loan was actually paid off in 1859-60, nine years before it was due, not from the proceeds of a fresh loan but from revenue. The loan now proposed is but double that contracted in 1842, and so early repaid, while the revenue of the three Provinces (swollen no doubt by the interest of a considerable debt) has risen to upwards of 3,000,000 £.

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