

(Copy—No. 78.)

RAILWAY.

*Downing Street, 17th November, 1848.*

SIR,—The Commissioners appointed by Her Majesty's Government to explore and survey the line of country offering the greatest advantages for the formation of a Railway from Halifax, through New Brunswick, to Quebec, having completed the duties with which they were charged, I have now the honor to transmit to you the final Report of Major Robinson, addressed to the Inspector General of Fortifications.

I have perused this able document with the interest and attention it so well merits; and I have to convey to you the assurance of Her Majesty's Government, that we fully appreciate the importance of the proposed undertaking, and entertain no doubt of the great advantages which would result, not only to the Provinces interested in the work, but to the Empire at large, from the construction of such a Railway; but great as these advantages would be, it is impossible not to be sensible that the obstacles to be overcome in providing for so large an expenditure as would be thus incurred, would be of a very formidable kind. Before, therefore, Her Majesty's Government proceed to consider the question, as to whether any steps should be taken to carry this plan into effect, it is necessary that we should be informed how the several Provinces would be prepared to co-operate in its execution.

It is obvious that the cost of the work would be too great, as compared to the return to be anticipated from the probable traffic, to give reasonable hope of its being undertaken by any Company as a private speculation. The question therefore arises, whether it would be expedient that in some form public assistance should be given towards the accomplishment of an object in which the public is so much interested.

The answer to this question must, in a great measure, depend upon the degree of importance which the Provinces attach to the opening of this Line of Communication, and upon the amount of exertion they would be prepared to make for the purpose. I am therefore anxious that the subject should be brought under the early consideration of the respective Legislatures, and that I should be placed in possession of their views with respect to it, as soon as may be practicable.

In forming a judgment as to whether public assistance ought to be given towards the execution of the work, it will be necessary to take into consideration the different ways in which this might be done. Various modes of proceeding have been proposed. One is, that of endeavouring to form a Company, by guaranteeing to them a certain minimum interest on the capital to be invested in the undertaking. This plan would no doubt possess some advantages, but on the other hand, it would be attended with the disadvantage of depriving the public of the proper control over a great National Work, and also of having a tendency to encourage inattention to economy both in the construction and subsequent working of the Line. This last objection has been met by proposing that any Company formed to construct the Line, should receive assistance, not in the form of a guarantee of any given rate of interest, but of a fixed payment, either of capital towards the execution of the work, or of an annual sum of money in addition to the receipts derived from traffic when the Line is completed.

Another plan which has been suggested is, that the required capital should be raised by Loan by the Government, and Contracts entered into for the formation of the Line, which, when finished, could be worked either by the Government, or by any Company formed for that purpose, and to which Company the working of the Line might be leased under such conditions and for such a period as might be deemed advisable. The objections to this proposal are those usually raised against the undertaking of such a work by a Government, while on the other hand it would be attended with these advantages—first, that probably the capital required would then be raised on better terms than could otherwise be expected; and secondly, that the Government would have a more complete control over a great National Line of Communication.

I am not able at present to pronounce any opinion in favour of one or other of these plans, or even in favour of the measures being attempted at all; but I merely throw out these different suggestions for the consideration of yourself, and of the Executive Council and Legislature of New Brunswick.

It will further be very material to consider what return is to be expected for the outlay, and from what source the means of affording any pecuniary assistance to be given by the respective Provinces can best be provided. Upon this part of the subject I have to remark, that in estimating the probable return which the Railway would yield, it appears to me highly necessary to advert not only to the direct return from the traffic, but to the indirect return from the increased value given to the lands through