

18. It will thus be seen, that the statement of having applied the money raised under the Canada Loan Act 1867, in payment of the general debts of the Dominion in contravention of that Act, is without a shadow of foundation.

The credit of the Dominion of Canada stands too well to render the recourse to any indirect or unworthy means for the payment of her debts necessary, and she prizes her reputation for good faith too highly to resort to them. Canada has but to offer her own securities to her own people, or on the London money market, as she may think most for her advantage, to find whatever means are needed for the maintenance of the public credit, or for the prosecution of enterprises which her people think can be prudently and advantageously undertaken. And while her obligation to complete the Intercolonia. Railway will be fulfilled to the letter, she claims the right of making such subsidiary arrangements, whether in regard to the Loan or the works themselves, as her own interests may require.

19. Her Majesty's Government has hitherto extended a most generous confidence to Canada in connection with all the antecedent negotiations on this subject, and there is no reason to believe that in future that confidence will be abridged. This feeling induced the Minister of Finance to recommend to His Excellency the propriety of making the extraordinary and untraced provisions already referred to;—provisions which under ordinary circumstances need not have been made, and it now impels him to submit these observations for Your Excellency's consideration, in order that Her Majesty's Government may have the means of justifying the confidence which in this matter, as in all others, they have invariably reposed in the good faith of the inhabitants of British North America.

It is the duty of Canada to see that the amount of the Loan is faithfully expended on a work in which Her Majesty's Government and the Dominion have confessedly a common interest. Of that duty Canada is fully sensible, and it will be performed with the most exact integrity.

JOHN ROSE,  
Minister of Finance.

OTTAWA, 29th May, 1869.