

Despatches from the Secretary of State.

— No. 1. —

(No. 97.)

COPY of DESPATCH from The Earl *Granville*, K.G., to Governor the Right Honourable Sir *John Young*, Bart., G.C.B.

Sir,

Downing-street, 1 June 1869.

THE Treasurer of the Dominion has recently transmitted to this Department a paper presented to the Canadian Parliament, containing, among other documents, a Minute of the Privy Council, approved by the Governor General on the 27th of August last.* It would appear that under that Minute money raised under Imperial guarantee for the construction of the Intercolonial Railway was to be temporarily applied to the purpose of defraying the general debts of the Dominion.

This mode of employing a loan guaranteed by the Parliament of this country for a specific purpose appears to Her Majesty's Government not to be justifiable. I wish, therefore, to learn from you to what extent and in what way the loan has been employed under authority of that Minute, and I have to instruct you to refuse your concurrence in any mode of dealing with the money remaining in the hands of Government other than that of investment properly so called.

I should also wish to receive from Mr. Rose any observations respecting the Minute of 27th August which he may consider calculated to remove the strong objections which at first sight attach to it.

I have, &c.
(signed) *Granville*.

No. 1.
Earl *Granville*, K.G.,
to Governor the
Right Hon. Sir
John Young, Bart.,
G.C.B.
1 June 1869.

* *Vide* House of
Commons Paper,
No. 272—I. of
17 June 1869,
page 18.

— No. 2. —

(No. 129.)

COPY of DESPATCH from The Earl *Granville*, K.G., to Governor the Right Honourable Sir *John Young*, Bart., G.C.B.

Sir,

Downing-street, 8 July 1869.

I HAVE to acknowledge your Despatch, No. 67,† of 20th June, transmitting a Minute adopted by the Privy Council of Canada in relation to my Despatch, No. 97,‡ of 1st June, relating to the disposal of moneys raised under Imperial Guarantee for the construction of the Intercolonial Railway.

I desire, first, to explain that in requesting you to submit this question to Mr. Rose for his observations, my only object was to obtain information from that member of your Government who was presumably most competent to give it, and not, as your Ministers appear to suppose, to fasten on Mr. Rose any special or personal responsibility.

You will assure your Advisers that I have never had any intention to call in question the financial integrity and upright dealing of the Dominion of Canada, still less the personal honour of Mr. Rose and his colleagues.

I have been led to the conclusion that the spirit, if not the letter, of the Canada Loan Act (30 Vict. cap. 16, Imperial) required that all money raised under it should not only be expended on the construction of the Intercolonial Railway, but "appropriated" to that purpose; that is, that it should be kept or invested as a distinct fund applicable to that construction, and to no other purpose.

I enclose copies of two opinions of the Law Officers of the Crown, sought and given, I can assure you, with no unfriendly feeling towards the Canadian Government, nor any wish to impose on them any obligation beyond what is implied in the terms of the arrangement as sanctioned by Parliament.

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You

No. 2.
Earl *Granville*, K.G.,
to Governor the
Right Hon. Sir
John Young, Bart.,
G.C.B.
8 July 1869.
† Page 4.
‡ Above.

28 June 1869.
6 July 1869.