

CANADA.

good faith which has invariably been observed by Canada under Governments of various shades of politics Her Majesty's Government are aware that one of the conditions on which British Columbia joined the Confederation was that Canada should procure the construction of an inter-oceanic railroad. In order to procure the construction of this gigantic work a cash subsidy will have to be granted to the company undertaking it, to the extent, in all probability, of five millions sterling. This railroad will open up for settlement the vast prairies of the North West, which will sustain an enormous population. According to the most reliable statistics the immigration from the United Kingdom to Canada is in about the proportion of one to six to that from the United Kingdom to the United States, the population of the United States being more than ten times as great as that of Canada. On the other hand the imports into Canada of staple articles of British manufacture, such as cottons, woollens, and iron and hardware, are about three times as large in proportion to the population as those into the United States. It is therefore clearly the interest of the United Kingdom that the British North West territories should be opened for settlement as speedily as possible; and to effect this object the Canadian Pacific Railroad is indispensably necessary. That railroad, it may be added, would in all probability be found the most eligible mode of conveying a portion of Her Majesty's mails to the East. The time has arrived when the enlargement and extension of the Canadian canals, so earnestly desired by the United States, as appears by the Protocols attached to the Treaty of Washington, can no longer be postponed. The required works must be constructed by the Government, and will cost about three millions sterling, the aggregate for the railroad and canals being eight millions. The revenues of Canada are in a most satisfactory condition, and fully able to bear the increased charge which will be gradually thrown upon them. The taxes are much less than in the adjoining Republic, and are cheerfully borne by the people.

The Committee of Council are of opinion that Her Majesty's Government might fairly be urged to propose to Parliament a guarantee for a Canadian loan not to exceed four millions sterling, on the condition that such guaranteed loan should be raised at the same time and in equal proportion with a Canadian unguaranteed loan for the same objects.

The Committee of Council do not believe that any better mode can be suggested by which they would be enabled to surmount the difficulties in the way of their obtaining the consent of the Canadian Parliament to the measures necessary to give effect to the Treaty of Washington than that which they have felt it their duty to recommend.

The Committee of Council trust that, should other difficulties be removed, Her Majesty's Government will enable them to assure the Canadian Parliament that any recommendation made by Canada to terminate the Articles of the Treaty of Washington, numbered 18 to 25 inclusive, and likewise Article 30, in conformity with Article 33, would be acted on.

(Certified)

WM. H. LEE,
Clerk, Privy Council, Canada.

No. 11.

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The EARL OF KIMBERLEY to The LORD LISGAR.

(No. 58.)

MY LORD,

Downing Street, March 18, 1872.

HER Majesty's Government have given their most careful attention to the Report of the Committee of the Canadian Privy Council enclosed in your Lordship's Despatch, No. 13,* of January 22. The Committee state, that while adhering to their opinions as to the Fishery Articles of the Treaty of Washington, they are yet most anxious to meet the views of Her Majesty's Government, and to be placed in a position to propose the necessary legislative measures. They maintain that Canada has a just claim for compensation for expenses incurred in consequence of the Fenian raids, but they are of opinion that the adoption of the principle of a money payment in satisfaction of those expenses would be of no assistance with reference to the Treaty, and would be open to objection on other grounds. They therefore suggest another mode of settlement by which, in their opinion, their hands might be so materially strengthened that they would be enabled, not only to abandon all claims on account of the Fenian raids, but likewise to propose to the Dominion Parliament, with a fair prospect of success, the measures necessary to give effect to the Treaty.

Their suggestion is, that Her Majesty's Government should propose to Parliament a guarantee for a Canadian loan, not exceeding four millions sterling, being half the amount (8,000,000*l.*) which it is intended to raise for the purpose of constructing the railroad through British territory to the Pacific, and of enlarging and extending the Canadian canals.

Her Majesty's Government have considered this suggestion with an earnest desire to remove the difficulties which are felt by the Canadian Government, and I have now to convey to you the conclusions at which they have arrived. They are of opinion that the most convenient course will be that it should be provided in the Acts to be passed