

## MR. ROSE AND THE INTERCOLONIAL RAILWAY.

## DEBATE ON THE LOAN

THE QUESTION BEFORE THE BRITISH HOUSE OF COMMONS—SPEECHES BY MESSRS. AYTOUN, HUNT, (EX CHANCELLOR OF THE EXCHEQUER) BARING, GLADSTONE AND MONK

In the House of Commons on July 8, Mr. S. Aytoun rose to call attention to the manner in which a portion of the money authorized to be raised under "The Canada Railway Loan Act, 1867," has been applied, and to move that this House is of opinion that the application of money raised under the Imperial guarantee, in pursuance of the "Canada Railway Loan Act, 1867" to the redemption of a portion of the debt of the Canadian Dominion is contrary to the intention of that Act; and that no further guarantee should be given by the Commissioners of Her Majesty's Treasury under the above Act, except in such form and manner as shall ensure the direct application of the money so guaranteed to the construction of the Intercolonial Railway. He observed that the Imperial guarantee was given to this loan on the ground that it would be applied to the Intercolonial Railway, but that after the money had been raised it had been applied to the extent of 5,808,595 dollars, to the payment of other obligations of the Canadian Dominion. It was true that Mr. Rose stated that there were other sources from which he could recoup the loan. The very use of that word appeared to him (Mr. Aytoun) a contravention of the Act. He did not blame the late Government for their conduct in the matter, for it appeared to him that all the conditions which they were required to see fulfilled before guaranteeing the loan were satisfied; but this case appeared to him to show how little control Parliament had over money which it had guaranteed.

Mr. W. Hunt said the Act prescribed certain conditions, on the fulfilment of which the Commissioners of the Treasury were to guarantee the loan. The line was to be approved of by the Secretary of State, and an Act was to be passed by the Canadian Legislature appropriating the loan, and both those had been fulfilled. He thought it would be seen that the Government had acted in the interest of the Dominion by enabling it to raise the money on the most favourable terms. The question was, whether the Dominion had acted in violation of their own Act. Important papers, giving a full account of the transaction, had, he believed, reached this country, but were not at present before the House, and until he saw them it was impossible that, individually, he could express any opinion on the matter.

Mr. T. Baring thought it was hardly just to throw suspicion on the Dominion of Canada as to the application of this money, their power to redeem it, or their readiness to repay the sum that had been advanced. As far as the interest of Canada was concerned, he thought the operation had been extremely beneficial. He believed that Mr. Rose had acted in the best possible manner, and quite consistent with the law, and it was wrong that persons should be continually trying to create a feeling against this country amongst the colonists there. He was sure that such was not the feeling of the English people, and that the Canadians entertained a sympathy towards this country which was exceedingly creditable, and deserving of better treatment. (Hear, hear)

Mr. Gladstone said there was no question whatever, either of imputation or suspicion, great or small, as far as Canada was concerned, and he should no more think of casting a doubt on the good faith of the Ministry of that Dominion, in respect to this money, than he should on the Ministry of this country. (Hear, hear.) He thought they ought to recognise the Canadians as standing upon one and the same footing with ourselves, but

there was, notwithstanding, such a thing as regularity and punctuality in complying with the terms of a provisional Act, and that want of regularity and punctuality might become so notorious as to attract the notice of that House, quite independently of any question of good faith. It was, no doubt, the duty of that House to watch repeatedly over its own acts, as well as over those who dealt with the subject of guarantees. What he wished to say was, that, on the part of himself and his colleagues, if it should arise that comment was to be made, or any correspondence between the two Governments was to be called into question, their hope was that it would be construed subject to the general principle laid down, that it was their duty to see that the Act had been strictly complied with. The motion of his hon. friend, if it did not directly impugn the good faith of the Canadian Government, seemed to cast a censure upon them for their proceedings on account of the loan; but he thought his hon. friend was scarcely in a position at present, owing to a want of definite information on the subject, to press his motion on the consideration of the House. He thought the hon. member was in advance of the House, and under all circumstances they ought not, in his opinion, to act until better information was before it.

Mr. Monk also urged the withdrawal of the motion, which maintained that the only conclusion which could be drawn from Mr. Rose's speech was that the Canadian Government had expended the loan in redemption of their debt.

The motion was withdrawn.

## THE "TIMES" APPROVES OF MR. ROSE'S COURSE WITH RESPECT TO THE LOAN.

The *Times* of the 6th inst. says:—"Privilege" was the watchword in each of the two Houses last night. A jealous sense of their own dignity, and a fear of what might happen if the Constitution of their House should be submitted to the discussion of the Commons, induced the Peers at the last moment to throw out the exceedingly modest Bill of Lord Russell to enable the Crown to create two Life Peerages a year. The Commons were no less keen for their own special rights. It seems that Mr. Layard, in his zeal for art, and with a just sense of the merits of two rising artists—Mr. Poynter and Mr. Moore—had given them a kind of commission for designs to ornament the central hall of the Westminster Palace with mosaics without first obtaining the sanction of Parliament, and the House of Commons was so far moved by this neglect of their privileges, that, in spite of Mr. Layard's confessions and apologies, 97 members voted for withholding the money necessary to execute the scheme. A still larger number were found ready to approve it, but the temper of the malcontents was keen and sharply expressed. No sooner, too, was this matter settled than Mr. Sinclair Aytoun invited the House of Commons to take a wider flight in defence of their rights. He actually desired to move what would be in effect a vote of censure on the Government or Canada for having, as he declared, "violated the provisions of the Canada Railway Loan Act of 1867, and it needed the united remonstrances of Mr. Gladstone, Mr. Thomas Baring, and Mr. Ward Hunt to induce him to withdraw his proposal.

To be vigilant in defence of the financial interests of the nation is, of course, one of the highest duties of a member of the House of Commons but it was shown last night that Mr. Aytoun desired to act before sufficient information had been received from Canada to make out his case, and we are, indeed, disposed to go further, and say that the facts as explained by himself cut away his own ground of complaint. Mr. Aytoun's notice of motion on the subject had been so often put off that we hoped he had recognized the propriety of withdrawing it altogether. In 1867 the Confederation Act was passed, and immediately afterwards the Railway Loan Act. It was admitted that an Intercolonial Rail-

way to unite the Maritime Provinces with Quebec and Ontario was necessary to insure a real fusion of Provincial interests in one Dominion, and the Home Government undertook to help forward the project by giving a guarantee for the payment of interest on the sum of £3,000,000, required to make the line. The guarantee might have been given under many conditions, but, in fact, the stipulations between ourselves and the Dominion are all contained in the Act of 1867. The only proviso to the present purpose was that the guarantee should not be given until the Legislature of Canada had passed an Act for the appropriation and expenditure of the money upon the works of the railway. The scope of this proviso is obvious. It was in strict accordance with the aim of the Confederation Act establishing a self-governed Dominion in North America. As soon as the Canadian Parliament had passed the Act for the appropriation of the funds our Government undertook to guarantee the interests on the loan, and thereupon our control was to cease. Canada itself was to provide that the money raised was properly dealt with, we paying the same respect to its independence as we should to any foreign Power. It would evidently require a very clear case before the English Parliament would examine and censure the conduct of an independent Power, such as Turkey or Sardina, in dealing with the proceeds of Loans the interest of which we had guaranteed, and, although the lesson is one we are slow to learn, it must be understood that we are bound to exercise the same reticence towards Colonies which are full grown and emancipated. We believe that since Mr. Aytoun first asked a question on the subject, some weeks since, protests have been received from the Canadian Government that the Dominion would have been slow to accept the obligations and the guarantee of the Intercolonial Railway had not the stipulation leaving to Canada the entire management of the loan been inserted in the Act of 1867.

The preliminary objection to Mr. Aytoun's attempt to supervise the financial management of Canada is, we believe, of the highest importance in considering the constitutional relations between the United Kingdom and the Dominion, but we must add that, even were this objection removed, Mr. Aytoun's facts do not substantiate his complaint. The Railway Loan was raised last year under unusually favourable circumstances, but it is plain that, although the money was thus borrowed, the bulk of it would not be required for some time to come. To keep the proceeds of the loan absolutely idle would have been to throw away the advantages of the terms upon which it was raised, and to have left the whole sum at call in London would have been to lose the difference between the interest received and the interest payable on the loan. What was done is described with perfect frankness in the Budget speech of the Finance Minister of Canada. The Canadian Treasury necessarily keeps a separate account for the proceeds of the loan and its application, but they have never held themselves obliged, nor believed it desirable, to keep the actual money apart from the other funds under their control. They have been satisfied with keeping at their several bankers, and in convertible securities, sums amounting together to more than the net proceeds of the loan, but they have been enabled to reduce the balances they would have had at their bankers if the loan had not been contracted, and they have applied such sums as were in excess of their requirements in anticipating the repayment of other obligations. The short answer of the Canadian Government to the inquiries on the subject is, that the sums it has at call and on deposit with its financial agents here and with its bankers in the Dominion, together with the cash in hand and invested in securities immediately convertible, are in excess of the unexpended balances of the loan, and, with the exception of a very brief interval last