

proposition, would still be adhered to; he consequently recommended his colleagues to agree to the appointment of an Engineer, and to proceed with the survey. The Committee of Council advised Your Excellency to that effect, accompanying such recommendation with the expressed hope that, if upon the completion of the survey the work was found practicable, no further deviations from the agreement of 1862 would be proposed.

Thus far matters appeared to be progressing satisfactorily, until the receipt of the Despatch of the Governor General in reply to Your Excellency's Despatch of the 18th September, in which it is distinctly stated by the Canadian Government that the only conditions upon which they will proceed with the survey is upon the distinct understanding that further arrangements for the construction of the proposed Railway must be upon a new basis.

The Committee cannot therefore but consider that the Government of Canada—and they alone—are responsible for any delay that has, up to the present time, been caused in the furtherance of this important Colonial work. We know that it is alleged by the Canadian Government that their Minute of Council of 25th February was intended as a notification of their abandonment of the basis upon which negotiation up to that time had been founded, and say that they hoped that their report would have been sufficient to prevent misconception upon that point. The Committee have more than once examined that document with great care, but have failed to find in it a single sentence that, in their opinion, is calculated to convey either to the Imperial Government, or to the Governments of New Brunswick and Nova Scotia, a notice of the abandonment of the agreement of 1862; and Your Excellency has already called the attention of the Governor General to the fact that the Minute of Council of 25th February last, was never officially communicated to this Government, which, it appears to the Committee, it would most certainly have been, had the Canadian Government at that time considered it a notification of the abandonment of any agreement formerly entered into by the Governments of the three Colonies. That it was not considered in this light by the Imperial Government, to whom it was communicated, is evident from the terms of the Despatch addressed by the Duke of Newcastle to the Governor General of Canada on the 20th October 1863, in which His Grace observes that "he finds some difficulty in reconciling" the intimation of the abandonment of the Quebec agreement contained in the Report of the Executive Council of Canada of September, with the request made a short time previously for the appointment of an Engineer to take part in the proposed Survey on behalf of the Imperial Government. The Committee, keeping in mind the proposal made to the Imperial Government by the Canadian Delegates on their departure from England, December 23, 1862, in which they state the terms and conditions upon which they were prepared to accept the proposed loan, and reading the Report of the Committee of the Executive Council of Canada, of 25th February 1863, connected therewith, can only look upon the language used in that document as addressed to the Imperial Government, with a view of inducing them to grant the desired loan upon the terms proposed by the Delegates when leaving London. In support of which conclusion, we refer Your Excellency to the last paragraph of their Report, which is as follows:—

"Your Excellency's advisers have full confidence that the Government and Parliament of Great Britain will grant the proposed guarantee upon the most liberal terms, in consideration of the importance of this great work as a measure of defence, and a means of extending and securing the political and commercial influence of England over an immense territory, extending from the Atlantic to the Pacific."

It appears, therefore, that the proposition made to the Imperial Government in 1861,