

A37 1064

and Russia, and that the revenue now raised per head of the population is in Canada only 17 s., and in the United Provinces only about 15 s., showing a very easy condition of taxation in comparison, not only with European countries, but with the United States, my Lords cannot feel any doubt that if the natural growth of revenue will not cover the increase of charge which the contraction of the proposed loan would entail, no difficulty would be experienced in the imposition of fresh taxation in order to complete a work so essential to the safety and prosperity of the Confederation.

Their Lordships are therefore prepared to join in recommending to Parliament that authority be given to them to guarantee the payment of interest at 4 l. per cent. on a sum of 3,000,000 l., to be borrowed by the Canadian Government for the completion of a railway connecting Quebec and Halifax, on a line to be approved by the Imperial Government, upon the report of an engineer to be appointed by the Home Government, at the expense of the Colony, subject to the following conditions:—

1. That the Parliament of the Confederated Provinces shall first pass an Act making satisfactory provision for the raising and expenditure of the loan and making, first, the payment of the principal and interest of the loan at the rate of 4 l. per cent.; and secondly, a contribution to a sinking fund of 30,000 l. per annum (being 1 l. per cent. per annum on the total amount of the loan of 3,000,000 l.), a charge upon the consolidated fund of the Confederated Provinces next after existing liabilities on account of the debt, the civil list, and the charges of collection of revenue; such contribution to continue until the whole loan is repaid, or until the sinking fund is equal to the unpaid portion of the loan, and to be remitted half-yearly to this country and invested in the names of four trustees, two to be appointed by the Imperial and two by the Colonial Government, and that the Act shall contain provisions to make it obligatory upon the Colony to complete the line within a reasonable time, and also to charge the said consolidated fund with such further sums as may be required over and above the said sum of 3,000,000 l. for the completion of the railway next in priority after the contribution to the said sinking fund.

2. That their Lordships shall be satisfied, not only that the revenue to be raised under the authority of the Legislature of the Confederation will suffice to meet the charges which will be imposed upon it by the first-named condition, but also that the Colony will be able to provide for any further charges that may be imposed upon its revenue in respect of any expenditure to be incurred in constructing the railway over and above the amount of loan to be guaranteed as above-mentioned, so that no further guarantee shall be hereafter applied for.

3. That provision be made in the Act of the Canadian Legislature for the carriage of Imperial troops and munitions of war, &c.