

c. They have in the hands of Messrs. Baring and Glyn an amount estimated by the last advices at 2,900,000 dollars.

d. They have India Bonds in the hands of Messrs. Baring and Glyn worth about 750,000 dollars,

e. They have preferential securities, of undoubted value, payable in 1, 2, 3 and 4 years from January last, with interest, of the Great Western Railway Company of Canada, amounting to 2,750,000 dollars.

f. They have receipts from the Post Office Savings Bank, which since their establishment have averaged about 50,000 dollars per month, and which in the course of the next year are estimated (beyond the cash in hand) at 600,000 dollars.

g. They have deposits by insurance companies of consols, stocks, and bonds, about to be converted into cash within two years, of 1,500,000 dollars.

h. They have purchased bonds, in anticipation of the requirements of the Intercolonial Sinking Fund, to about 270,000 dollars.

i. They have provided, over and above the foregoing means, special credits with the bankers and financial agents of the Government for the express purpose of meeting any possible call on Intercolonial account, to wit, with

Messrs. Baring and Glyn, 1,250,000 dollars.

The Bank of Montreal, 2,500,000 dollars.

18. It will thus be seen that the statement of having applied the money raised under the Canada Loan Act, 1867, in payment of the general debts of the Dominion in contravention of that Act, is without a shadow of foundation.

The credit of the Dominion of Canada stands too well to render the recourse to any indirect or unworthy means for the payment of her debts necessary, and she prizes her reputation for good faith too highly to resort to them. Canada has but to offer her own securities to her own people, or on the London money market, as she may think most for her advantage, to find whatever means are needed for the maintenance of the public credit, or for the prosecution of enterprises which her people think can be prudently and advantageously undertaken. And while her obligation to complete the Intercolonial Railway will be fulfilled to the letter, she claims the right of making such subsidiary arrangements, whether in regard to the loan or the works themselves, as her own interests may require.

19. Her Majesty's Government has hitherto extended a most generous confidence to Canada in connection with all the antecedent negotiations on this subject, and she has no reason to believe that in future that confidence will be abridged. This feeling induced the Minister of Finance to recommend to his Excellency the propriety of making the extraordinary and unwonted provisions already referred to; provisions which under ordinary circumstances need not have been made, and it now impels him to submit these observations for your Excellency's consideration, in order that Her Majesty's Government may have the means of justifying the confidence which in this matter as in all others they have invariably reposed in the good faith of the inhabitants of British North America.

It is the duty of Canada to see that the amount of the loan is faithfully expended on a work in which Her Majesty's Government and the Dominion have confessedly a common interest. Of that duty Canada is fully sensible, and it will be performed with the most exact integrity.

John Rose, Minister of Finance.

Ottawa, 29 May 1869.

— No. 2. —

(No. 67.)

No. 2.
Governor General
Sir John Young,
Bart., G.C.B., to
Earl Granville, K.G.
20 June 1869.

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

Ottawa, 20 June 1869.

(Received, 5 July 1869.)

(Answered, No. 129, 8 July 1869, p. 21.)

My Lord,

I HAVE the honour to acknowledge the receipt of your Lordship's Despatch of the 1st June instant, No. 97,* and to transmit, in reference thereto, a Minute adopted by the Privy Council of Canada, deprecating the construction which has been placed on their action, as well as objecting to the opinions expressed and the instructions given in the premises by Her Majesty's Government.

I have, &c.

(signed) *John Young.*

Minute of date
18 June 1869.

* Page 21.