

The first 130 miles of this communication Nova Scotia will make, and amply secure the British Government from loss, should the advantage of its credit be given. We will do more—we will prepare our lands, collect returns, appoint an agent in each county, and repeal our taxes on emigrants; offering, on the best terms, a home to all who choose to come among us. If Her Majesty's Government have no objections to the employment of such portions of the troops as are not required to do garrison-duty, we will give them a fair addition to their pay, or land along the line, to which in war their discipline would be a defence; thus saving to the British Government the expense of bringing these veterans back to England.

The ability of Nova Scotia to fulfil any obligations she may incur to the Imperial Government, may be estimated by reference to her past progress and present financial condition.

Montgomery Martin, in his late work, estimates the value of the province, in moveable and immoveable property, at 20,700,000*l.* Without counting wild lands and property upon which labour has not been expended, we rate it at 15,000,000*l.* This has been created in a century, by the industry of a few thousands of emigrants and loyalists, and their descendants. To the amount of shipping, as evidence of a prosperous commerce, I have already referred.

Within the twenty years from 1826 to 1846, the population more than doubled, the tonnage rising, in the last ten years of this period, from 96,996 to 141,043 tons.

The exports rose in the twenty years from 267,277*l.* to 831,071*l.*

The revenue of Nova Scotia is chiefly raised from imports, the royalty on the mines, and the sale of Crown lands. There is no property-tax, income-tax, or assessed taxes, except poor and county rates raised by local assessments.

Her tariff is the lowest in North America. Her *ad valorem* duty on British goods is $6\frac{1}{4}$ per cent.; that of Canada $12\frac{1}{2}$.

All the liabilities of the province amounted on the 31st December, 1849, to 105,643*l.* 13*s.* 1*d.* The Receiver-General writes me that there has been an increase of the revenue during the past year, of 15,000*l.*, which will reduce the liabilities to 90,643*l.* 13*s.* 1*d.* No part of this debt is due out of the province. Province notes, which circulate and are sustained by the demand for them to pay duties, represent 59,864*l.* of the whole, which bears no interest. Of the balance, 40,000*l.* is due to depositors in the Savings Bank, who receive 4 per cent. The holders of Stock certificates, covering the remainder, receive 5 per cent.

The public property held by the Government in the city of Halifax alone, would pay the whole debt, which could be extinguished by applying the surplus revenue to that object for two years.

The income from all sources fluctuates between 90,000*l.* and 110,000*l.* The permanent charges on this revenue secured to Her Majesty by the Civil List Bill, are £6160. The balance is expended in maintaining other branches of the Civil Government, in opening and repairing roads, and promoting education.

We should make the interest of the loan we now require a first charge on this surplus, in the event of the railroad not yielding tolls sufficient, which, judging by the experience of our neighbours, we do not apprehend.

This surplus must steadily increase, because, while population and revenue will probably double within the next twenty years, as it has done, almost without emigration or railroads, during the past twenty, the expenses of the Civil Government will be but very slightly augmented.

The revenue could be, and if necessary would be, promptly increased, by raising the *ad valorem* duty, re-adjusting specific duties, or if even, that were necessary, to sustain our credit with the mother-country, by a resort to a legacy, income or property-tax.

The Government of Nova Scotia (exclusive of lands in Cape Breton) still retains 38,288 acres of ungranted Crown lands. These, if required, could also be pledged, or the net amount of sales of lands along the line could be paid over from time to time in liquidation of the loan.

The whole amount required is 800,000*l.* The city of Halifax being pledged to the Provincial Government to pay the interest on 100,000*l.*, the whole amount that would therefore be chargeable on all sources of provincial revenue, the tolls on the railroad included, would be 24,500*l.*