

and his colleagues unite in offering as the explanation of the course they have pursued.

In compliance with your Lordship's wish to learn from me to what extent, and in what way, the loan has been employed under the Minute of the 27th of August, I can only say that the statements, 1 and 2, appended to the Minute of the 18th instant, are derived from distinct and independent sources, and seem to furnish the required information.

Statement No. 1 shows in what way the total (guaranteed and unguaranteed) Intercolonial Loan has been invested; and it will be seen that in addition to the special securities set apart by the Order in Council of August last, Exchequer Bills, amounting to 7,627,900 dollars, are held for account of the total loan.

These Exchequer Bills, of which I enclose a form, being receivable in payment of all public dues, would seem to form a security of as high a character as it is possible to procure, and to be readily convertible into cash, irrespective of any reliance on the Bank Credits.

As to the extent of the application of the guaranteed Loan for the purpose of defraying the general debts of the Dominion, it appears, by Statement 2, that the receipts of the Dominion from other sources (and wholly irrespective of its ordinary revenues) have been sufficient to defray all these debts, without relying on the guaranteed portion of the loan at all (except by about 2,000*l.* sterling); and against this 2,000*l.*, besides the ordinary cash balances in hand, a credit of 250,000*l.* was at any moment available in London, and twice as much more in Montreal.

I have, &c.
(signed) *John Young.*

Enclosure in No. 3.

CORRESPONDENCE respecting the INTERCOLONIAL RAILWAY LOAN, &c.

Encl. in No. 3.

(Laid before Parliament by Command of His Excellency the Governor General.)

This Correspondence will be found printed in House of Commons Paper,
No. 272—I. of 1869.

— No. 4. —

(No. 112.)

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

Government House, Ottawa, Canada,
28 October 1869.

(Received, 11 November 1869.)

(Answered, No. 216, 30 November 1869, p. 23.)

My Lord,

WITH reference to previous correspondence I have the honour to transmit a copy of a Minute of the Privy Council on the subject of the Intercolonial Railway Loan.

I have, &c.
(signed) *John Young.*

No. 4.
Governor Sir J.
Young, Bt., G.C.B.,
to Earl Granville,
K.G.
28 October 1869.