

very highly excited, particularly in Halifax and in those counties through which the road would pass.

8. Under those circumstances, my Government were required to deal with the question thus raised, and to decide whether they would stand aloof from this movement, and allow a great highway, which in peace would be a thoroughfare of nations, and in war might be of vast importance, to be constructed and controlled by foreign capitalists, or should at once grasp the enterprise, and by the aid of the public funds and credit, discharge towards the country the highest and most legitimate functions of a vigorous Executive.

9. The latter determination was arrived at, and the opportunity was afforded to declare their policy at a public meeting held in the metropolis on the 24th, the proceedings of which will be found reported in the papers transmitted by this mail.

10. This movement, which meets my entire approbation, has been received with great satisfaction by all parties. The address of the city council, with my answer No. 3, I have the honour to inclose.

11. The details of this measure have yet to be adjusted, and it may be necessary to send to England some members of my Government, to communicate more at large with your Lordship in reference to them.

12. In the meantime, I should be glad to be informed whether, upon such pledges as have been regarded as satisfactory in other colonies, being given, Her Majesty's Government would be disposed to aid Nova Scotia, with its guarantee of such funds as she may find it necessary to borrow in England, in order to construct this road. These would not exceed 800,000*l.* sterling, and would probably be secured not only on the general revenues of the province, but upon the road itself.

13. Such a guarantee would enable the province to enter the market upon the best terms, and effect a large saving in the accomplishment of the work.

14. The revenue of Nova Scotia is about 80,000*l.* sterling; her debt but 87,892*l.* sterling; of which 47,892*l.* sterling is represented by province paper, on which no interest is paid. The permanent and indispensable charges are about 40,000*l.* sterling; leaving 40,000*l.* of surplus revenue, available for public improvements. The revenue has increased 4,400*l.* within the present year. The increase on the whole year will probably be 10,000*l.*

15. If, therefore, as I anticipate, the Legislature sustains the policy of the Government, they will have the means at their disposal to pay the interest promptly on any loan they may require to effect.

16. I shall be very much gratified by an early communication of the decision of Her Majesty's Government on this point, and of the terms and nature of the securities required.

The Right Hon. Earl Grey,
&c. &c. &c.

I have, &c.
(Signed) J. HARVEY

(No. 232.)

No. 2.

COPY of a DESPATCH from Earl GREY to Lieutenant-Governor Sir J. HARVEY.

SIR,

Colonial Office, September 21, 1850.

In acknowledging your despatch No. 190 of the 23th ultimo, on the subject of the projected line of railway from Halifax to Portland in Maine, I have to express my entire approbation of the degree of support and encouragement given by yourself and the Provincial Administration to this important undertaking.

2. I regard the work as one calculated to be of the highest service to Nova Scotia and New Brunswick; and instead of considering it as likely to endanger, by competition, the still more important scheme which has been proposed for connecting Halifax with Quebec, I believe that it is likely to prepare the way for the execution of the latter; and that it will contribute to the same end, namely, that of rendering Halifax the great port of communication between the two Continents of Europe and America.