

Although, in the event of any rupture between Great Britain and the United States, the Metis Road is being prepared for the purpose of enabling troops to proceed to Canada during the winter, out of the reach of any hostile force, it must be borne in mind that the risk of passing large bodies of men over it during an inclement season would, as in the former case, be considerable, the delay unavoidably great, and the expense enormous; whereas if railway communication were once established, both troops and munitions of war could at all times be rapidly and safely transported to Canada, and mutual military operations would thereby be vastly facilitated.

Under all these circumstances, the great advantage which would be derived from the establishment of a railway such as is in contemplation (provided the site be judiciously selected) cannot, in my opinion, be over-estimated.

I have, &c.
(signed) *Hastings Doyle*, Major-General,
Administering the Government.

Enclosure in No. 13.

MEMORANDUM.

Encl. in No 13.

THE undersigned, representing the three Governments of Canada, Nova Scotia, and New Brunswick, convened to consider the Despatch of his Grace the Duke of Newcastle, of the 12th April 1862, with reference to the Intercolonial Railway, having given the very important matters contained in that Despatch their attentive consideration, are agreed,—

I. That whilst they have learned with very great regret that Her Majesty's Imperial Government has finally declined to sanction the proposals made on behalf of these Provinces in December 1861, and at previous periods, they at the same time acknowledge the consideration exhibited in substituting the proposal of "an Imperial guarantee of interest towards enabling them to raise by public loan, if they should desire it at a moderate rate, the requisite funds for constructing the railway."

II. That with an anxious desire to bind the Provinces more closely together, to strengthen their connexion with the mother-country, to promote their common commercial interests, and to provide facilities essential to the public defences of these Provinces as integral parts of the Empire, the undersigned are prepared to assume, under the Imperial guarantee, the liability for the expenditure necessary to construct this great work.

III. That the three Governments are agreed that the proportion of liability for the necessary expenditure shall be apportioned as follows: viz., 5-12ths for Canada, and 7-12ths to be equally divided between the Provinces of New Brunswick and Nova Scotia.

IV. But it is understood that the liability for principal and interest shall be borne by each Province to the extent only of the proportion hereby agreed upon.

V. That in arriving at this conclusion, the undersigned have been greatly influenced by the conviction that the construction of the road between Halifax and Quebec must supply an essential link in the chain of an unbroken highway extending through British territory from the Atlantic to the Pacific, in the completion of which every Imperial interest in North America is most deeply involved; and the undersigned are agreed that to present properly this part of the subject to the Imperial authorities, the three Provinces will unite, at an early day, in a joint representation on the immense political and commercial importance of the western extension of the projected work.

(signed)	<i>J. S. Macdonald,</i> <i>L. V. Sicotte,</i> <i>J. Morris,</i> <i>W. P. Howland,</i> <i>Wm. M'Dougall,</i> <i>U. T. Tessier,</i> <i>Thos. D'Arcy M'Gee,</i> <i>F. Eventurel,</i> <i>Adam Wilson,</i>	} Representing. Canada.
	<i>Joseph Howe,</i> <i>J. M' Cully,</i> <i>William Annand,</i>	} Representing Nova Scotia.
	<i>S. L. Tilley,</i> <i>W. H. Steeves,</i> <i>P. Mitchell,</i>	} Representing New Brunswick.