

On the 15th of August, 1862, the Governor General invited Delegates from the Governments of Nova Scotia and New Brunswick to meet the Government of Canada at Quebec, to consider the proposal of the guarantee made by the Imperial Government, and the terms upon which it could be accepted.

It was of course evident to all the parties concerned, that negotiation upon the basis proposed in the previous year must necessarily be considered as closed by the refusal of the Imperial Government to comply with the terms of the proposal made by the British North American Provinces. That proposal had been made by the three Provinces acting in strict concert, and its rejection was simultaneously made known to each of them by the Imperial Government. In all these proceedings there was a perfect unity of action on the part of these Provinces, and the Committee fail to perceive any divergence in their course, or any withdrawal on the part of one of them from engagements into which they had mutually entered.

A new proposition having been made by the Imperial Government, two grave questions arose. The first of these was whether the proposal was one which should be accepted by the three Provinces. On this being determined in the affirmative, a further question suggested itself for consideration as to the portion which should be borne by each Province of the liability which, by the acceptance of the Imperial proposition, was thrown wholly upon the Colonies themselves. The Government of Canada certainly ought not now to take exception to the arrangements made, as the proportions agreed upon were those proposed by the Canadian Government themselves, and not by the Representatives of the Lower Provinces.

It is not necessary to enter upon the particulars of that arrangement, they are matters of record, and with which the Government of Canada is perfectly familiar. Let us contrast these proceedings with those of a subsequent date, and ascertain what similarity there is between the two.

Delegates proceeded to England in November, 1862, to arrange with the Imperial Government the terms and conditions upon which the proposed loan for the construction of the Inter-Colonial Railway was to be granted to the three Provinces. The Delegates had had several conferences with His Grace the Duke of Newcastle, the Chancellor of the Exchequer, the Under Secretaries of the Colonial Office and the Treasury, in relation to the object of their mission. At the close of these conferences, a proposal was drawn up by the two departments referred to, embodying substantially what was supposed to have been concurred in by all the Delegates. Messrs. Howe and Tilley accepted the proposal on behalf of the Governments they represented, expressing, however, the hope that, upon further consideration, the Imperial Government might be induced to refrain from insisting upon the establishment of a Sinking Fund. The Canadian Delegates were then in Paris; upon their return to England, and just before their departure for Canada, they forwarded to His Grace the Duke of Newcastle a Memorandum containing several objections to the terms of his proposal.

At the conclusion of the paper referred to, the Delegates make a counter proposition for the consideration of Her Majesty's Government. The loan asked for by them is £200,000 sterling; they propose to repay it in 10, 20, 30, and 40 years,—that the Debentures should bear interest at $3\frac{1}{2}$ per cent.,—and that the proportion of the liability to be assumed by Canada should be £1,250,000, or 5-12ths; £875,000, or $3\frac{1}{4}$ -12ths for Nova Scotia, and the like sum for New Brunswick,—substantially agreeing to the proposal made by the Imperial Government in nearly every particular, except in relation to the Sinking Fund.

After the return of the Delegates, and awaiting the decision of the Imperial Government