MY LORD,-

No. 28, 18th April, 1846. As. Journal, 1847, No. 8, page 18.

I have the honor to transmit to you the accompanying copy of a despatch, with its enclosures, which I have had occasion to address by this mail to the Lieuten-rant-Governor of Nova Scotia, upon the subject of the employment of officers of the Engineer Corps on the survey of the Provinces in British North America, through which the projected line of Railroad between Halifax and Quebec and Montreal may pass.

I have, &c.

W. E. GLADSTONE.

Governor General the Right Honorable the EARL OF CATHCART, K. C. B., &c. &c.

Downing Steet, May 20, 1852.

My Lord,—

I have to inform you that after mature consideration of the proposals laid before them on the part of the Legislatures of Canada, Nova Scotia, and New Brunswick, respecting the projected line of Railway from Halifax to Quebec, Her Majesty's Government have arrived, though with sincere regret, at the conclusion that it is not in their power to recommend to Parliament to guarantee the interest of the sum which will be required for the construction of the Railway upon that line, being as it appears the only one to which the Provinces, by their Representatives, are prepared to consent.

2. Her Majesty's Government are not only anxious to act with the most perfect good faith towards the Legislatures and people of the Provinces, and to fulfil every just expectation which may have been held out by their predecessors, but they also sincerely desire to adopt all measures by which the welfare of the British Colonies in North America can be promoted as far as they can do so consistently with their duties

to the Empire at large.

3. But on reference to the correspondence which has already taken place on this subject, and especially to the letters addressed by direction of Earl Grey to Mr. Howe on the 10th March, 1851, and Mr. Hincks on the 20th February last, it will appear evident that no pledge had been given of assistance to any line except that originally proposed. Her Majesty's Government have therefore felt themselves free to consider this important question on the single ground of general expediency.

4. They are by no means insensible of the great national as well as local objects which are involved in the construction of a line of Railway by which the three Provinces should be united and their communication with Great Britain promoted, but however favorably inclined they might themselves feel towards any project of this character, they are satisfied that some more special grounds would be required to justify them in proposing that security should be given to it to so great an extent by the Treasury of the United Kingdom, or to justify Parliament in acceding to such a proposal. There must be some distinct Imperial interest for the sake of which alone Parliament could be called upon to pledge the national revenue on behalf of such an object.

5. While, therefore, Her Majesty's Government can readily understand the reasons which have induced the Colonial Legislature to prefer the line of the valley of St. John as the most expedient for the local purposes of some, if not all, of the Provinces, they can not at the same time but perceive that those peculiar interests affecting the United Kingdom, on which alone public assistance from hence could be rea-

sonably founded, are likely to suffer materially by the change.