

ment to grant the Island a Loan of £50,000, repayable in 20 years, for the purpose of completing the Main Lines of Road in the Colony.

Before Her Majesty's Government can decide on this application, it will be necessary that you should furnish me with information on the following points:—

First: I should wish to know the actual amount of the present debt of the Colony (which, I must observe, is not given, as it ought to be, in the Blue Book); the time at, and authority under, which it was contracted; whether any portion of it is formed by an accumulation of unpaid interest, and what proportion of the sum originally borrowed has been paid off; whether provision is made for its redemption by annual instalments, or otherwise; and what were the circumstances under which a sum exceeding £800 was borrowed of the Savings Bank, when £80,000 is stated to be invested: and I should be glad if there was added to the information upon the above several points a full and complete account of the financial condition of the Colony, and the prospect there may be of its being able to repay the Loan for which the Council and Assembly have applied.

Secondly: I wish to receive your opinion and report on the mode of raising a Revenue in Newfoundland in the event of reciprocal Free Trade being established between that Colony and the United States. As the bulk of the Colonial Revenue is derived from Customs' duties on articles which under a convention for the unrestricted reciprocity of intercourse would be admitted duty free, it would be necessary to provide for the remission of a productive branch of the Revenue by the institution of other,—as for example, inland sources of taxation: and you will furnish me with your views as to the extent to which this would be practicable, and the effect which it might have upon the credit and resources of the Colony.

I have the honour to be, Sir,

Your most obedient servant,

Governor HAMILTON, &c., &c., Newfoundland.

(Signed)

NEWCASTLE.

From His Excellency the Governor to the Secretary of State for the Colonies, on the subject of the Address of the Council and House of Assembly, praying for a Loan of £50,000 for the purpose of completing Main Lines of Road.

*Government House, Newfoundland, }
16th September, 1853. }*

MY LORD DUKE,—

I have the honour to acknowledge the receipt of Your Grace's Despatch, No. 26, of the 30th July, in reply to my Despatch, No. 45, of the 29th June last, on the subject of the Address of