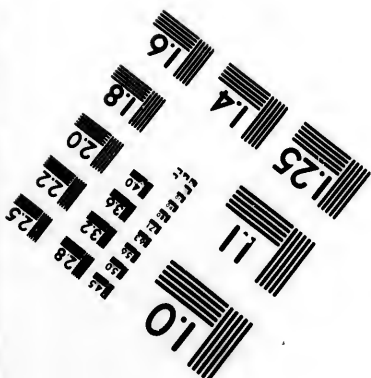
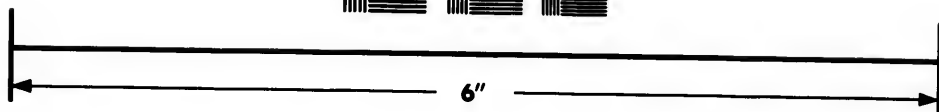
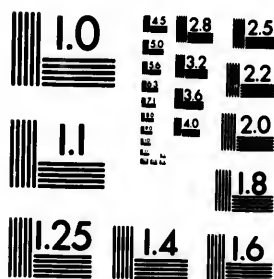


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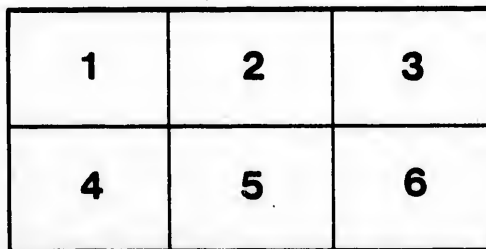
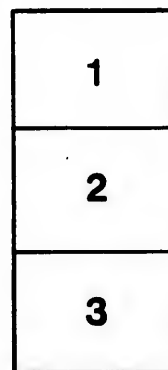
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CORRESPONDENCE

RELATING TO

THE INTER-COLONIAL RAILWAY.

LAI'D BEFORE THE LEGISLATURE BY COMMAND OF HIS EXCELLENCY
THE LIEUTENANT GOVERNOR.

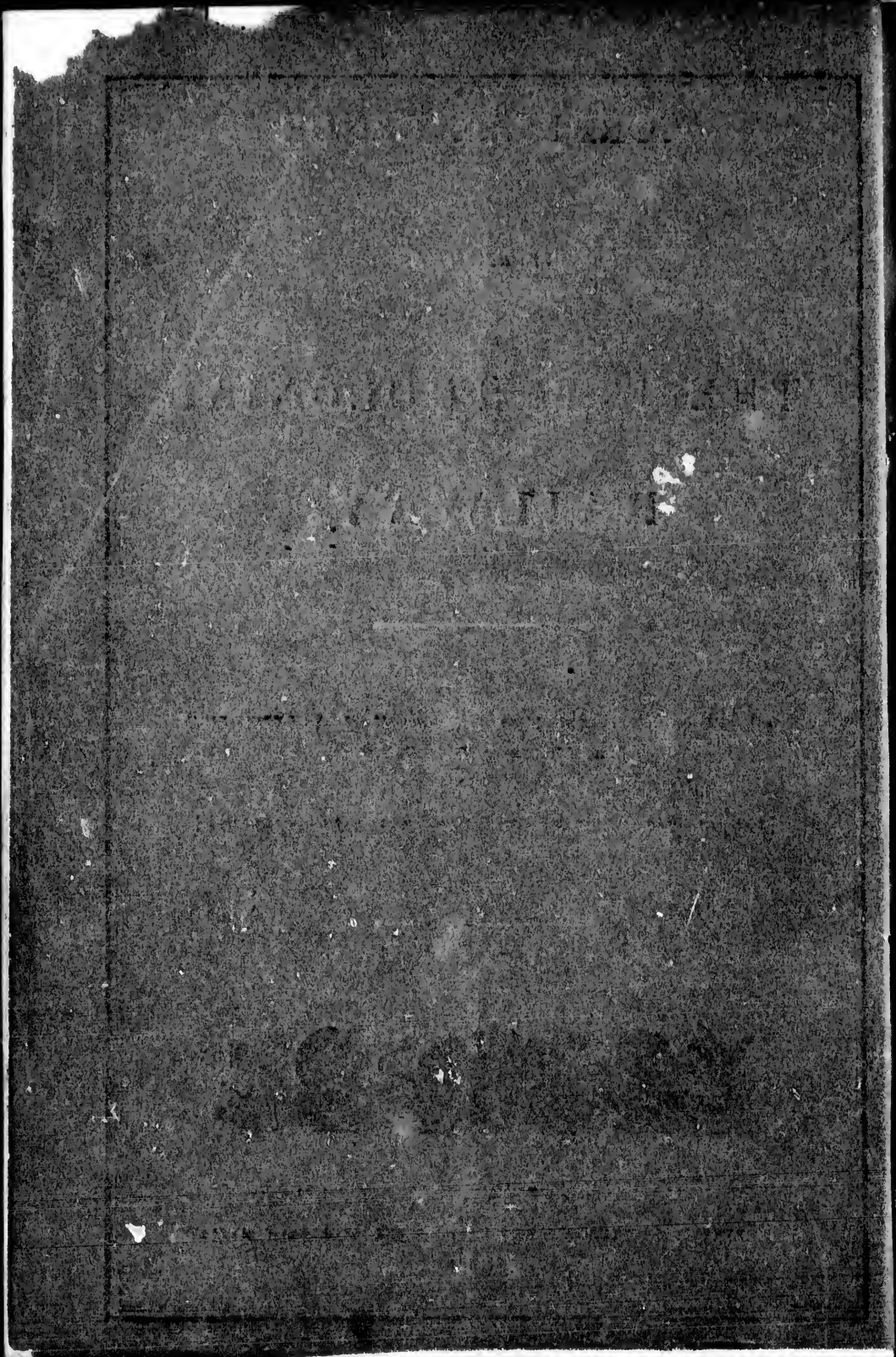
[In continuation of Correspondence laid before the Legislature in 1863.]



FREDERICTON.

G. E. FENETY, PRINTER TO THE QUEEN'S MOST EXCELLENT MAJESTY.

1864.



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Copy of a Report of a Committee of the Honorable the Executive Council, approved by His Excellency the Governor General in Council on the 25th Feb. 1863.

The Committee of the Executive Council having carefully considered the Despatch of His Grace the Secretary of State for the Colonies, of the 17th January last, in relation to the recent Inter-Colonial Railway negotiations, beg to submit the following Memorandum in reply thereto:—

Your Excellency's advisers concur in the views urged upon the Imperial authorities by the Canadian Delegation who were lately in England.

They also observe by the papers in their possession, that the Honorable Messieurs Howe and Tilley, although consenting as a last resort to accept the conditions proposed by the Lords of the Treasury, fully concurred in the objections entertained by this Government and its Delegates against the proposed Sinking Fund.

Without entering into further discussion of the difference existing between the Imperial and Colonial proposals, Your Excellency's advisers consider it due to the Delegates from the other Provinces to call attention to their last Communications to the Colonial Office before leaving England, in "which the hope is expressed that the Chancellor will reconsider the matter of the Sinking Fund, and that the Colonies may be enabled to convince the Imperial Government and Parliament, that under all the circumstances of this peculiar case, a Sinking Fund should not be insisted upon, and that the Imperial authorities may be induced to rely upon the honor and ample Revenues of the Provinces for the prompt payment of the instalments as they become due."

The Committee, upon a careful reconsideration of Canada's share in this whole negotiation from its commencement, upwards of twenty years ago, as well as from the nature of the stipulations and limitations of liability now first put forward by the Imperial Treasury, are of opinion that a more exact Survey than any yet made is indispensable, in order to ascertain the proximate cost of the Road before a final decision or legislation can be had on the different proposals of the Imperial and Colonial Governments.

The Honorable Mr. Tilley made known in London to the Imperial Government and the other Delegates, that he had instructions not to pledge New Brunswick to a greater expenditure for the whole Road than three millions and a half, and that if the estimated amount was to exceed that sum, he would have to submit the whole question again to his Government.

The last Imperial proposal restricted the Imperial guarantee of interest to a Capital of three millions sterling, and even this guarantee was not to be asked of the Imperial Government until the sufficiency of the Colonial Revenues to meet the charges to be imposed upon them was established to the satisfaction of the Treasury, until the route and surveys had been submitted to and approved by the Imperial Government, and until it could be shewn to the satisfaction of Her Majesty's Government that the whole work could be done without application for an Imperial guarantee over and above that to be given on three millions sterling.

As the Survey might establish the fact that the Road would cost more than three or three and one half millions; and as in that event further conferences would be necessary with the Imperial Government and the other Provinces, Your Excellency's advisers have agreed that an appropriation

shall be asked from the Legislature of Canada in the present Session, for the purpose of making such a Survey as is necessary to the final determination of the several proposals.

They have acquainted the other Provinces of their determination in this respect, in a conference had with the Honorable Mr. Tilley last month at Quebec, and they are gratified to learn since, that His Grace the Duke of Newcastle is prepared to appoint an Imperial Officer to co-operate with those of the Provinces for the joint Survey.

The reasons, Imperial and Colonial, political and Military, in favor of the project itself, have been so often urged upon the consideration of Her Majesty's Government, that it is unnecessary to recapitulate them.

The Committee, however, beg to cite here the last testimony on behalf of the Inter-Colonial Road as a necessary measure of Colonial defence, which they find in the Report of the Royal Commission on the defence of this Province, recently presented to Your Excellency. After noticing the existing means of communication between Canada and England during the season when the navigation is closed, and pronouncing the present line of communication to be "not available during hostilities," the Commissioners conclude by expressing their hope "that some arrangements will soon be come to, through which an undertaking so important to the British North American Provinces as the Quebec and Halifax Railway, may be carried out."

Your Excellency's advisers have full confidence that the Government and Parliament of Great Britain will grant the proposed guarantee of interest on the most liberal terms, in consideration of the importance of this great work, as a measure of defence and a means of extending and securing the political and commercial influence of England over an immense territory, extending from the Atlantic to the Pacific.

(Certified.)

(Signed)

WM. H. LEE, C. E. C.

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CORRESPONDENCE

RELATING TO

THE INTER-COLONIAL RAILWAY.

LAI D BEFORE THE LEGISLATURE BY COMMAND OF HIS EXCELLENCY
THE LIEUTENANT GOVERNOR.

[*In continuation of Correspondence laid before the Legislature in 1863.*]



FREDERICTON.

G. E. FENETY, PRINTER TO THE QUEEN'S MOST EXCELLENT MAJESTY.

1864.

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FURTHER CORRESPONDENCE
RELATING TO
THE INTER-COLONIAL RAILWAY.

No. 1.

The Lieutenant Governor to the Governor General of Canada.

Fredericton, 19th March, 1863.

MY LORD,—I have the honor to enclose, for Your Excellency's information, a copy of the papers laid before the Legislature of this Province, on the subject of the negotiations for the completion of the Inter-Colonial Railroad.

In connection with this subject, I wish to inform Your Excellency that my attention has been called to the report of a speech made in the Parliament of Canada by the Hon. Mr. Sicotte, a member of Your Excellency's Government, on the 20th ultimo, in which that gentleman is said to have made use of the following words:—"On this point I will content myself with saying that a Despatch received to-day from the Colonial Office admits that the objections taken by the Delegates are just and correct."

I do not know whether Mr. Sicotte spoke in the English or French language, and I therefore also give the report contained in the *Journal de Québec*, which is as follows:—

"Sur ce point, je me contenterai de dire qu'une dépêche reçue aujourd'hui du bureau colonial reconnaît que les objections faites par les délégués sont justes et correctes."

It is possible that the honorable gentleman may have been misreported; but should the report be accurate, I hope Your Excellency will not consider it a matter of surprise if I venture to request Your Excellency to inform me whether such a Despatch has indeed reached Your Excellency.

It is the intention of my responsible advisers, with my full approval, to introduce a measure into the Provincial Legislature for the purpose of giving effect to the proposals of the British Government; but if it be the case that the objections offered to these proposals are admitted to be correct and just, it is reasonably to be presumed that the proposals of Her Majesty's Government will be modified accordingly, and I need not point out to Your Excellency that such a probability seriously affects the course of action here contemplated.

The statement of a responsible minister of the Crown in his place in Parliament, carries with it an authority which cannot lightly be questioned; and although the Despatches which I have received from the Secretary of State would not warrant the inference naturally to be drawn from the statement of Mr. Sicotte, those received by Your Excellency, on the 20th ultimo, must have been of a later date than any which have reached me on the subject; and I am therefore anxious to receive from Your Excellency such information as you may think proper to furnish me for my own guidance in respect to the course to be pursued in this Province.

(Signed)

I have, &c.

ARTHUR H. GORDON.

His Excellency the Viscount Monck, &c. &c. &c.

No. 2.

The Lieutenant Governor to the Secretary of State for the Colonies.

Fredericton, 30th March, 1863.

MY LORD DUKE,—I have the honor to enclose for your Grace's information, the copy of a letter which I have addressed to the Governor General of Canada, in consequence of an extraordinary statement said to have been made in the Canadian Legislature by the Honorable Mr. Sicotte, and which, if really made by him, has probably before this time been brought under Your Grace's notice.

I have, &c.

ARTHUR H. GORDON.

His Grace the Duke of Newcastle, K. G.

[Enclosure.—See preceding Despatch, No. 1.]

No. 3.

The Governor General of Canada to the Lieutenant Governor.

Quebec, March 26th, 1863, [received April 2.]

SIR,—In reply to your Despatch of the 19th instant, with reference to the speech made by Mr. Sicotte in the Legislative Assembly of this Province, on the 20th February, I have the honor to enclose, for your information, an explanation and correction of the report of his observations by Mr. Sicotte.

I have to add that no official communication has reached me from the Colonial Office subsequent to the 29th January, the date of the letter to Mr. Tilley, to which Mr. Sicotte alludes.

I have, &c.

(Signed)

MONCK.

His Excellency the Honorable A. H. Gordon, &c. &c. &c.

[Enclosure.]

Mr. Sicotte has taken cognizance of the Despatch of His Excellency Governor Gordon, dated 19th March, and has the honor to state for the information of Your Excellency, that the Despatch alluded to was the answer of His Grace the Duke of Newcastle to the Hon. Mr. Tilley's letter of January, and transmitted to Your Excellency for the information of the Canadian Government.

The report of the statement made by me is not accurate, as I stated that this Despatch admitted that the objection taken by the Canadian Delegates to one of the conditions proposed by the Imperial Treasury was well founded, and that Mr. Tilley had thought proper to write from New Brunswick and make the same objection that we had urged against that condition.

No. 4.

The Secretary of State for the Colonies to the Lieutenant Governor.

Downing Street, 18th April, 1863, [received May 2.]

SIR,—I have the honor to acknowledge your Despatch of the 30th March, relative to a statement reported to have been made in the Canadian Parliament by the Honorable Mr. Sicotte, to the effect that a Despatch, just received from the Colonial Office, admitted that the objections taken by the Canadian Delegates, on the subject of the Inter-Colonial Railway, were just and correct.

In order that you may be in possession of correct information on this subject, I transmit to you copies of the only two Despatches which I have had occasion to address to Lord Monck in the course of the present year, about the Inter-Colonial Railway. I have no wish to produce these Despatches without adequate occasion, or to lay any unnecessary stress on the statement which is said to have been made in the Canadian Parliament; but if you should find that it leads to any serious misconception in the Province under your government, you will be at liberty to communicate my Despatches to your Ministry for public use, in case that should appear the best manner of placing beyond doubt the only views and intentions which have been conveyed to the Governor of Canada on this subject by Her Majesty's Government.

I have, &c.

(Signed)

NEWCASTLE.

Lieutenant Governor the Honorable Arthur H. Gordon, &c. &c. &c.

[Enclosure No. 1.]

The Secretary of State for the Colonies to the Governor General of Canada.

Downing Street, 17th January, 1863.

MY LORD,—You will no doubt have received from Messrs. Sicotte and Howland the Copy of a Memorandum which they have addressed to me respecting the proposed loan for the construction of the Inter-Colonial Railway.

My first impression derived from the language and general character of that document was that it amounted to a final, though indirect, rejection on the part of Canada, of the terms offered by Her Majesty's Government, and thus required no present notice from me.

As however the act of the Canadian Delegates is not necessarily to be taken as that of the Government; and as therefore the question will probably be further agitated in the Colony, I have thought it best to inform you generally, of the circumstances under which this Memorandum was sent to me.

The whole question of the loan was very fully canvassed at this office, in repeated interviews between the four Delegates and myself; and I was certainly under the impression that, with a single exception, the very numerous objections interposed by Mr. Sicotte had been successively removed by explanation or concession.

The exception related to the mode of securing repayment of the principal sum borrowed, but I collected that even on this head the substantial objection to a Sinking Fund was admitted to have been removed by providing that the payments to that Fund might be employed in extinguishing the debt or invested in other Colonial securities.

At this period of the negotiation the Canadian Delegates left London for Paris, where I presume, they received a Copy of the Memorandum embodying the terms as altered after discussion, which Her Majesty's Government were prepared to sanction, and which the Delegates of Nova Scotia and New Brunswick have signified their readiness to accept.

On their return to England, Messrs. Sicotte and Howland sought no further communication with or explanation from this Department, but on the day on which they embarked for Canada, left this statement, repudiating the terms which had been accepted by their colleagues, and which I had been led to suppose contained little that was unacceptable to themselves.

Some of the grounds alleged for that repudiation would, I think, hardly have been advanced had the objectors thought it advisable to ascertain by further conference the intentions of Her Majesty's Government. I will myself only observe upon them; first, that the repudiation by Messrs. Sicotte and Howland, of any fixed arrangement for securing

payment of the principal borrowed, does not appear wholly consistent with the sixth article of their own counter proposal; and next, that the British Treasury, in proposing 4 per cent. as the rate of interest, can hardly be supposed to insist on that rate being offered, if it should appear that the money could be obtained at par on more advantageous terms.

I shall of course wish to be informed whether the views set forth in the Delegates' paper are adopted by the Canadian Government, and whether I am to understand that the offer of Her Majesty's Government is finally rejected.

I have &c.,

(Signed)

NEWCASTLE.

Governor the Viscount Monck, &c. &c.

[Enclosure No. 2.]

The Secretary of State for the Colonies to the Governor General of Canada.

Downing Street, 29th January, 1863.

MY LORD,—With reference to my Despatch, No. 4, of the 17th January, I transmit to you herewith a Copy of a Minute by the Secretary to the Treasury upon two questions raised in the annexed letter from Mr. Tilley, the New Brunswick Delegate, on the subject of the proposed loan for the construction of the Inter-Colonial Railway, viz: the mode in which the loan should be raised, and the extent to which it should form a first charge on the Provincial Revenue.

I have, &c.

(Signed)

NEWCASTLE.

Governor the Viscount Monck, &c. &c. &c.

No. 5.

The Lieutenant Governor to the Secretary of State for the Colonies.

Fredericton, March 30, 1863.

MY LORD DUKE,—I have the honor to enclose for Your Grace's information copies of a Bill introduced into the House of Assembly by the Provincial Secretary on the 20th instant, for the purpose of giving effect to the agreement entered into with the Imperial Government respecting the construction of an Inter-Colonial Railway.

2. A strong opposition is offered to this measure, but I entertain no doubt whatever that it will be carried by a large majority.

3. A vacancy has lately occurred in the Representation of Saint John, owing to the death of one of the members from that place. The consequent election has just terminated in the triumphant return by a majority of nearly two to one of the Hon. J. H. Gray, who is pledged to support the Bill now before the House.

4. As both the Candidates on this occasion were of the same political party, and as the election entirely turned on the question of support or opposition to the present Railway scheme, and especially that portion of it which reserves the approval of the Route to the Imperial Government, the decision of the large and important constituency of Saint John on this subject, may be considered to have been clearly pronounced; and I think Your Grace would not be wrong in considering it an indication of the general feeling throughout the Province on this question.

5. Such an expression of opinion on the part of the most numerous, wealthy, and intelligent constituency in the Province, cannot fail greatly to weaken the force of any opposition which may be offered to the measure in the Provincial Legislature.

I have, &c.

(Signed)

ARTHUR H. GORDON.

His Grace the Duke of Newcastle, K. G., &c. &c. &c.

INTER-COLONIAL RAILWAY.

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No. 6.

The Secretary of State for the Colonies to the Lieutenant Governor.

Downing Street, 23rd April, 1863, [received May 15.]

SIR,—I have the honor to acknowledge the receipt of your Despatch of the 20th of March, enclosing copies of a Bill which had been introduced into the House of Assembly of New Brunswick, entitled "A Bill to authorize a Loan, and for the construction and management of an Inter-Colonial Railway."

I have, &c.

(Signed)

NEWCASTLE.

Lieut. Governor Hon. Arthur Gordon, &c. &c. &c.

No. 7.

The Lieutenant Governor to the Secretary of State for the Colonies.

Fredericton, 27th April, 1863.

MY LORD DUKE,—It is with great satisfaction that I transmit to Your Grace a copy of the Bill to authorize a Loan, and for the completion and management of an Inter-Colonial Railway, as finally assented to by me on the 20th instant.

2. The Bill passed through all its stages in the House of Assembly by considerable majorities, and in the Legislative Council only two votes were recorded against it.

3. So far as this Province is concerned, no more can at present be done towards the completion of this great work; but I earnestly trust that the Government of Canada may, before long, be induced to perceive the necessity of fulfilling their part of the agreement entered into between the different Provinces in September 1862.

I have, &c.

(Signed)

ARTHUR H. GORDON.

His Grace the Duke of Newcastle, K. G., &c. &c. &c.

No. 8.

The Lieutenant Governor of Nova Scotia to the Lieutenant Governor.

Government House, Halifax, 29th April, 1863, [received May 5.]

SIR,—I have the honor to inform you that I have this day given my assent to an Act passed by the Legislature of this Province, accepting the terms offered by Her Majesty's Government for the construction of an Inter-Colonial Railroad, and I now enclose the Copy of a Minute of my Executive Council, together with a Copy of the Bill which has been passed.

I have, &c.

(Signed)

MULGRAVE.

Lieut. Governor Hon. Arthur Gordon, &c. &c.

[Enclosure.]

Council Chamber, Halifax, N. S., 29th April, 1863.

PRESENT :

The Honorable the President of the Council,
 " " Attorney General,
 " " Solicitor General,
 " " Receiver General,
 " " Mr. Wier,
 " " Financial Secretary.

The members of the Executive Council of Nova Scotia having had under consideration an Act, entitled "An Act to authorize a loan for the construction and management of an Inter-Colonial Railway," which has now passed into law, a copy whereof accompanies this minute, desires to call the special attention of His Excellency the Lieutenant Governor to the same, and to request that copies be forthwith despatched to His Grace the Duke of Newcastle, Principal Secretary of State for the Colonies, to the Governor General of Canada, and to the Lieutenant Governor of New Brunswick.

It is peculiarly gratifying to the members of the Executive Council of Nova Scotia to be in a position thus to assure His Grace the Duke of Newcastle, as well as the Governor General of Canada and the Lieutenant Governor of New Brunswick, and through the latter the members of their respective administrations, that the Legislature of Nova Scotia has now honorably redeemed the pledges given by the Provincial Delegates at the convention held in Quebec, in September, 1862, in relation to this subject, as well as the assurance subsequently afforded by the Honorable Mr. Howe to the Principal Secretary of State for the Colonies, that the guarantee offered by the British Government in relation to this matter would be accepted by the Legislature of Nova Scotia.

No. 9.

The Lieutenant Governor to the Secretary of State for the Colonies.

Fredericton, 11th May, 1863.

MY LORD DUKE,—I have the honor to acknowledge the receipt of Your Grace's Despatch of the 18th ult., and to express my thanks for the copies of Your Grace's Despatches to the Governor General of Canada therein contained.

2. The Bill for the completion of the Inter-Colonial Railway having been already passed by the Legislature of New Brunswick, it appeared to me that nothing would be at present gained by making public use of these papers, whilst their publication could hardly fail to be distasteful to the Canadian Government. At the same time, I beg to thank Your Grace for the permission given me to publish them, of which I should not have hesitated to avail myself had the circumstances seemed to render it desirable.

I have, &c.

(Signed)

ARTHUR H. GORDON.

His Grace the Duke of Newcastle, K. G., &c. &c. &c.

No. 10.

The Secretary of State for the Colonies to the Lieutenant Governor.

Downing Street, 16th May, 1863, [received May 28.]

SIR,—I have the honor to acknowledge the receipt of your Despatch of the 27th ultimo, enclosing a Copy of the Bill to which you had assented, "To authorise a Loan, &c. for the construction and management of an Inter-Colonial Railway." The readiness of the Legislature of New Brunswick to forward the work of an Inter-Colonial Railway has afforded much satisfaction to Her Majesty's Government.

I have, &c.

(Signed)

NEWCASTLE.

Lieut. Governor Hon. Arthur Gordon.

No. 11.

The Governor General of Canada to the Lieutenant Governor.

Quebec, 6th July, 1863, [received July 14.]

SIR,—I have the honor to enclose an approved minute of my Executive Council on the subject of the survey of the line of the proposed Inter-Colonial Railway.

I have the honor to state for your information that the Government of Canada are prepared to join with your Government and that of Nova Scotia in carrying into effect the survey, and I shall be glad to hear that your Government and that of Nova Scotia have appointed competent engineers to co-operate with one to be named by the Canadian Ministry for the accomplishment of the work.

I send a Despatch identical with this by this day's mail to the Lieutenant Governor of Nova Scotia, and I would suggest that Your Excellency should communicate with the Earl of Mulgrave on the subject.

I have also sent a copy of the minute and of this Despatch to the Secretary for the Colonies.

I have, &c.

(Signed)

MONCK.

His Excellency the Hon. A. H. Gordon, &c. &c. &c. New Brunswick.

[Enclosure.]

Copy of a Report of a Committee of the Honorable the Executive Council, approved by His Excellency the Governor General on the 6th July, 1863.

The Committee of the Executive Council respectfully requesting reference to the Minute in Council of 25th February last, in relation to the Inter-Colonial Railway, are of opinion that it is desirable again to communicate to the Governments of the sister Provinces of Nova Scotia and New Brunswick their readiness at any time to enter upon the proposed Survey of the contemplated Inter-Colonial Railway, and to appoint a competent Engineer in connection with a like professional Gentlemen to be named by the other Provinces, to carry out the Survey,—they respectfully submit that it is their intention to ask the present Parliament, which is soon to meet, to sanction the appropriation of \$10,000, (which the late Parliament had had submitted to it during its last Session, which, however, closed its labors without passing the usual Supplies,) towards Canada's share of the Survey; they respectfully recommend that a copy of this Minute be transmitted, when approved by Your Excellency, to His Grace the Duke of Newcastle.

Certified.

W. W. LEE, C. C.

No. 12.

The Lieutenant Governor to the Governor General of Canada.

Fredericton, 16th July, 1863.

MY LORD,—I have the honor to acknowledge the receipt of your Despatch of the 6th instant.

The important subject to which it relates will engage the immediate and serious attention of my Council and myself; and although the proposal contained in it is not strictly consistent with the engagements entered into between the Provinces of Canada, New Brunswick, and Nova Scotia, by the agreement of the 12th of September last, which provided that the contemplated survey was to be preceded by legislation, I can assure Your Excellency that the most anxious desire is entertained by the Executive Government of this Province to meet the proposal now made in whatever manner may appear to them most likely to further the accomplishment of the great work which has been undertaken by the three Governments.

I have, &c.

(Signed)

ARTHUR H. GORDON.

His Excellency the Viscount Monck, &c. &c. &c.

No. 13.

The Governor General of Canada to the Lieutenant Governor.

Quebec, 20th July, 1863.

SIR,—I have the honor to acknowledge the receipt of your Despatch of the 16th instant, informing me that the Minute of the Canadian Government on the subject of the Survey of the line of the proposed Inter-Colonial Railway will receive your attention, and that of your Executive Council.

I have, &c.

(Signed)

MONCK.

Lieut. Governor Honorable Arthur Gordon, &c. &c. &c.

No. 14.

The Lieutenant Governor to the Secretary of State for the Colonies.

Fredericton, 20th July, 1863.

MY LORD DUKE,—I was much surprised to receive an official letter a short time ago from the Governor General of Canada requesting to know what sum this Province would appropriate for the Survey of the Inter-Colonial Railway, and whether this Government was prepared to appoint an Engineer to the Commission for taking that survey.

2. As those members of the Canadian Government who retired from Office rather than take part in any scheme for the completion of the Inter-Colonial Railway have now resumed their posts, on the express understanding, as they are reported to have publicly declared, that this undertaking was altogether abandoned by the Canadian Government; and as the members of the present Canadian Cabinet are said, (unless they are much misrepresented,) to have stated at the hustings at the late elections that the scheme had been entirely relinquished, this communication has naturally seemed, both to myself and to my Council, to be one of a somewhat unexpected character. My Government is in communication with that of Nova Scotia on the subject, and meanwhile I have returned the answer, of which I have the honor to enclose a Copy.

I have, &c.

(Signed)

ARTHUR H. GORDON.

His Grace the Duke of Newcastle, K. G., &c. &c. &c.

[Enclosure.—See No. 12.]

No. 15.

The Lieutenant Governor to the Secretary of State for the Colonies.

Fredericton, July 29th, 1863.

MY LORD DUKE,—In my Despatch of the 20th inst., I informed Your Grace of the proposition made by the Canadian Government for the survey of the line of the proposed Inter-Colonial Railroad.

2. Communications have taken place on this subject with the Government of Nova Scotia; and although no formal decision has yet been taken, I am able pretty confidently to assure Your Grace, that the proposal of the Canadian Government will be accepted by those of the Lower Provinces, notwithstanding the difficulties which attend the adoption of such a course.

3. These difficulties, however, are neither few nor small;—for not only will any expenditure on the survey, if incurred this year, be incurred without the sanction of a vote of the Provincial Legislatures, but as the agreement signed at Quebec, in September, 1862,

actually forms part of the Act passed last winter, both in this Province and Nova Scotia, for the construction of the Inter-Colonial Railroad, the commencement of a survey previous to legislation, will be in direct contravention of the express provisions of that law.

I have, &c.

ARTHUR H. GORDON.

No. 16.

The Lieutenant Governor of Nova Scotia to the Lieutenant Governor.

Government House, Halifax, 6th August, 1863, [received Aug. 13.]

SIR,—I have the honor herewith to enclose for your Excellency's information the copy of a Minute of my Executive Council, in which they express their willingness to undertake a Joint Survey for the proposed Inter-Colonial Railroad.

I have, &c.

(Signed)

MULGRAVE.

His Excellency the Hon. Arthur Gordon.

[Enclosure.]

The undersigned Members of the Executive Council, having carefully considered the Report of a Committee of the Honorable the Executive Council of Canada, proposing to join the Imperial Government and the Governments of Nova Scotia and New Brunswick, in a survey for an Inter-Colonial Railway, and having examined the Minute of Council of the Canadian Government of the 25th February last, in relation to the Inter-Colonial Railway, to which their attention was invited, fully concurring in the reasons therein urged in favor of the proposed survey, are of opinion that it is highly desirable that this survey should be entered upon and completed with as little delay as possible, and therefore respectfully request Your Excellency to communicate to the Government of Canada their readiness at once to engage in that undertaking.

The undersigned further respectfully recommend that a copy of this minute be transmitted to His Grace the Duke of Newcastle, and also to the Lieutenant Governor of New Brunswick.

Signed, J. W. JOHNSTON,
CHARLES TUPPER,
W. A. HENRY,
JAMES MCNAB,
ISAAC LE VESCONTE,
JOHN MCKINNON,
ALEXANDER MACFARLANE,
JOHN CREIGHTON,
S. I. SHANNON.

Halifax, Nova Scotia, July 29th, 1863.

No. 17.

The Lieutenant Governor to the Governor General of Canada.

Camp on the Nepisiguit River, New Brunswick, 20th August, 1863.

MY LORD,—I have now at length the honor to reply decidedly to the proposal that the survey of a line for the Inter-Colonial Railway should be at once proceeded with; and I beg to inform Your Excellency that, after a full and anxious consideration of the question in all its bearings, I have resolved on the advice of my Executive Council to accede to the proposal contained in Your Excellency's despatch of the 6th July.

So many difficulties, however, attend any departure from the agreement already entered into between Canada, Nova Scotia and New Brunswick on this subject,—and which agreement, by being annexed to the Act passed by the Legislature of this Province during the late Session, has here the force of law,—that I have thought it expedient to despatch a member of my Government to Quebec, for the purpose of more fully arranging the details of the proposed survey with the advisers of Your Excellency.

I have, &c.

(Signed)

ARTHUR H. GORDON.

His Excellency the Viscount Monck, &c. &c. &c.

No. 18.

The Lieutenant Governor to the Lieutenant Governor of Nova Scotia.

Bathurst, N. B., August 26, 1863.

MY LORD,—I have the honor to acknowledge the receipt of Your Lordship's Despatch of 6th inst., and in reply beg to transmit for Your Lordship's information, the copy of a letter which I have recently addressed to His Excellency the Governor General of Canada.

I have, &c.

(Signed)

ARTHUR H. GORDON.

His Excellency the Marquis of Normanby, &c. &c. &c.

[Enclosure—See preceding Despatch.]

No. 19.

The Lieutenant Governor to the Secretary of State for the Colonies.

Newcastle, N. B., August 29th, 1863.

MY LORD DUKE,—In my Despatch of July 20th, I informed Your Grace of the proposal made by the Government of Canada to New Brunswick and Nova Scotia to commence the survey for the Inter-Colonial Railway, previous to any Legislation by Canada on the subject.

2. As the agreement entered into between Canada and the Lower Provinces in September 1862, has in this Province and in Nova Scotia been invested by the Legislature with the force of law, and as that agreement provides in express terms that the survey shall only be commenced after legislation by all the Provinces, it is very difficult to comply with the request of the Canadian Government.

3. Nevertheless, I am of opinion,—and in this opinion I am happy to say, my Council and the Government of Nova Scotia concur,—that it would be impolitic to reject the overture thus made, or to appear to afford any ground, however slight, for the abandonment by the Canadian Government of the obligations which they have voluntarily contracted.

4. I have, therefore, addressed the letter, of which I have the honor to enclose a Copy, to the Governor General of Canada.

5. I observe, however, with great regret that a leading Member of the Canadian Government,—the Hon. Mr. Dorion,—is reported to have said that whilst he did not object to a survey, the question of the construction of the Railway itself, and of the share which Canada should bear in such a construction, was to be treated as being, in fact, a new question, to be taken up or abandoned as circumstances might dictate. I can hardly bring myself to believe that a responsible Minister of the Crown has thus spoken of a solemn written engagement, voluntarily entered into and confirmed to these Provinces on the part of Canada by the signature and approval of Her Majesty's Representative and Governor

General. It is my duty unequivocally to state to Your Grace that, if Canada repudiates her obligation to pay 5-12ths of the cost of the proposed line, it will be necessary for the Lower Provinces, however reluctantly, to relinquish all participation in the proposed undertaking.

I have, &c.

(Signed)

ARTHUR H. GORDON.

To His Grace the Duke of Newcastle, K. G., &c. &c. &c.

[Enclosure—See No. 17.]

No. 20.

The Governor General of Canada to the Lieutenant Governor.

Government House, Quebec, 26th August, 1863.

SIR,—I have the honor to enclose, for Your Excellency's information, a copy of an approved minute of the Executive Council of Canada, appointing Mr. Sandford Fleming, C. E., to conduct, on the part of the Government of Canada, the proposed survey of the line of the Inter-Colonial Railway.

I have also to state that Mr. Fleming is prepared to commence operations so soon as Your Excellency's Government and that of Nova Scotia shall have appointed engineers to cooperate with him.

I send a despatch, identical with this, to the Lieutenant Governor of Nova Scotia; and I would suggest that Your Excellency should communicate with Lord Normanby, in order that so soon as the necessary appointments shall have been made I may be informed to what place it is expedient Mr. Fleming should repair to meet his colleagues in the survey.

I have, &c.

(Signed)

MONCK.

The Honorable Arthur H. Gordon, &c. &c. &c.

No. 21.

The Secretary of State for the Colonies to the Lieutenant Governor.

Downing Street, 20th August, 1863, [received September 5.]

SIR,—I have the honor to acknowledge the receipt of your Despatch of the 29th July, relative to the contemplated survey of the line of the proposed Inter-Colonial Railway.

I have, &c.

(Signed)

NEWCASTLE.

The Honorable Arthur H. Gordon, &c. &c. &c.

No. 22.

Secretary of State for the Colonies to the Lieutenant Governor.

Downing Street, 29th August, 1863, [received September 17.]

SIR,—I have the honor to acknowledge the receipt of your Despatch of the 20th of July, and to express my approval of the answer which you returned to the Governor of Canada on the subject of the survey of the line for the Inter-Colonial Railway.

I have, &c.

(Signed)

NEWCASTLE.

The Honorable Arthur H. Gordon, &c. &c. &c.

No. 23.

The Lieutenant Governor to the Governor General of Canada.

Fredericton, 17th September, 1863.

MY LORD,—I have the honor to transmit to Your Excellency the accompanying copy of a Minute of my Executive Council presented to me to-day.

I readily assent to the adoption of the course recommended by this Minute, and entirely concur in the hope therein expressed, that no further departure from the terms of the agreement entered into by the three Provinces, will be hereafter proposed by Your Excellency's advisers.

I have the honor to be, &c.

(Signed)

ARTHUR H. GORDON.

His Excellency the Viscount Monck, &c. &c. &c.

[Enclosure.]

Minute of the Executive Council in Committee.

To His Excellency the Honorable Arthur Hamilton Gordon, C.M.G., &c. &c. &c.

In recommending Your Excellency to appoint, in conjunction with the Government of Nova Scotia, an Engineer to make the preliminary exploration and Survey of the line of the proposed Railway, previous to the passing of the Railway Bill of the Canadian Legislature, we are aware that we are not adhering strictly to the arrangements agreed upon at Quebec by the Representatives of the three Provinces in September last, and subsequently confirmed by Her Majesty's Representative in each, which provided that no Surveys should be authorized until the necessary legislation should be had by the several Colonies, and Joint Commissioners appointed.

As such previous Survey, however, is desired by the Canadian Government, they bearing five-twelfths of the cost, we are induced to advise Your Excellency to make the necessary appointment for that purpose, in full faith that no other departure from the compact entered into will be proposed; and that the construction of the Railway, if found practicable, will be undertaken upon the basis of that agreement.

We respectfully recommend that a copy of this Minute be transmitted to the Governor General of Canada.

S. L. TILLEY,
W. H. STEEVES,
CHAS. WATERS,
P. MITCHELL,
JOHN M' MILLAN,
JAMES STEADMAN,
G. L. HATHEWAY,
WM. E. PERLEY.

Executive Council Chamber, 26th Sept. 1863.

No. 24.

The Lieutenant Governor to the Secretary of State for the Colonies.

Fredericton, September 28th, 1863.

MY LORD DUKE,—In my Despatch of August 29th, I informed Your Grace that I had assented to the proposal made by the Canadian Government for an immediate survey of the line of the proposed Inter-Colonial Railroad, although such a course was, strictly speaking, inconsistent with the engagements entered into between the British North American Provinces in September, 1862, and contrary to the provisions of the acts relative

to the construction of the Railroad, passed by the Legislatures of this Province and of Nova Scotia.

2. In the same Despatch I expressed my surprise and concern at the language said to have been held in the Canadian Parliament by Hon. Mr. Dorion; and informed Your Grace that a repudiation by Canada of the share which she had voluntarily taken upon herself of the liabilities to be incurred in the construction of the road, must necessarily involve the entire abandonment of this important work.

3. The Provincial Secretary of this Province, Hon. S. L. Tilley, together with the Provincial Secretary of Nova Scotia, were at that time on their way to Quebec for the purpose of arranging the details connected with the commencement of the Survey, and I felt that on their learning what was said to have fallen from Mr. Dorion, they might probably be disposed to abandon further negotiation. This it appeared to me would be exactly that which would be most desired by the Canadian Government, supposing them to be anxious to escape from their obligations; and I accordingly wrote to Mr. Tilley to the effect that, whilst I thought that if the Canadian Government as a body repudiated the engagements of September, 1862, or refused to bear five-twelfths of the expenses of the Survey, he would have no alternative but to refuse to take any further step, and should return here immediately; yet, on the other hand, I saw advantages in pledging the Canadian Cabinet to the practical adoption of the share of expenditure contemplated in the original agreement, and urged that the arrangements should proceed so long as it was possible to assume that the Government of Canada intended as a Government to respect the engagements into which it had entered.

4. Mr. Tilley entirely coincided in the opinions thus expressed, and on his return informed me that the Canadian Cabinet was willing, according to the original agreement, to bear five-twelfths of the expenses of the Survey, and had not expressed as a Government any intention of departing from the other provisions of the agreement of 1862, although they had not given any further assurances on that head. He also informed me that Mr. Dorion denied having used "exactly" the language attributed to him, and observed that it did not, as reported, convey his precise meaning on the subject of the Railway. What that meaning was I am not aware whether Mr. Dorion has been pressed to state.

5. In such a state of things, some members of the Canadian Government absolutely repudiating, and others hesitating to acknowledge the obligations of September, 1862, it is not surprising that there should have existed a great reluctance on the part of many members of my Council to enter on the proposed Survey. Nevertheless I felt that such hesitation, though by no means unnatural, was shortsighted. If it were the desire of the Canadian Government that the negotiations should fail, they would rejoice to throw the blame of failure on the Lower Provinces, just as last year they sought to throw the blame on Her Majesty's Government—whilst if the Survey proceeded on the basis agreed upon, it would be very difficult for the Canadian Government subsequently to evade the obligation to bear a similar proportion of the expense of constructing the road; that which is a fair proportion in one case being evidently a fair proportion in the other. Nor did I fail to point out that the principle of the Survey preceding legislation in Canada having been conceded by my letter to the Governor General of the 20th August, (transmitted to Your Grace in my Despatch of August 29th,) it was now too late to break off negotiations on that ground. It was perfectly competent to New Brunswick to have declined, in the first instance, to depart from the engagements of 1862, confirmed as they have been by subsequent legislation; but, having once consented to do so, it was impossible now to draw back, except on the ground that we believed the Canadian Government to be acting in bad faith,

which could hardly be asserted without stronger proofs than any yet in our possession. Again, the abandonment of the scheme at this moment would practically have been its abandonment for an indefinite time, owing to the peculiar position of the Nova Scotia Government. Were the negotiations for completing the Inter-Colonial Railway suspended, that Government would be unable to resist the pressure for the commencement of Railways within the Province, which, if once undertaken, would swallow up all the funds of that Colony available for Railway purposes. I was also a good deal influenced by considerations affecting the position of the existing Canadian Government, with which I need not now trouble Your Grace.

6. I am happy to say that these views ultimately prevailed, and that all the members of my Council present in Fredericton signed the Minute of which I have the honor to enclose a copy. I have also the honor to transmit for Your Grace's information a copy of a letter which I have addressed to the Governor General, in forwarding to him the Minute in question.

I have, &c.

(Signed)

ARTHUR H. GORDON.

To His Grace the Duke of Newcastle, K. G., &c. &c. &c.

[Enclosure.—See preceding Despatch.]

No. 25.

The Lieut. Governor to the Administrator of the Government of Nova Scotia.

Fredericton, 1st October, 1863.

SIR,—I have the honor to transmit to you the copy of a letter which I have recently addressed to His Excellency the Governor General of Canada. I regret that this document was through inadvertence not sent to Your Excellency at an earlier date.

I have, &c.

(Signed)

ARTHUR H. GORDON.

His Excellency the Administrator of the Government, Nova Scotia.

[Enclosure—See No. 23.]

No. 26.

The Governor General of Canada to the Lieutenant Governor.

Quebec, 29th September, 1863.

SIR,—I have the honor to enclose a copy of a Minute of the Executive Council of Canada on the subject of your Despatch of the 18th inst.

I have, &c.

(Signed)

MONCK.

The Honorable Arthur Gordon, &c. &c. &c.

[Enclosure.]

Minute of the Executive Council of Canada.

The Committee of the Executive Council having had referred to them the Despatch of the 18th inst., of His Excellency the Lieutenant Governor of New Brunswick, transmitting copy of a Minute of his Executive Council on the subject of the contemplated Survey for an Inter-Colonial Railway, have the honor to submit for Your Excellency's consideration the following observations in relation thereto:—

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The Committee find that whilst the Executive Council of New Brunswick advise the appointment of a Surveyor to net in conjunction with the Surveyor appointed by this Province to conduct the proposed Survey, they would seem to qualify the recommendation by associating with it a hope that the Survey being accomplished, the basis agreed upon by the Convention held in September 1862, will be adhered to, if the construction of the Railway be hereafter found practicable.

The Committee learn with pleasure that so far as the Survey is concerned their plans are cordially acquiesced in by the Executive of New Brunswick, and they look forward with satisfaction to the consummation of the important undertaking of which the Survey is the preliminary step. In order that there may be no misapprehension, however, between the Governments of the Provinces having a common interest in the matter, the Committee think it right to call to mind the manner in which the negotiations conducted in London terminated, and the general position in which the question of an Inter-Colonial Railway at present stands in this Province.

The Committee would remind Your Excellency that the conditions proposed by the Imperial Government in connection with the assistance to be rendered towards the construction of the Railway, differed in some important particulars from the agreement of September 1862, and from the instructions which the Delegates sent on the part of Canada were charged to carry into effect.

The Committee may refer to the distinct refusal on the part of the Imperial Government, to regard the contribution which Canada might make to the Inter-Colonial Railway, as being to that extent an expenditure for defensive purposes, the proposed Sinking Fund, and to the conditions set forth, in the ninth of the series of propositions presented by the Imperial Government.

“Parliament not to be asked for the guarantee until the line and surveys shall have been submitted to and approved by Her Majesty’s Government, and until it shall have been shewn to the satisfaction of Her Majesty’s Government that the line can be constructed without further application for an Imperial guarantee.”

The Imperial Government thus making the proposed assistance by way of loan, contingent upon the result of a previous survey, establishing the sufficiency of the guarantee for the full purposes for which it was to be granted. The Delegates were therefore constrained to decline the acceptance of a proposal fettered by conditions so much at variance with their instructions, and their decision received the approval of their colleagues as being in harmony with the spirit of the agreement arrived at by the Quebec Convention, and in entire conformity with the unequivocal tone of public opinion in this Province.

The negotiations founded upon the understanding entered into by the Convention of September 1862, were regarded as terminated with the return of the Delegates to this Province; and it was hoped that the Report of this Council of 25th February last, would have sufficed to prevent misconception as to the necessary abandonment of the basis upon which the negotiations up to that time had been founded, and to shew that any further action by the Government of this Province must be the subject of subsequent consideration.

It is further to be observed that the carrying out of the agreement of September, 1862, necessarily depended upon the success of the negotiations with the Imperial Government, and the assent of the Legislatures of the three Provinces being obtained. These negotiations having failed, and it being manifest that the construction of the Railway could not be attempted without Imperial aid, the Canadian Government did not feel that they were in a position to invite any action on the part of the Canadian Legislature beyond making a

provision for a preliminary survey,—the result of which may lead to further negotiations, and on a different basis from that agreed to by the convention.

In order to promote the construction of a work which the events of each succeeding year invest with greater importance, the Committee addressed themselves to the task of devising plans whereby the attainment of the object might be secured in a manner consistent with the interests and resources of this Province. They found that the examination of a route, and the satisfactory completion of a survey, were also indicated by the Imperial Government as conditions precedent of any negotiations; and they then informed Your Excellency that they had decided upon recommending an appropriation by the Legislature of Canada for the purpose of making such a survey as is necessary to the final determination of the several proposals. In conformity with this determination they have asked an appropriation of \$10,000 during the present Session, and they have also appointed an engineer to proceed with the survey so soon as the requisite arrangements can be completed. The action of the Legislature has proceeded so far as that it may be regarded as having rendered the appropriation a certainty; and the immediate commencement of the survey is, therefore, dependent only upon the unqualified concurrence of the Provinces of Nova Scotia and New Brunswick.

The necessity of a prompt decision on the part of the Government of New Brunswick, with a view to an early commencement of the survey, is obvious, inasmuch as the season during which the survey may be most advantageously performed is rapidly passing away.

J. S. M. D.

No. 27.

The Lieutenant Governor to the Administrator of the Government of Nova Scotia.

Fredericton, 6th October, 1863.

SIR,—I have the honor to transmit for Your Excellency's information a copy of a Despatch with Enclosure, which I yesterday received from His Excellency the Governor General of Canada.

I have, &c.

(Signed)

ARTHUR H. GORDON.

His Excellency Major General Doyle, &c. &c. &c.

[Enclosure.—See preceding Despatch.]

No. 28.

The Lieutenant Governor to the Governor General of Canada.

Fredericton, 7th October, 1863.

MY LORD,—I have received with much regret Your Excellency's Despatch of the 29th ultimo.

2. I now for the first time learn that the advisers of Your Excellency consider the engagement of September, 1862, to have been terminated on the return of the Canadian Delegates to Quebec, in January last. I believe this intimation will be as novel to the Government of Nova Scotia, as it is to my advisers and myself.

3. Before entering upon the examination of the paper enclosed in Your Excellency's Despatch, Your Excellency will permit me briefly to review the history of the transactions to which it relates.

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4. By a Despatch from the Duke of Newcastle, addressed to Your Excellency, the Earl of Mulgrave and myself, dated April 12th, 1862, an offer was made to the Governments of Canada, New Brunswick, and Nova Scotia, 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 Inter-Colonial Railway. The nature and extent of such a guarantee" it was stated "must be determined by the particulars of any scheme which the Provincial Governments may be disposed to found on the present proposal, and on the kind of security which they would offer."

5. In the month of September, 1862, on the invitation of Your Excellency, Delegates duly appointed on behalf of Canada, New Brunswick, and Nova Scotia met at Quebec for the purpose of considering this proposal, and after prolonged and careful discussion, signed two instruments of the nature of a treaty between the Provinces, which were subsequently confirmed by Your Excellency, the Earl of Mulgrave, and myself.

6. The obligations incurred by these instruments were few and simple.

7. The contracting clauses of the former of them consisted—1st, of an agreement to accept the proposal contained in the Duke of Newcastle's Despatch; 2nd, an agreement as to the proportional incidence of the expenses of the work to be undertaken.

8. A second and subsidiary instrument of the same date provided for the conduct of the surveys which were to determine the line of road, and for the management of the road when built. It was also agreed that a joint delegation should proceed to England to arrange the terms of the loans and the nature of the securities required.

9. It is much to be regretted that the instructions given to the Delegates were not agreed upon in common; or at all events, that those given by each Province were not communicated to the Governments of the other Provinces interested. What the instructions were which the Canadian Delegates received we have never up to this day been informed. Those from New Brunswick and Nova Scotia in effect consisted of directions to secure from the Imperial Government the best terms which they could obtain, consistently with an honest adherence to the engagement to accept the proposal of the Duke of Newcastle,—a proposal which, it must be observed, had been accepted without reserve or qualification, at Quebec.

10. Probably the instructions given to the Canadian Delegates were of a similar character; but so far as knowledge on the subject is possessed by the lower Provinces, they might have been of a precisely opposite description. The Canadian Delegates never communicated them *in extenso* to their Co-delegates in London, and Mr. Howe and Mr. Tilley were as much surprised as the Duke of Newcastle at the absolute rejection of a Sinking Fund, which, though objected to by all the Delegates in common, had, neither at Quebec nor elsewhere, been previously stated to be an insuperable objection to the completion of the arrangement for the loan; nor can any such reservation be found in the agreement of September, 1862.

11. The Canadian Delegates returned, and reported the failure of their attempt to secure the conditions they deemed essential to permit the fulfilment by Canada of her share of the undertaking. All action on her part was, therefore, for the time suspended.

12. But whilst it was understood by New Brunswick that Canada declined to take any immediate action, it was also believed that she was but waiting for the grant of the more favorable terms she sought from the Imperial Government, and that the action she was pledged to take would be taken so soon as these terms were granted.

13. Certainly it is hard to see how a difference between the English and Canadian Governments, as to the details of an arrangement for the repayment of the proposed loan,

could affect the obligations which had been contracted between Canada, New Brunswick, and Nova Scotia, as to the proportion of the expenses justly incident on each Province in the event of the work proceeding. At all events, no such intimation that Canada repudiated her share in that compact was given, nor has any such been given up to the present moment. It is possible to read even the Memorandum contained in Your Excellency's Despatch of the 20th ult., rather as a warning that the arrangement may not be adhered to, than as a positive intimation that it will not be so.

14. In the belief that, although the immediate action of Canada was suspended, the engagement entered into by her was still considered to be binding, the Legislatures of New Brunswick and Nova Scotia passed Acts giving to that engagement the force of law. Did the Government of Canada give any contradiction to the supposition? By no means; although the letter of the Lieutenant Governor of Nova Scotia, of 29th April 1863, transmitting the Act passed by the Legislature of that Province, afforded a natural opportunity for such an intimation; even if it had not been obvious that a communication so interesting to all the Provinces should be made by Canada to the other parties to the contract at the earliest possible moment, and thus prevent the waste of time on the part of their Legislatures, in giving effect to that which had in truth ceased to have any existence.

15. In the course of the last Summer a letter was addressed by Your Excellency to Lord Mulgrave and myself, expressing the willingness of the Canadian Government to go on with the Survey, and requesting us to appoint an Engineer to act in conjunction with those appointed by Canada or the Imperial Government. No plan is proposed in this Despatch for the arrangement of the Survey; no scheme is laid down as to the payment of the expenses it would entail. It is evidently taken for granted that the appointment would be made and the expenses met according to a pre-arranged and well understood plan. Could there be a clearer proof that the agreement of 1862 was not supposed to have lost its force, but was held to be still binding on those who were parties to it? But as though to place this fact beyond the region of dispute, it is to be observed that when on the 18th July I wrote to inform Your Excellency that there was much difficulty in departing, even in a matter of detail, from the engagement of 1862, and when I again wrote to the same effect on the 20th August, Your Excellency did not undeceive me or inform me that I was in error since the engagements of that agreement had ceased to be binding since the end of January. Courtesy would no doubt have dictated the communication of such an opinion, if entertained; but the only response of Your Excellency was an intimation that you had appointed a Surveyor, and some eagerness appeared to be felt that Lord Normanby and I should do the same.

16. I maintain then that the members of my Council were fully justified in assuming the engagement to be in full force, and in expressing a hope that no further departure from it would be suggested by Your Excellency's advisers. At all events, my Lord, here and in Nova Scotia that engagement is in force and is binding. It possesses here the force of law; and though the Government of New Brunswick may depart from its letter, they are not disposed to repudiate a solemn obligation deliberately contracted, nor can they consent to violate the Statute Law of the Province.

17. Such, it appears to me, my Lord, is a brief summary of the recent transactions connected with the Inter-Colonial Railway scheme. They do not appear, however, to have been viewed by your advisers in a precisely similar light.

18. The paper enclosed in Your Excellency's Despatch commences by an expression of the pleasure felt by the Executive Council of Canada, at learning that it is the intention of New Brunswick and Nova Scotia to concur with Canada in the prosecution of the

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projected Survey; but, they continue, that "to prevent misconception they desire to call to mind the manner in which the negotiations conducted in London terminated, and the "general position in which the question of an Inter-Colonial Railway at present stands in "Canada." According to this paper the negotiations in London terminated in consequence of the proposal by Her Majesty's Government of conditions inconsistent with the Quebec agreement, and that the abandonment of the basis on which the negotiations had till that time proceeded was a necessary consequence of these proposals, which, however, it may be observed the Delegates did not seek to modify by discussion with Her Majesty's Government. This necessity, it is added, had, it was hoped by the Canadian Government, been made apparent to the Governments of New Brunswick and Nova Scotia by a memorandum of the 25th February, which I may remark was not seen in New Brunswick till the month of April. Your Excellency's advisers proceed, however, to state that desirous, nevertheless, to take such steps as seemed open to them towards the accomplishment of the work, they were willing to undertake "a Survey of the line in conjunction with the other Governments." The remainder of the paper is taken up in recounting the exertions made by the Canadian Government to effect this Survey, and the necessity for an immediate decision by New Brunswick, as the season for surveying operations is now rapidly passing away.

19. I cannot say, my Lord, that I am prepared to admit the accuracy of the assumptions or the justice of the reasonings contained in this paper. On the contrary, it appears to me difficult to reconcile its arguments with the facts which I have already stated.

20. I will proceed to examine its contents a little more in detail.

21. Your Council remind Your Excellency that the conditions proposed by the Imperial Government, in connection with the assistance to be rendered towards the construction of a Railway "differed in some important particulars from the agreement of September, 1862." Is it too much to ask the Executive Council of Canada to point out the articles of that engagement from which these proposals differ? I cannot find in that Instrument any agreement that the expenditure on the Railway should be held to be an expenditure for defensive purposes, or that a Sinking Fund should not be established; whilst the only other point mentioned by the Canadian Government as being contrary to the agreement of 1862, seems to have reference to one of the securities which were evidently to be required, and to ascertain the nature of which was one of the objects of the joint Delegation to England.

22. The Council refer to their Memorandum of February 25, as a proof that the agreement of 1862 was held to be abandoned on the return of the Canadian Delegates from England. I may observe that this Memorandum has never been officially communicated to the lower Provinces, though it is true it may be found in a collection of Parliamentary papers received from Quebec in the month of April last.

23. I have read and re-read this Memorandum with close attention, but I fail to find there any such announcement as that which it is now said to convey. True, the separate negotiation which Canada entered into with the mother country as to the terms of the loan was shewn to be suspended, and consequently she declined to take any immediate action; but how a negotiation to which they were strangers could affect the obligations of Canada to the Lower Provinces it is difficult to perceive, and that this view was taken in Canada also is, I think, shewn by the fact, that no communication of the nature indicated was made to New Brunswick or Nova Scotia on the adoption of the memorandum in question, or during the passage of the Railway Bills in these Provinces; although, as I have before observed, every consideration would have dictated the communication of so important a

fact to the Provinces, equally parties with Canada, to the agreement thus said to be set aside.

24. "It is further to be observed," say Your Excellency's advisers, "that the carrying out of the agreement of September, 1862, necessarily depended upon the success of the negotiation with the Imperial Government and the assent of the Legislatures of the three Provinces being obtained." This is no doubt true, so far as the immediate carrying into effect of the agreement is concerned; but it may be remarked that in the opinion of two of the parties to the Quebec agreement, the negotiation in England did not fail, and that the Legislatures of New Brunswick and Nova Scotia have, by very large majorities, given full effect both to the agreement itself and to the arrangements entered into with the Home Government in consequence of that agreement. That the Parliament of Canada has (not hitherto) given this assent is undoubtedly true, for that assent has never up to this time been sought, but I have yet to learn that it has been refused.

25. I rejoice to perceive that Your Excellency's advisers are of opinion, that "the events of each succeeding year invest this work with greater importance." It is unnecessary to assure Your Excellency that its importance is fully appreciated in the lower Provinces. The acts of their Governments and their Legislatures shew far better than words can do, the value which they attach to the completion of this great work. As in the eyes of Your Excellency's advisers its importance is held to be increasing, I trust I am not too sanguine if I anticipate that it may one day assume dimensions which will induce them to fulfil engagements which they have of their own accord deliberately undertaken.

26. As regards the prosecution of the survey, my Lord, I trust that there may be no misunderstanding with respect to the action that New Brunswick is prepared to take, and the view that she is prepared to maintain. There is no objection on the part of the Government of New Brunswick to undertake the preliminary survey; but in undertaking it they desire that it should be unequivocally understood, that they consider the engagements contracted in 1862 to be still binding alike on New Brunswick and on Canada.

27. And now, my Lord, before concluding this Despatch, I must request Your Lordship's attention to a question of far deeper moment than any connected with the Inter-Colonial Railway alone.

28. The engagement of 1862 was one of a solemn character, approaching as nearly in its nature to a Treaty, as the political condition of these Provinces permits. It was signed by duly appointed Plenipotentiaries. It was confirmed by Your Excellency, by Lord Mulgrave, and myself, on behalf of the Provinces we govern. It was not the private agreement of individuals which could be repudiated solely at the expense of the honor of the men who signed it. It was not the undertaking of a Government which might be repudiated at the expense of some discredit to their party, or overruled by their opponents should they replace them in power. It was an Inter-Provincial Act, and it is not easy to see how it can be abandoned without peril to the credit of that Province, which, without the consent of the other contracting parties, refuses to abide by its engagements. Such a disavowal of contracted obligations between independent nations would, I do not hesitate to say, be probably followed by a suspension of all diplomatic relations.

29. When in 1842, King Louis Philippe refused to ratify a Treaty with England, signed by his Ambassador, he was strictly in his right, for the permanent Chief of the State might refuse to confirm the acts of his Plenipotentiary; but he was felt to have weakened the Royal Authority in France, and to have done that which brought discredit on his country. The case, however, is far stronger when a Treaty is ratified—it then becomes a national obligation, and those who may have most lamented its conclusion, if they sub-

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sequently take office, become without scruple the active agents in carrying its provisions into effect. Over and over again have English Statesmen said, "I opposed the conclusion of such a Treaty, and condemned the advice which recommended it, but it is now binding on my Sovereign and Country, and their honor must be preserved." Your Excellency, as Her Majesty's Representative, has confirmed this obligation, and it is with deep regret that I see it set aside. I feel well assured that Your Excellency has not acted or refrained from action in this matter without good and sufficient reasons. Into their nature and character it is not for me, however, to enquire. Neither is it my function to express an opinion as to the course pursued by the Canadian Government: the Parliament and people of Canada are their judges. But there is an aspect of this case of which it does concern me to speak. By the mass of the British people the British North American Provinces are looked on as one whole, and all suffer together in consequence of any conduct on the part of the chief and foremost among them which may merit or meet with reprobation. Every act which bears or seems to bear the aspect of selfishness or bad faith, sinks deeply into the mind of England and excites alarm lest her sons in North America should have sunk from her own high standard of generosity and honor. True, among those who know them closely, the conduct of New Brunswick and Nova Scotia acting loyally in the spirit and letter of their obligations, will but give increased confidence in their honor and integrity of purpose. But, nevertheless, New Brunswick must to a large extent feel the effects of what is done by her greater and more powerful neighbor; and it is therefore that she claims a right to protest against a course which cannot be persisted in without injury to herself, as well as to those who may more justly suffer.

30. If a solemn agreement deliberately made with two other Provinces, calmly considered, voluntarily entered into, confirmed by Your Excellency's approval and signature, is to be regarded as a thing of no weight, what Provincial obligation may be looked on as secure?

31. I cannot suppose that Your Excellency's advisers can be insensible to the responsibility attaching to the assumption of such a position; nor will I believe that the people of Canada, even those who disapproved the engagement of 1862, desire to see it overthrown, at the risk of spreading abroad a suspicion which, even if unjust, cannot fail to be generally injurious,—that in that country important interests of a permanent character are lightly dealt with, and grave questions of Inter-Colonial policy decided, not on their own merits or in accordance with any fixed principle, but are taken up, trifled with, and abandoned, to suit the political exigencies of the passing hour.

I have the honor to be, &c. &c.

(Signed)

ARTHUR H. GORDON.

The Viscount Monck, &c. &c. &c.

No. 29.

The Lieutenant Governor to the Governor General of Canada.

Fredericton, October 8, 1863.

MY LORD,—I have communicated to my Council the Memorandum of the Executive Council of Canada enclosed in Your Excellency's Despatch of 29th ultimo, and I have now the honor to transmit to Your Excellency a Memorandum which I have just received, and which contains the remarks of the Executive Council of New Brunswick on its contents.

Having explained, at some length, in my Despatch of yesterday's date, the views entertained by the Government of this Province in regard to the question to which this Memorandum refers, I feel that no further remarks from me are now necessary.

I have, &c.

(Signed)

ARTHUR H. GORDON

His Excellency the Viscount Monck, &c. &c. &c.

[Enclosure.]

Minute of the Executive Council in Committee.

The Committee of the Executive Council have had under consideration the Despatch of the Governor General of Canada bearing date 29th September, and the enclosed Memorandum of the Committee of Council, in answer to Your Excellency's Despatch of the 18th of the same month, in relation to the proposed survey of the Inter-Colonial Railway, and have the honor to submit, for Your Excellency's approval, the following reply thereto.

The Committee receive with pleasure the assurance from the Government of Canada that they look forward with satisfaction to the consummation of this important undertaking—one which they characterize as invested with greater importance by the events of each succeeding year.

In the opinion thus expressed by the Government of Canada, the Committee cordially unite. The action taken by the Government and Legislature of this Province, give the most unmistakable evidence of the importance they attach to the early completion of the proposed Railway, and that interest is not in the least degree diminished.

The Committee have, however, to express their surprise that the Canadian Government consider the agreement of September 1862, to have been abandoned on the return of their delegates from England in January last, and that the Minute of Council of the 25th February is considered by them as sufficient to prevent any misconception on this point.

It is alleged by the Canadian Government, as a justification of the assumed abandonment of the agreement of 1862, that the conditions upon which the Imperial Government proposed to give the desired guarantee, were at variance with the terms of that agreement, and the instructions given by them to their delegates. If by the instructions referred to they allude to the stipulation made by them that the expenditure made by Canada for the construction of the Railway, must be considered by the Imperial Government as so much expended for purposes of defence, the Committee have to observe, that no such proposition formed any part of that agreement, and the refusal of the Imperial Government to so consider it, in the opinion of the Committee, cannot be considered as a just ground for the abandonment of that contract, to which indeed it bore no relation.

The Committee have carefully examined the agreement of 1862, and the proposal of the Imperial Government of December following, but have failed to discover any inconsistency whatever between the two.

The Committee so far from considering the Minute of 25th February last, as expressive of an abandonment of the agreement entered into at Quebec, view it as a continuation on the part of the Canadian Government of the negotiations with the Imperial Government on the basis of that agreement; and the Committee consider the confidence expressed by the Executive Council of Canada in that Memorandum, that the Government and Parliament of Great Britain would, in consideration of the importance of this great work as a measure of defence, and a means of extending and securing the political and commercial influence of England over an immense territory, extending from the Atlantic to the Pacific, grant the proposed guarantee of interest on the most liberal terms, as a renewal of the application made to the Imperial Government by their delegates relative to the sinking fund.

The Committee are also of opinion, that the temporary disagreement existing between the Imperial and Canadian Governments, is not of a nature sufficiently important to warrant the conclusion that the basis of the joint arrangement between the Provinces must necessarily be abandoned.

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It is true the Government of New Brunswick, to meet the wishes of Canada, advised Your Excellency to consent that a preliminary survey should be made prior to the contemplated legislation on the part of Canada; but in thus advising Your Excellency, the Executive Council of New Brunswick expressed the hope that no further deviations from the details of the Quebec agreement would be sought for, and that all further proceedings towards the accomplishment of the great work in view, would be in strict accordance with the terms of that agreement.

The Committee respectfully request Your Excellency to forward a copy of this Minute to His Excellency the Governor General, and sincerely trust that the Canadian Government, upon further consideration, will heartily co-operate with Nova Scotia and New Brunswick in carrying to a successful termination, (upon the basis already agreed upon,) this great Provincial undertaking so long and ardently sought for by the people of British North America.

(Signed)

S. I. TILLEY,
CHAS. WATTERS,
JAS. STEADMAN,
W. E. PERLEY,
W. H. STEEVES,
P. MITCHELL,
J. M'MILLAN,
GEO. L. HATHEWAY.

7th Oct. 1863.

No. 30.

The Lieutenant Governor to the Administrator of the Government of
Nova Scotia.

Fredericton, 9th October, 1863.

SIR,—Having, in my Despatch of 6th inst., communicated to you a Despatch I received from the Governor General of Canada under date the 29th ult., I have now the honor to forward for your information a copy of a Despatch which I have addressed to Lord Monck in reply thereto, together with a copy of a Memorandum by my Executive Council on the same subject.

I have, &c.

(Signed)

ARTHUR H. GORDON.

His Excellency the Administrator of the Government of Nova Scotia.

No. 31.

The Secretary of State for the Colonies to the Lieutenant Governor.

Downing Street, 23rd September, 1863, [received October 21.]

SIR,—I have the honor to acknowledge the receipt of Your Despatch of the 29th ult., and to express to you my approval of the answer returned by you to the proposal of the Canadian Government, to proceed at once to the Survey of the proposed line of Inter-Colonial Railway.

I have the honor to be, &c.

(Signed)

NEWCASTLE.

Lieut. Governor the Hon. A. H. Gordon, &c. &c. &c.

No. 32.

The Lieutenant Governor to the Secretary of State for the Colonies.

Fredericton, October 12, 1863.

MY LORD DUKE,—I have the honor to forward to Your Grace a copy of a Despatch which I have received from the Governor General of Canada, transmitting the copy of a Minute of the Executive Council of that Province on the subject of the Inter-Colonial Railway. I have also the honor to transmit a copy of my reply, as well as a copy of a Minute of my Executive Council on the same subject.

I have the honor, &c.

(Signed)

ARTHUR H. GORDON.

His Grace the Duke of Newcastle, K. G., &c. &c. &c.

No. 33.

The Lieutenant Governor to the Secretary of State for the Colonies.

Fredericton, 26th October, 1863.

MY LORD DUKE,—In my Despatches of 20th and 29th July, 1863, I informed Your Grace of the proposal which had been made by the Government of Canada for an immediate Survey of the line of the proposed Inter-Colonial Railway, and of the difficulties which attended the adoption of the course proposed in consequence partly of its contrariety to the strict letter of the engagement existing between the British North American Provinces on this subject, and partly from the necessity it involved of pledging this Province (without previous Parliamentary sanction) to a considerable outlay. I added, however, that such was the reluctance of this Government to afford any excuse to that of Canada for the abandonment of the engagements into which they had mutually entered, that the proposition would probably be acceded to, and that in acceding to it the Government of New Brunswick believed that they did not violate the spirit of the agreement of 1862, although they acquiesced in a departure from its provisions in a single matter of detail.

2. In my Despatch of 29th August, I informed Your Grace that I had conveyed to the Governor General of Canada, the formal expression of the consent of this Government to undertake the proposed Survey, and that a member of my Government would proceed to Quebec to arrange its details with the Canadian Cabinet; at the same time I expressed to Your Grace the surprise and concern with which I had perceived the report of a speech said to have been made in the Canadian Legislature by the Hon. Mr. Dorion, intimating that the agreement of 1862 was abandoned by the Canadian Government. I felt it my duty to add that should this prove to be the case, (which I was most reluctant to believe,) it was hopeless to expect any further progress in this great work.

3. In my Despatch of the 28th ult., I gave Your Grace some account of the proceedings of Mr. Tilley and Dr. Tupper, at Quebec, and of the subsequent resolution of my Council to recommend the prosecution of the Survey, notwithstanding the language of Mr. Dorion alluded to in my previous Despatch. It was felt that till evidence of a conclusive character was before us of the intention of the Canadian Government to evade their engagements, it would be both impolitic and unjust to assume that any such intention existed on their part. The speech of Mr. Dorion had been in a great measure explained away; and although it was certainly known that individual members of the Canadian Government would in all probability whenever the question became a practical one, oppose the assump-

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tion by Canada of so large a share of the cost of the work as was contemplated by the arrangement of 1862, it was by no means clear that the Government, as a Government, were pledged to such opposition. The Government of Canada were accordingly informed by a minute of my Executive Council, a copy of which was transmitted by me to Your Grace, that the Government of New Brunswick consented to proceed with the Survey; but in doing so, a hope was expressed that no further departure might be made from the arrangements entered into in 1862; it being thought advisable to place on record the fact that in the opinion of this Government, although the execution of that agreement might be suspended for a time in consequence of temporary difficulties, its engagements remained in full force as binding upon the contracting parties.

4. To this communication the Canadian Government returned for answer the report a copy of which I had the honor to transmit to Your Grace in my Despatch of the 12th instant.

5. Although I considered it not improbable if an answer were returned to the communication of the hopes entertained by this Government, that that answer would indicate an intention of breaking the agreements of 1862, I must own that I was by no means prepared for the avowal of the Canadian Government, that they had regarded the agreement at an end since the month of January in the present year, in consequence, as they allege, of the proposals made by the British Government to the Delegates in London being inconsistent with that agreement. If such has been the view of the Canadian Government, I must frankly admit that, holding such a view, I cannot reconcile the course which they have pursued with the obligations imposed by candour and by courtesy. The Legislature of this Province and that of Nova Scotia, passed laws to give effect to the agreement of 1862. These laws were communicated to the Canadian Government, but it was never intimated by that Government that they were useless as the agreement to which they professed to give effect was in fact no longer existent. The proposition for the preliminary Survey was not accompanied by any such intimation, nor was it elicited by the very evident spirit of my various Despatches, which must have shown my own belief in what the Canadian Government held to be an error.

6. It is true that the Canadian Government profess to find such an announcement in their Minute of the 25th February 1863, but I feel sure that Your Grace will agree with me in considering that its contents cannot be viewed in this light. It announces indeed the suspension by Canada of all immediate action with respect to the Railway, and expresses a hope that the British Government will favorably consider certain fresh proposals made on the part of Canada with respect to the repayment of the Imperial Loan. This cannot, I conceive, be looked on as an abandonment of negotiation, but rather as its continuance, and it makes no reference whatever to the agreement between the Provinces as to the share which each was to bear in the work, if undertaken.

7. I am confirmed in this view by the fact that gentlemen who were members of the Canadian Government at the time the Minute in question was framed, and who even assisted in its composition, have declared in their places in Parliament that no such interpretation as is now sought to be placed on that Minute was given at the time, and that it was not understood in such a sense by themselves, or their colleagues.

Moreover, had the Government of Canada then deliberately come to the conclusion of annulling an agreement between that Province, New Brunswick, and Nova Scotia, it is scarcely credible that they should have considered it wholly unnecessary to have communicated to the other parties to the contract a decision of such importance. Surely they would have taken the earliest opportunity of expressing their regret that circumstances

should have rendered it necessary for them to seek release from their pledged engagements. Whether the Minute of February 25, 1863, was communicated to the Lieutenant Governor of Nova Scotia I know not, but it has never up to this day been officially transmitted to this Government. Though dated in February, it was first seen here among some printed Parliamentary Papers on the subject of the Railway, forwarded to me by the Governor General in the month of April. If then this Minute was indeed intended to intimate the cancelling of the engagement of September 1862, (and that it was so intended by some members of the Canadian Government, their own statements render us bound to believe,) I can only say it was very little calculated to effect its object. Its wording does not bear out its alleged meaning—its drift failed to be perceived by members of the Canadian Cabinet themselves, and above all it was never officially communicated to the parties most interested in the announcement it is said to have been intended to convey; whilst on the other hand those parties were allowed to act and write without contradiction, under the supposition that no such announcement had been made, and that the engagement said to have been annulled was still binding.

8. It has also been stated in the public journals that the Hon. Mr. Dorion, in a speech delivered in the Legislative Assembly of Canada on the 2nd inst., sought to prove that the abandonment of the agreement of 1862, was fully admitted by my Despatch to Viscount Monek of 20th August, in the present year. That Despatch has been already submitted to Your Grace, and you will not have failed to perceive how insufficient its wording is to bear out Mr. Dorion's reading. Certainly it will be vain to endeavor to prove that the Government of New Brunswick has ever, by word or deed, abandoned the engagement to which it considers its honor to be pledged.

9. Under these circumstances it appeared, both to my Council and myself, that self-respect rendered difficult a continuation of negotiations, conducted without regard to the interests or honor of this Province, and that it was essentially necessary to inform the Canadian Government in the most distinct manner that the agreement of 1862 had not in our opinion been up to this moment cancelled. At the same time it was determined to express a willingness to proceed with the survey, unless it should be insisted on by Canada as a preliminary condition that New Brunswick should admit the annulment of the agreement of 1862. To that it was felt it would be impossible to consent; for however desirable a preliminary survey may be, it is useless to expect the Lower Provinces to contribute a large sum to defray its expenses without some rational expectation, that, in the event of the survey proving satisfactory, the construction of the Railway itself should be undertaken. But no such expectation can be entertained if the agreement of 1862 be altogether abandoned. It is in the highest degree improbable that neither the Lower Provinces nor Canada will assume larger responsibilities than those undertaken in that Instrument. If it be abandoned the three Provinces will be released from the obligations it imposes, and I am not sanguine as to their being easily re-assumed. An understanding as to the course which is to be adopted after the survey, (providing the survey shows that the work can be executed for the contemplated sum,) is in my mind essential to justify the outlay which the survey itself will necessitate.

10. My Despatch to Viscount Monek of the 7th ult., and the Minute of my Executive Council of the same date, also transmitted to Your Grace in my Despatch of 12th inst., contain the views of this Government upon the subject at issue. I trust they will not incur Your Grace's disapprobation. This Government, while they have no desire, as they have no obligation, to criticise the acts of the Canadian Cabinet where Canadian interests alone are concerned, yet feel that where the interests and honor of this Province, which

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11. Accidental circumstances, with a detail of which I need not trouble Your Grace, prevented my forwarding these remarks along with the papers in question as I ought properly to have done.

I have, &c.

ARTHUR H. GORDON.

His Grace the Duke of Newcastle, K. G.

No. 34.

The Administrator of the Government of Nova Scotia to the
Lieutenant Governor.

Government House, Halifax, N. S., October 14th, 1863, [received Oct. 17.]

SIR,—I have the honor herewith to acknowledge the receipt of two Despatches from Your Excellency, bearing date of the 6th and 9th instant, together with Enclosures relative to the Survey and construction of the proposed Inter-Colonial Railway. I can assure Your Excellency I shall take the earliest opportunity of laying them before my Executive Council, who will give them that consideration which their importance demands.

I have, &c.

(Signed)

HASTINGS DOYLE.

Lieut. Governor Hon. Arthur Gordon, &c. &c. &c.

No. 35.

The Administrator of the Government of Nova Scotia to the
Lieutenant Governor.

Government House, Halifax, 20th October, 1863, [received Oct. 24.]

SIR,—I have the honor to inform you that yesterday was the first opportunity I have had of assembling a quorum of the Executive Council of this Province, since the receipt of Your Excellency's Despatches of the 1st, 6th, and 9th inst., when I availed myself of the occasion to call their attention to them and their enclosures; and beg to inform you with reference to them, that my Executive advisers are strongly of opinion, that the agreement entered into by the Governments of Canada, Nova Scotia, and New Brunswick, in 1862, that Canada should bear but five-twelfths (5-12ths) of the cost of the Railway from Truro to Riviere du Loup, assigned to that colony much less than her fair proportion, whether considered in relation to her population and resources, or to the advantages and necessities of such a work; yet they regarded the proposed survey as so indispensable to any rational consideration of this important question, that they were prepared to co-operate in it, upon the assurance given by Canada that she was sincerely desirous of seeing the road constructed, that she would bear five-twelfths of the cost of the survey, and that if the survey should establish the fact that a line could be found acceptable to the British Government, the cost of which would not exceed the ability of the three Provinces, she would be prepared to assist in any feasible scheme for its construction as far as she was able.

Should the survey prove the practicability of such a route, my advisers believe that the intelligent public sentiment of Canada would not long permit any Administration to leave that great country, with all its commercial relations, dependent for five months of the year upon the fiscal arrangements of an independent, if not rival, State, and for the same

period cut off from communication with the Parent State by any line of transit available for war purposes.

The solid practical advantages of the survey would thus in their opinion have been secured, and would have remained of the greatest benefit quite independently of the view which might happen to be entertained by those by whom it was proposed.

Holding these opinions, I need not add the regret with which my Government have learnt that the Government of Canada have raised any question as to the extent to which she would ultimately be willing to be bound, or that having done so your Government should have regarded it as an insuperable obstacle to proceeding at once with the survey.

I have, &c.

(Signed)

HASTINGS DOYLE.

His Excellency the Honorable A. H. Gordon, &c. &c. &c.

No. 30.

The Governor General of Canada to the Lieutenant Governor.

Quebec, 17th October, 1863, [received October 27th.]

SIR,—I have the honor to acknowledge the receipt of Your Excellency's Despatch of the 7th instant, on the subject of the course pursued by the Government of Canada, in reference to the negotiations connected with the construction of the Inter-Colonial Railway.

In this Despatch it appears to me that you directly charge the Ministers of the Crown in Canada with want of good faith in their dealings in this transaction, and if not directly, at least by implication, I am myself included in this imputation.

It is not my desire or intention to engage with Your Excellency in a controversial correspondence on this subject; but I wish to place on record the facts of the case as they appear on the authentic documents connected with it, and to suggest to you that those facts may be honestly read in a different sense from that which Your Excellency attributes to them.

I do not mean in this communication to express any opinion on the wisdom or policy of the course pursued by the Government of Canada. My wish is to state the case as it seems to me to bear on the grave charge of want of good faith which you have brought forward.

The conference at Quebec in September, 1862, of the Delegates from the Governments of the three Provinces, was held in consequence of the receipt of a Despatch from the Duke of Newcastle, to which you allude in your Despatch dated April 12, 1862.

That Despatch rejected on the part of Her Majesty's Government a proposition made in 1861, jointly by the Governments of the three Provinces, as to the mode of raising the funds necessary for the construction of the Inter-Colonial Railway.

The Despatch, however, suggested *in general terms* a new basis of arrangement for raising the necessary funds by means of "an Imperial Guarantee of Interest towards enabling them, (the three Provinces,) to raise by public loan, if they should desire it, at a moderate rate, the requisite funds for constructing the Railway," leaving the terms of the guarantee for subsequent negotiation.

By the Memorandum of agreement signed at Quebec on the 12th September 1862, the Delegates of the three Provinces expressed themselves, *in terms as general as those used in the Duke of Newcastle's Despatch*, "prepared to assume under the Imperial Guarantee the liability for the expenditure necessary to construct this great work."

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It was also agreed that a Joint Delegation should proceed to England to arrange the details of the proposal which had been made and accepted only in general terms.

I think it is plain, that on the obtaining of the guarantee of the Imperial Government depended the whole of the remainder of the agreement,—and that supposing a failure in this respect,—the remaining terms of the contract, which only concerned the mode of using that guarantee, would fall to the ground.

I think it is also a fair inference from the course of action pursued, that the joint delegation which it was determined to send to England, was not sent for the mere purpose of accepting whatever terms might be offered; but that it had powers to discuss and reject those terms if they appeared unreasonable.

I heartily concur with Your Excellency in your expression of regret that the instructions to that delegation were not given in writing, and by the three Governments in common, as such a course would have effectually prevented the misunderstanding which has since unfortunately arisen.

When the Delegates arrived in London they found that one of the conditions which the Imperial Government considered indispensable, was the provision of a Sinking Fund for the extinction of the debt to be guaranteed by Great Britain.

Without pronouncing one way or the other an opinion whether it was a wise course or sound policy for the Canadian Delegates to refuse the guarantee on this ground, it is at all events plain that the obligation to provide a Sinking Fund made a great difference in the nature and value of the proposed guarantee.

It is also apparent that this proposal was then for the first time brought officially under the notice of the Delegates from Canada.

No one even supposed that Her Majesty's Government was guilty of a breach of good faith in attaching this condition to the offer of a guarantee made originally without any allusion to it; and whatever view you may entertain as to the policy of such a proceeding, I can scarcely think that on reflection you will still hold the opinion that such a charge can fairly be made against the Canadian Government for refusing to accede to a condition not contained in the original offer, or alluded to in the acceptance by them of the guarantee.

If I am right in my opinion that the Delegates sent to London on the part of the Government of the three Provinces respectively, were armed with powers to reject the conditions which Her Majesty's Government might attach to the offer of the guarantee, and did exercise these powers by refusing the guarantee on the terms proposed—the basis of the arrangement having by these means failed, the other stipulations of the agreement which were dependent upon the success of this fundamental term of course fell with it.

With regard to the agreement as to the proportional incidence of the expenditure, I must beg leave to remind Your Excellency that a Memorandum was agreed to by the Delegates of New Brunswick and Nova Scotia in 1861, in which a different apportionment between the three Provinces of the incidence of expense was adopted from that which was agreed to in 1862; but the negotiation having then broken down in consequence of the failure to secure the Imperial assistance on the terms proposed, no imputation of bad faith was made against the Governments of New Brunswick or Nova Scotia, because in 1862 they did not consider themselves bound by the arrangement of 1861 on this incidental portion of the plan. Nor do I think any such imputation could in fairness be made against them.

I regret very much that Your Excellency was not furnished officially and immediately with a copy of the Minute of the Executive Council of this Province of 25th February last. I readily admit you should have had it, and I can only account for the omission by

the fact that just at that time Mr. Tilley was here in personal communication with the Members of the Canadian Government.

With respect to the question as to the survey of the line of Railway which has now been proposed, it appears to me that whether the basis of 1862 be adhered to or abandoned, a trustworthy survey is absolutely necessary in order to make any progress towards the completion of this work, and I trust that any misunderstanding which may have arisen will not be allowed to impede this indispensable step.

I have the honor to be, Sir,

Your Excellency's obedient servant,

(Signed)

MONCK.

The Hon. Arthur H. Gordon, &c. &c. &c.

No. 37.

The Lieutenant Governor to the Governor General of Canada.

Fredericton, October 27th, 1863.

MY LORD,—I have to-day received Your Excellency's Despatch of the 17th instant, and although, like Your Excellency, I have no wish to enter into any controversy upon the subject to which it relates, I feel compelled to reply briefly to one or two of the remarks made by Your Excellency.

2. In the first place, I must be permitted to express my deep regret that Your Excellency should conceive me to have desired either directly or by implication to cast upon Your Excellency any imputation of bad faith. I most certainly had no such intention, for I entertained no such idea, and I regret that my Despatch should, in Your Excellency's opinion, be open to such a construction, as I explicitly stated therein that I felt no doubt that the course pursued by Your Excellency had been dictated by good and sufficient reasons. Nor have I, so far as I am aware, expressed any direct judgment on the course pursued by Your Excellency's advisers. Their acts are susceptible of wearing an appearance of bad faith, and are so viewed in many quarters. I have, therefore, felt myself entitled to protest against the injury which may be thus indirectly inflicted upon this Province; but I have expressly stated that these suspicions might very possibly be unjust, although it was not unnatural that such suspicions should have been excited by the acts which had caused them.

3. I cannot say that the reasoning of Your Excellency's Despatch has led me to consider, as inaccurate the views put forward in my Despatch to Your Excellency of the 7th instant.

4. I cannot perceive, nor, indeed, does Your Excellency attempt to maintain, that the proposals of the British Cabinet were inconsistent with the agreement of 1862, as is urged by the Executive Council of Canada in their minute of September 29, 1863; and whilst I quite admit that the question of a Sinking Fund was for the first time officially mentioned to the representatives of Canada in London, Your Excellency cannot have forgotten that it was frequently in the minds of those who took part in the conference at Quebec, and who were well aware that such a condition was invariably insisted on in similar cases by the Imperial Government, and neither there nor subsequently in England until the very eve of their departure did the representatives of Canada assert that it was impossible for them to agree to its imposition; whilst in the opinion of the Governments of New Brunswick and Nova Scotia, the establishment of a Sinking Fund accompanied by the concessions ultimately granted by the British Government, as to the period at which the payments to that fund were to commence, and the nature of the securities in which it was to be in-

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vested, did not really in any appreciable degree diminish the value of the proposed guarantee. I have no desire, however, to resume a discussion on this controverted point.

5. That the minute of February 25, 1863, was, however, intended by some members at least of the Canadian Government to close the negotiation, and to convey an intimation to the lower Provinces of its close, I am bound to believe on their testimony to that effect; but if so, it is unfortunate that the document itself should have been so singularly ill calculated for its purpose. Its apparent object is to propose a new arrangement for the repayment of the contemplated loan, thereby, it would seem, continuing rather than abandoning the negotiations between the Imperial Government and that of Canada, and it certainly failed to carry any sense of its true intention even to some members of the Canadian Government who took part in its preparation, whilst how that would be a notification to the lower Provinces which was not communicated to them, I own I am at a loss to conceive. On this point I may observe that Your Excellency is in error in supposing Mr. Tilley to have been at Quebec at the time at which that memorandum was prepared. The memorandum bears date the 25th February. Mr. Tilley left Quebec on the 23rd of January, and so far was he from conceiving the agreement of 1862 to have been abrogated, that he, as Your Excellency is aware, introduced a bill into the Legislature of this Province, to give the effect of law to that agreement.

6. Your Excellency observes that the lower Provinces agreed in 1861 to a different apportionment of the expense to that arranged in 1862, and that no imputation of bad faith followed its abandonment. This is most true—but there is an extremely important difference to be observed between that case and the one now under consideration. The agreement of 1861 was abandoned by the common consent of all the parties to it; but the complaint now made by the Government of New Brunswick is that in this case the negotiations for the preliminary Survey have been permitted to go on without any intimation on the part of the Government of Canada, that an entirely fresh arrangement for the construction of the subsequent work would have to succeed the Survey—although it must have been quite apparent from my various Despatches, as well as those of Lord Mulgrave, (especially that of 29th April transmitting to Your Excellency a copy of a Minute of the Executive Council of Nova Scotia,) as also from the acts of the Government and Legislature in this Province and Nova Scotia, that although the execution of the agreement was known to be suspended, its provisions were here still imagined to be binding.

7. I quite concur with Your Excellency in attaching a very high importance to the completion of the survey, and I will communicate to my Council for their consideration and advice, Your Excellency's hope that "no misunderstanding which may have arisen will be allowed to impede this indispensable step."

I will not anticipate the course that my advisers may deem it proper to recommend. But I am aware that when they assented to the preliminary Survey, it was in the full belief that should that Survey prove satisfactory the work would, when undertaken, be carried out in the manner contemplated by the agreement of 1862, not perhaps immediately, but whenever the difficulties between the Imperial Government and that of Canada had been satisfactorily arranged; and I am also aware that, however, desirable such a Survey may be, a previous agreement as to the course to be followed in the event of such a Survey proving the feasibility of the work, is generally considered in this Province to be necessary to justify the outlay which would be required for the purpose.

I have the honor to be, &c.

(Signed)

ARTHUR H. GORDON.

His Excellency the Viscount Monck.

No. 38.

The Lieutenant Governor to the Secretary of State for the Colonies.

Fredericton, October 27, 1863.

MY LORD DUKE,—Since writing my Despatch of yesterday's date, I have received the Despatch of which a copy is enclosed from the Governor General of Canada. I also enclose a copy of my reply, which will, I hope, meet with Your Grace's approval.

I have, &c.

(Signed)

ARTHUR H. GORDON.

His Grace the Duke of Newcastle, K. G., &c. &c. &c.

[Enclosures.—See No. 36 and No. 37.]

No. 39.

The Lieutenant Governor to the Administrator of the Government of Nova Scotia.

Fredericton, October 29, 1863.

SIR,—I have the honor to acknowledge the receipt of Your Excellency's Despatch of the 20th instant, conveying to me the sentiments of Your Excellency's advisers, on the subject of the recent discussions between this Government and that of Canada, respecting the proposed survey for the Inter-Colonial Railroad.

I can assure Your Excellency that the Government of New Brunswick entirely share the regret expressed by your advisers, that any circumstances should have arisen to throw difficulties in the way of proceeding with the proposed survey, to the importance of which, as Your Excellency is aware, my advisers are fully alive; but the Government of Nova Scotia is too enlightened not to perceive, and too just not to admit, that when a question had been raised as to the nature of the understanding upon which the survey was to be undertaken, it was impossible for this Government to do otherwise than state that which was its own conscientious conviction and belief. If by the "unqualified concurrence" required by the Canadian Government, it is meant that the Government of New Brunswick are to admit that the engagements entered into in 1862, terminated in January last, it is not to be supposed that they can acquiesce in a statement, in the accuracy of which they do not concur, and the admission of which would stultify their own acts, and those of the Government of Nova Scotia during the past eight months. Nor when the Canadian Government distinctly intimated by their Memorandum of the 29th September, that, in their view, the agreement of 1862 was no longer binding, was it possible for this Government, without laying themselves justly open to a charge of want of candour and openness, to avoid expressing their dissent from this opinion.

I may observe, however, that my advisers have not as yet stated, as appears to be supposed by the Executive Council of Nova Scotia, that they regard the attitude assumed by the Government of Canada as an absolutely insuperable obstacle to proceeding with the survey; on the contrary, if Your Excellency will refer to my Despatch to the Governor General, you will find it stated that "there is no objection on the part of the Government of New Brunswick to undertake the preliminary survey; in undertaking it, however, they desire that it should be unequivocally understood that they consider the engagement contracted in 1862 to be still binding alike on New Brunswick and on Canada;" and although it is most undoubtedly the case that a reasonable prospect of the work being undertaken if the survey prove satisfactory, and a previous understanding as to the mode

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in which the expense of that work, if undertaken, is to be borne, are generally considered in this Province, indispensable preliminaries to the commencement of the survey; yet it is quite open to my Council to recommend that it should still be gone on with, if under all the circumstances they should deem it advisable to do so.

In conclusion, I hope it is almost unnecessary to assure Your Excellency, that it is the chief desire of my Government in this matter to act in strict accordance and concert with that of Nova Scotia.

I have, &c.

(Signed)

ARTHUR H. GORDON.

His Excellency the Administrator of the Government, Nova Scotia.

No. 40.

The Lieutenant Governor to the Administrator of the Government
of Nova Scotia.

Fredericton, October 31, 1863.

SIR,—I have the honor to forward for Your Excellency's information, a copy of a Despatch which I have lately received from the Governor General of Canada, together with the copy of a reply thereto, which I have addressed to His Excellency.

I have, &c.

(Signed)

ARTHUR H. GORDON.

His Excellency the Administrator of the Government of Nova Scotia, &c. &c. &c.

[Enclosures.—See No. 36 and No. 37.]

No. 41.

The Secretary of State for the Colonies to the Lieutenant Governor.

Downing Street, 10th October, 1863, [received November 3.]

SIR,—I have the honor to acknowledge the receipt, together with other Acts of the Legislature of New Brunswick, of "Chapter V.—An Act to authorize a Loan, and for the construction and management of an Inter-Colonial Railway," passed in April last.

This evidence of the readiness of the Legislature of New Brunswick to promote this important project of Inter-Colonial communication, has afforded me much satisfaction.

Her Majesty's decision upon this Act, as well as upon a similar one received from Nova Scotia, will, however, be reserved until the arrival of the corresponding Act from Canada.

I have, &c.

(Signed)

NEWCASTLE.

Lieutenant Governor Honorable Arthur Gordon, &c. &c.

No. 42.

Minute of the Lieutenant Governor for the Executive Council.

The Lieutenant Governor lays before his Executive Council a Despatch which he has received from the Secretary of State for the Colonies, dated the 10th October 1863.

The Lieutenant Governor is anxious that no misconception should arise as to the bearing and object of this Despatch.

Her Majesty's assent has not been refused to the Act in question, nor is its force as Law in this Province in any way invalidated by a delay in the special confirmation usually given to the Acts of Colonial Legislatures.

If an Act is assented to by the Lieutenant Governor, it at once and immediately becomes Law, (unless it be an Act containing a suspending clause,) but it is in the power of the Queen at any time within the next two years to disallow any such Act.

Should two years elapse without any action on the part of the Crown, the opportunity is lost, and the Act can only be repealed in the ordinary manner.

To prevent however the uncertainty and inconvenience which might result from the delay of two years being always interposed before it could be certainly known whether the Provincial legislation might not be reversed by Her Majesty, it has become usual for the Queen to divest herself of this power of disallowance, by specially confirming Acts speedily after their arrival in England. This course, however, is by no means invariably followed, as there are generally every year some Acts left to their operation without any special confirmation.

The effect of the delay is simply this, that until the special confirmation is given, or two years have elapsed, Her Majesty does not surrender the right to disallow the Act. In the present case, as no action can be taken until similar measures to those which have become law in New Brunswick and Nova Scotia are adopted in Canada, no inconvenience can arise from the special confirmation being withheld until the passage of the corresponding Act for which Her Majesty's Government appear to look from Canada.

(Signed)

ARTHUR H. GORDON.

1st December, 1863.

[Enclosure.—See preceding Despatch.]

No. 43.

The Secretary of State for the Colonies to the Lieutenant Governor.

Downing Street, 14th October, 1863, [received Nov. 3.]

SIR,—I have had the honor to receive your Despatches of the 29th August and 28th September, reporting the progress of the negociation with the Government of Canada as to the Survey of the Inter-Colonial Railway.

I entirely approve the course you adopted in regard to that Government, and have much satisfaction in observing the unanimous concurrence of your Council in the recommendation to appoint an Engineer to make the preliminary exploration and Survey of the line, previous to the passing of the Railway Bills by the Canadian Legislature.

I have, &c.

(Signed)

NEWCASTLE.

Lieutenant Governor Hon. Arthur Gordon.

No. 44.

The Under Secretary of State for the Colonies to the Lieutenant Governor.

Downing Street, 17th October, 1863, [received Nov. 3.]

SIR,—I have the honor to transmit to you herewith for your information a copy of a Despatch which I have addressed to the Governor General of British North America, on the subject of the appointment of Mr. S. Fleming to the office of Engineer of the preliminary Survey of the Inter-Colonial Railway.

I have, &c.

(Signed)

FREDERIC ROGERS,

(In the absence and by the authority of the Duke of Newcastle.)

Lieut. Governor Hon. Arthur Gordon, &c. &c. &c.

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[Enclosure.]

The Under Secretary of State for the Colonies to the Governor General
of Canada.

Downing Street, 17th October, 1863.

MY LORD,—I have to acknowledge the receipt of Your Lordship's Despatch of 14th September, enclosing a copy of an approved Report of a Committee of Your Executive Council, in which it is recommended that the Engineer appointed to act on behalf of the Imperial Government in the contemplated survey of the proposed line of Inter-Colonial Railway, should be sent to Halifax as soon as possible.

The character of Mr. Sandford Fleming, whom in your Despatch you mention as having been nominated by the Government of Canada to undertake the preliminary survey of the line of Inter-Colonial Railway, is so unexceptionable, and the selection of him by the Governments of Nova Scotia and New Brunswick, is such a further convincing proof of his qualification for the office of Engineer for the line, that I am quite ready to avail myself of his services as the representative of the Imperial Government. Your Lordship will accordingly be pleased to appoint Mr. Fleming at once to the situation.

It is agreeable to me to feel that by selecting Mr. Fleming as the combined representative of Her Majesty's Government and that of the North American Provinces, specially interested in this important subject, much delay has been avoided, and that the wishes of your Government for the immediate commencement of the survey, have, as far as this appointment is concerned, been complied with.

It will of course be understood that in waiving their right to appoint a separate Engineer for effecting the survey, Her Majesty's Government do not abandon the right to satisfy themselves that the line is one which will answer the purposes in which the Imperial Government is interested, and that it can be constructed without application to the Imperial Government for any further guarantee.

I have, &c.

(Signed)

FREDERIC ROGERS,

(In the absence and by the authority of the Duke of Newcastle.)

No. 45.

The Governor General of Canada to the Lieutenant Governor.

Quebec, November 2, 1863, [received Nov. 10.]

SIR,—I have the honor to enclose for Your Excellency's information, a copy of a Despatch wherein the Duke of Newcastle directs Mr. Sandford Fleming to be appointed as the Representative of the Imperial Government in the contemplated survey of the Line of the Inter-Colonial Railway.

I have, &c.

(Signed)

MONCK.

His Excellency the Hon. Arthur H. Gordon, &c. &c. &c.

[Enclosure—See preceding Despatch.]

No. 46.

The Lieutenant Governor to the Secretary of State for the Colonies.

Fredericton, November 9, 1863.

MY LORD DUKE,—I have the honor to acknowledge the receipt of Your Grace's Despatch of the 17th October, relative to the appointment of Mr. S. Fleming, as Engineer

on behalf of the Imperial Government, to conduct the survey for the proposed Inter-Colonial Railway.

2. It is with some surprise that I observe in Your Grace's Despatch to Viscount Monck, of which a copy is enclosed by Your Grace, an allusion to the assumed fact that Mr. S. Fleming was appointed to act as Engineer on behalf of the Lower Provinces, as no such appointment has been made by them. It is true that the Members of the Government of Nova Scotia were not averse to Mr. Fleming's appointment, but it was never assented to by the Executive Council of this Province, and such being the case, the appointment was not, I believe, ever formally proposed for the consideration of the Executive Council of Nova Scotia.

3. The concluding words of the third paragraph of Your Grace's Despatch to Viscount Monck, may possibly be held to intimate that the appointment of Mr. Fleming as Imperial Engineer had been requested by the Canadian Government. If so, I can only observe that no intimation of the intention to make such a request, or its having been made, was ever conveyed to this Government. In reply to a question whether the subject was mooted during Mr. Tilley's recent visit to Quebec, that gentleman informs me that "such a suggestion was never made in his presence, and if made would have met with his disapproval."

4. I need hardly observe that, whatever misapprehension may have arisen on this point, all those who take an interest in the completion of this important survey, cannot fail to appreciate and feel grateful for Your Grace's constant readiness to encourage any effort made to attain this end, and to meet, whenever it is practicable, the wishes expressed by the different Colonial Governments in connection with this subject.

I have, &c.

(Signed)

ARTHUR H. GORDON.

His Grace the Duke of Newcastle, K. G., &c. &c. &c.

No. 47.

The Lieutenant Governor to the Secretary of State for the Colonies.

Fredericton, November 9, 1863.

MY LORD DUKE,—I have the honor to forward to Your Grace a copy of a Despatch which I have lately received from the Administrator of the Government of Nova Scotia, expressing the regret with which his Government have learned that difficulties have arisen in the way of the negotiations for the Survey of the proposed Inter-Colonial Railway, as well as that of my Despatch in answer thereto.

I have, &c.

(Signed)

ARTHUR H. GORDON.

His Grace the Duke of Newcastle, K. G., &c. &c. &c.

[Enclosure.—See No. 36 and 37.]

No. 48.

The Lieutenant Governor to the Secretary of State for the Colonies.

Fredericton, November 9, 1863.

MY LORD DUKE,—In my Despatch of 27th ultimo, I had the honor to transmit to Your Grace the copy of a Despatch addressed to me by Viscount Monck, and of my reply.

2. It would be useless and unbecoming to continue this discussion further, but in finally closing it, so far as I am concerned, I desire to make a few remarks to Your Grace.

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3. Your Grace will observe that the question mainly in debate is, whether any intimation of an intention to cancel the agreement of 1862 was publicly made by the Canadian Government. They maintain that their Memorandum of the 25th February, 1863, (although never officially communicated to this Government or that of Nova Scotia,) contained such an intimation. That such was the intention of some of those who framed the document, their assurance to that effect forbids me to doubt; but that such was the intention of the Canadian Government as a whole, I own I find it impossible to believe. Some reasons for such disbelief are assigned in my Despatch to Lord Monek, of 27th ult., and that to Your Grace, of 26th ult., but there are others which I may also be permitted to bring under Your Grace's notice.

It is alleged that the Memorandum of February 25, 1863, was not communicated to this Government as Mr. Tilley was then at Quebec, and had learnt its substance, and the abandonment by Canada of the agreement of 1862. On this point the Canadian Government are much mistaken. Mr. Tilley returned from Quebec at the end of January, a month before the date of the Memorandum of February 25, and informed me very fully of the nature of his communications with the Canadian Government. As his remarks were immediately committed to paper by himself, there can be no doubt as to the nature of impressions upon his mind at that time. He stated to me that "Mr. McDonald assured him the Canadian Government had not abandoned the proposed Railway, that they were as anxious as ever that the work should be undertaken and completed, that in their estimation the Sinking Fund was very objectionable as it would cause considerable loss to the Colonies, and so strongly were they impressed with this view of the subject, that they had instructed their Delegates, before leaving for England, not to accept any proposal containing such a condition, and further, that in case the Imperial Government should insist upon the Sinking Fund, they could not go to Parliament *this Session* with the Bills to authorize the construction of the Road, but would ask for a Grant of money to pay their share of the expense of the survey to be commenced in the spring. This course, he said, would prevent delay, and place them in a position to legislate during the Session of 1864, if existing difficulties were then removed. Mr. Macdonald also stated that the Canadian Government had, in a Despatch addressed to His Grace the Duke of Newcastle, upon Militia matters, asked that the expenditure of Canada for the Inter-Colonial Railway should be considered by His Grace as an appropriation to that amount for the purposes of defence, and that His Grace's action in this matter, together with his refusal to give any pecuniary assistance towards opening up the Red River and western country, had greatly diminished their prospects of carrying the Railway Bills this Session, should they be submitted. Mr. Tilley remarked that he could understand the advantage of showing the *Canadian people* the importance of the proposed Railway as a means of defence, but could not see why they had deemed it necessary to ask the Imperial Government so to consider it.

"If there had been an *agreement* between the British Government and the Government of Canada that the latter should pay a fixed sum annually for that purpose, then he could understand why they should desire the British Government to recognize the Railway expenditure as a payment in part of the sum agreed upon.

"Mr. Tilley heard but little of this matter when in London, and had it been put forward during any stage of the negotiations as a condition upon which the Canadian Government would legislate, would have considered the proposition as a violation of the agreement entered into at Quebec."

4. No subsequent intimation of any kind, written or verbal, was made by the Canadian

Government on the subject of the agreement as to the Railway, until Mr. Tilley's recent visit to Quebec, the details of which I have already described to Your Grace; and it is manifest that the understanding in January, 1863, was that, pending the difference between the Canadian and Imperial Governments as to the terms of the guarantee, legislative action should be suspended, but the Survey undertaken to facilitate ultimate legislative action in the sense of the Quebec agreement.

5. I may also call to Your Grace's recollection that in my various Despatches to Your Grace I have always expressed myself as believing the engagement between the Provinces to continue to exist, although its execution was suspended, and I have more than once expressly stated the consequences which would ensue from the repudiation by Canada of that agreement. As these Despatches have been so fortunate as to receive Your Grace's approval, I trust I am not mistaken in flattering myself that Your Grace shared my opinion that the agreement had not, up to that date been abandoned.

I have, &c.

ARTHUR H. GORDON.

His Grace the Duke of Newcastle,

No. 49.

The Secretary of State for the Colonies to the Lieutenant Governor.

Downing Street, 23rd October, 1863, [received Nov. 15.]

SIR,—Learning from Lord Monck's Despatch to me of the 1st October, that His Lordship had sent you a copy of the approved Minute of the Executive Council of Canada, dated 29th of last September, purporting to be an answer to your Despatch to his Lordship of the 18th of the same month, on the subject of the contemplated Survey of the line for the Inter-Colonial Railroad, I deem it advisable to put you in possession of the Despatch which I have addressed to Lord Monck; I accordingly enclose you a copy for your information.

I have, &c.

(Signed)

NEWCASTLE.

Lieutenant Governor Honorable Arthur Gordon, &c. &c. &c.

[Enclosure.]

The Secretary of State for the Colonies to the Governor General of Canada.

Downing Street, 20th October, 1863.

MY LORD,—I have the honor to acknowledge the receipt of Your Lordship's Despatch of the 1st instant, enclosing a Minute of Your Executive Council approved by yourself, arising out of the proposed commencement of the preliminary Surveys for the Inter-Colonial Railway.

I understand this Minute to embody the decision of the Canadian Government to the following effect,—that the negotiations with the Imperial Government commenced last winter, with a view to the construction of that Railway, are conclusively abandoned—that the Provincial Governments, (and therefore of course the Government of this country,) are no longer bound by their respective proposals in relation to that project, and that by rejecting the offers made last winter by the Home Government, the Canadian Government has placed itself at liberty to repudiate also the convention of the previous September.

I feel some difficulty in reconciling the terms of this Minute with those of Your Lordship's Despatch of the 14th ult., in which you conveyed the recommendation of your

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Government, that an Engineer should be appointed by the Imperial Government for the preliminary Surveys, in apparent pursuance of the terms embodied in the Treasury Memorandum of December last,—which Memorandum was based upon the negotiations which your Government now treat as abortive,—and I am therefore somewhat at a loss to understand on what grounds or in what capacity I have been requested to nominate a Surveyor on behalf of the British Government; I have, however, no difficulty in stating that I have every desire to facilitate the operations of the Provincial Government in this matter, and in repeating that the preliminary Survey may, in my opinion, very properly be placed in Mr. Fleming's hands.

I have, &c.

(Signed)

NEWCASTLE.

His Excellency the Viscount Monck, &c. &c. &c.

No. 50.

The Governor General of Canada to the Lieutenant Governor.

Quebec, 14th November, 1863, [received Nov. 21.]

SIR,—I have the honor to acknowledge the receipt of Your Excellency's Despatch of October 27th, on the subject of the negotiations connected with the construction of the Inter-Colonial Railway.

In reply I shall only say that I shall be happy to receive from you and lay before the Executive Council of this Province, any proposition to which your advisers may agree in reference to the proposed Survey of the line.

I have, &c.

(Signed)

MONCK.

The Honorable Arthur H. Gordon, &c. &c. &c.

No. 51.

The Governor General of Canada to the Lieutenant Governor.

Government House, Quebec, December 21st, 1863, [received Dec. 26.]

SIR,—Referring to your Despatch of the 8th of October last, I have the honor to transmit to Your Excellency herewith a copy of a Minute of the Executive Council, approved by me, on the subject of the Inter-Colonial Railway.

I have, &c.

(Signed)

MONCK.

His Excellency the Hon. Arthur H. Gordon.

[Enclosure.]

Copy of a Report of a Committee of the Honorable the Executive Council, approved by His Excellency the Governor General on the 18th Dec. 1863.

The Committee of the Executive Council have had under consideration a Memorandum of the Executive Council of New Brunswick in reference to the Inter-Colonial Railway, transmitted by His Excellency the Lieutenant Governor of that Province, under date 8th October last, and they have to submit for Your Excellency's approval the following observations in reply :—

The Committee cannot refrain from expressing their regret, that the Government of New Brunswick continues to attach undue importance (in the judgment of the Committee,) to the details of the provisional agreement entered into at Quebec in September 1862.

The Committee have already reported to Your Excellency that, in their opinion, that convention is practically at an end, not by reason of any action on the part of Canada, but

as a result of the conditions insisted upon by the Imperial Government and the consequent failure of the negotiations in London—an unyielding adherence to the convention of 1862, in its entirety, and a determination to make it the unalterable basis of further proceedings can only have the effect of indefinitely postponing the entire project. On the other hand the Committee are anxious to see a Survey undertaken at the earliest possible period, that the information may be acquired which the discussions in London have shown to be an essential preliminary to further negotiation.

It is gratifying to know that the steps taken to secure a survey are concurred in by the Imperial Government, and the Committee trust that the Government of New Brunswick will waive all further objection, and thus assist in restoring the question of an Inter-Colonial Railway to a position more favourable to a satisfactory solution.

The desire of the Government of New Brunswick to treat with Canada as though it were irrevocably committed to the details of the preliminary arrangements of the Representatives of the three Governments in 1862, appears the more surprising to the Committee when they remember that the assent of the Imperial Government—the fourth party to the compact—was refused unless new conditions of a very important character were agreed to, and unless Canada acquiesced in a distinct repudiation of considerations by which the views of its Government have been largely influenced.

Of the nature of these considerations the Committee need not here speak. It is enough that to the then Government of Canada they formed cogent reasons for assenting to the plan adopted by the convention, and that they were set aside as inadmissible by the Imperial Government.

The Committee would also remark that the attempt to treat as fixed and unalterable stipulations in an arrangement which, in its very nature, could have no force or effect until assented to by four separate Governments, (one of which from the first refused its assent,) and which moreover required to be confirmed by four distinct Legislatures, (a confirmation which became impossible by a failure of the preliminary agreement between the four Governments,) seems as unreasonable as it is unprecedented.

The Committee do not forget that at a previous stage of this question, New Brunswick was itself a party to a proceeding similar to that of which it now complains.

The agreement of 1862 was not the first upon the same subject; nor is a change of basis now made for the first time,—one of the preliminaries which Canada is now asked to adhere to inflexibly, corresponds with a condition embodied in the arrangement of 1861, which was allowed to dissolve and disappear on the failure of the negotiations in England, without remonstrance or objection on the part of New Brunswick.

The Committee submit that Canada may, without subjecting itself to a charge of bad faith, now do what New Brunswick and the other parties to the negotiation have already done under similar circumstances, without imputation or complaint from any quarter.

If the requirements of the Imperial Government in relation to an exploratory Survey of a Central Route were unreasonable, the Committee might have hesitated before assenting to it; but the Committee are constrained to admit the propriety of the demand of the Imperial Government for trustworthy data, as to the cost of the undertaking before lending the Imperial Guarantee.

The Committee need scarcely remind Your Excellency that this Survey was always regarded in Canada as an important element in the negotiations in England, as well as a necessary preliminary to the proper discussion of the subject in the Canadian Legislature.

The Government of this Province did not press the demand for a preliminary Survey during the conference at Quebec in 1862, for reasons which the Government of New

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Brunswick ought not to ignore. The Survey was deferred at the earnest solicitation of the Delegates from that Province, for the purpose of averting apprehended difficulties in their own Legislature.

For the failure of the negotiations in England, New Brunswick is therefore to a large extent responsible, because one of the conditions insisted upon by the Imperial Government was omitted from the basis of the agreement at Quebec, to promote the convenience of that Province.

The Committee are of opinion that the present attitude of Canada is one that in no respect prejudices the interests of any of the parties to the provisional agreement of 1862. In its Memorandum of February last, the Canadian Government simply desired to place that convention in its true light as a preliminary arrangement that had fallen to the ground, not by any act of Canada, but because the final terms, as presented at a later stage of the negotiations, were not accepted by all the contracting parties; and the Committee may remind Your Excellency that several gentlemen, not unfriendly to the project of an Inter-Colonial Railway, but who had opposed its prosecution under the convention of 1862, joined the Administration in May last, on the distinct understanding that the convention of 1862 was practically at an end.

In the meantime a reconsideration of the whole question is rendered necessary, as well to satisfy the people of Canada, as to comply with the prudent demand of the Imperial Government. Of this new proceeding an exploratory survey is the first step.

What shall follow must be largely dependant upon the result of the engineering operations, and upon the views of all the parties to the enterprise, as they may be founded upon or revised in accordance with the information which may then be available. The Government of Canada reserves to itself the right of weighing, scrutinizing, and dealing with the propositions which may hereafter be submitted, untrammelled by conditions or stipulations which events have annulled.

In conclusion, the Committee would renew the expression of their hope that the Government of New Brunswick will, on a reconsideration of the whole case, consent to co-operate with Canada, Nova Scotia, and the Imperial Government, in undertaking a preliminary Survey, which it is now evident must precede all further negotiations, and to defer discussion which properly belong to a subsequent stage of the question.

Certified.

(Signed)

WM. H. LEE, C. E. C.

No. 52.

The Secretary of State for the Colonies to the Lieutenant Governor.

Downing Street, 20th December, 1863, [received January 10, 1864.]

SIR,—I have had the honor to receive the series of your Despatches enclosing the correspondence which has taken place between yourself and the Governor General of Canada, on the question whether or not the agreement respecting the Inter-Colonial Railway, entered into at Quebec, in September, 1862, between Delegates from the several Provinces, is to be considered still in force.

This is a question between the Provinces themselves; as the Canadian Government appear to have arrived at the conclusion that Canada is not bound by the agreement, but can rightfully depart from its terms, I abstain from expressing any opinion on a subject which does not fall within my authority.

I intimated my readiness to concur in the choice of Mr. Fleming, to execute a preliminary Survey, under the impression that the several Provincial Governments had already

agreed upon making that selection. In this it appears that I was mistaken, and therefore the nomination must be considered as, for the present, superseded. I can only say that, if the correspondence which is in progress on the subject between the several Provincial Governments should result in a resolution to make a Survey, I shall be happy to do my best to facilitate any measures which they may agree upon as calculated to promote a satisfactory settlement of the question of constructing the Railway.

I have &c.

(Signed)

NEWCASTLE.

Lieutenant Governor Hon. Arthur Gordon, &c. &c. &c.

No. 53.

Minute of the Executive Council in Committee.

To His Excellency the Honorable Arthur Hamilton Gordon. C. M. G., &c. &c. &c.

The Committee of Council have had under consideration the Report of the Committee of the Executive Council of Canada, approved by His Excellency the Governor General, on the 18th of December last, and have the honor to submit to Your Excellency the following reply thereto:—

The Committee cannot but express their regret that the Canadian Government have not recognized the force and justness of the arguments presented in their Memorandum of the 7th of October last. The anxiety that is manifested by the Government of Canada to cast upon the Government of this Province the responsibility of the delay in the progress of the contemplated Railway, shows, however, to the Committee, that in Canada there is a growing desire for the speedy completion of a work calculated to perpetuate British connection, and establish more intimate commercial, social and political relations between the inhabitants of British North America.

There are many points in the Report under consideration which demand some notice from the Committee, and, in the first place, they desire to deal with that portion of it which charges the Government of New Brunswick with being a party to a proceeding similar to that of which it now complains. The Committee presume that the Government of Canada refer to the results of the negotiation between the Imperial Government and the Delegates from Canada, Nova Scotia, and New Brunswick, in 1861.

We need but refer Your Excellency to the particulars connected with the two negotiations to show that the assertion made by the Government of Canada is not justified. At the Conference held in Quebec in 1861, the Representatives of the three Governments unanimously agreed to renew the application made to the Imperial Government in 1858. The proposal then made was that one-half of the necessary subsidy, (£60,000 sterling per annum,) should be paid by the three Provinces, and the other half by the Imperial Government; in consideration for which aid, Mails, Troops, and munitions of War, were to be carried over the proposed Railway free of expense to the Imperial Government. This proposal was pressed by the Delegates from the three Provinces, upon His Grace the Duke of Newcastle and other Members of the Cabinet, in November and December 1861.

On the 12th of April, 1862, the Secretary of State for the Colonies transmitted a Despatch to the Governor General of Canada, and to the Lieutenant Governors of Nova Scotia and New Brunswick, informing them that, after giving the subject their best consideration, Her Majesty's Government had not felt themselves at liberty to concur in that mode of assistance, but that Her Majesty's Government were willing to offer the Provincial Governments 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.

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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 $3\frac{1}{2}$ -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

on their proposal, the Government of Canada having been assured that the Governments of Nova Scotia and New Brunswick would introduce into their Legislatures the necessary Bills authorizing the loan under the proposal of the Imperial Government, placed in their Estimate submitted to the Canadian Parliament the sum of \$10,000 towards the preliminary survey. This was done that all unnecessary delay in this important undertaking might be avoided. The Government of Canada was promptly informed of the action of the Legislatures of Nova Scotia and New Brunswick, and copies of the Bill passed by the two Legislatures were transmitted by the Lieutenant Governors of Nova Scotia and New Brunswick to the Governor General of Canada. During all this time no intimation was given by the Canadian Government to the Government of Nova Scotia and New Brunswick that they considered the negotiations and proposals upon which these Bills were based were at an end, or had terminated (as is now alleged) upon the return of the Delegates of Canada. After legislation had been completed in Nova Scotia and New Brunswick, the Canadian Government, under date of 6th July last, communicated to the Governments of the lower Provinces their readiness to appoint an Engineer and to proceed with the Survey of the proposed Railway, and their intention to place in the estimate to be voted at the approaching Session of the Legislature a sum similar to that submitted to the late Parliament, viz. \$10,000, to meet Canada's share of the expense of such Survey.

In reply to this Despatch from the Canadian Government, Your Excellency informed the Governor General that so anxious was the Government of New Brunswick that no unnecessary delay should take place in the completion of this important work, that they had, notwithstanding the provisions of the Act passed by the Legislature of New Brunswick, advised that the Survey be proceeded with as proposed by the Canadian Government. Your Excellency at the same time informed the Governor General that so many difficulties attended any departure from the agreement entered into between Canada, New Brunswick, and Nova Scotia, on this subject, which agreement, by being annexed to the Act passed by the Legislature of this Province during the late Session, now has the force of Law, that you thought it expedient to despatch a member of your Government to Quebec, for the purpose of more fully arranging the details of the proposed Survey.

To this delegation, when in Quebec, the Government of Canada, through Attorney General Macdonald, expressed their willingness to bear five-twelfths of the expense of the proposed Survey. Messrs. Dorion and Holton at the same time stated that whilst they were not to be considered as binding themselves to bear five-twelfths of the cost of the road, that the proportion they would assume would depend on the information furnished by the Survey. The Delegate stated in reply, that from the Despatch of the Governor of New Brunswick, just then read, full power and authority had been given him to enter into arrangements while in Quebec for the completion of the Survey, but from statements that had been made in the Canadian Parliament a few days previous, as well as from observations that had at that time fallen from members of the Canadian Government, he declined to take any steps that would commit the Government of New Brunswick, until he had an opportunity of conferring with His Excellency the Lieutenant Governor, and his colleagues in the Government; but that this should be done with the least possible delay, and an answer forwarded, if possible, by telegraph, on the Wednesday following.

The Delegate from the Government of New Brunswick relying upon the good faith of the Canadian Government, took it for granted that the language above referred to might be fairly construed to mean that if, upon the survey being completed, it was found that the road could be constructed for £3,000,000 or £3,500,000 sterling, as originally estimated, that the proportion of the expense assumed by the Canadian Government under their own

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proposition, would still be adhered to; he consequently recommended his colleagues to agree to the appointment of an Engineer, and to proceed with the survey. The Committee of Council advised Your Excellency to that effect, accompanying such recommendation with the expressed hope that, if upon the completion of the survey the work was found practicable, no further deviations from the agreement of 1862 would be proposed.

Thus far matters appeared to be progressing satisfactorily, until the receipt of the Despatch of the Governor General in reply to Your Excellency's Despatch of the 18th September, in which it is distinctly stated by the Canadian Government that the only conditions upon which they will proceed with the survey is upon the distinct understanding that further arrangements for the construction of the proposed Railway must be upon a new basis.

The Committee cannot therefore but consider that the Government of Canada—and they alone—are responsible for any delay that has, up to the present time, been caused in the furtherance of this important Colonial work. We know that it is alleged by the Canadian Government that their Minute of Council of 25th February was intended as a notification of their abandonment of the basis upon which negotiation up to that time had been founded, and say that they hoped that their report would have been sufficient to prevent misconception upon that point. The Committee have more than once examined that document with great care, but have failed to find in it a single sentence that, in their opinion, is calculated to convey either to the Imperial Government, or to the Governments of New Brunswick and Nova Scotia, a notice of the abandonment of the agreement of 1862; and Your Excellency has already called the attention of the Governor General to the fact that the Minute of Council of 25th February last, was never officially communicated to this Government, which, it appears to the Committee, it would most certainly have been, had the Canadian Government at that time considered it a notification of the abandonment of any agreement formerly entered into by the Governments of the three Colonies. That it was not considered in this light by the Imperial Government, to whom it was communicated, is evident from the terms of the Despatch addressed by the Duke of Newcastle to the Governor General of Canada on the 20th October 1863, in which His Grace observes that "he finds some difficulty in reconciling" the intimation of the abandonment of the Quebec agreement contained in the Report of the Executive Council of Canada of September, with the request made a short time previously for the appointment of an Engineer to take part in the proposed Survey on behalf of the Imperial Government. The Committee, keeping in mind the proposal made to the Imperial Government by the Canadian Delegates on their departure from England, December 23, 1862, in which they state the terms and conditions upon which they were prepared to accept the proposed loan, and reading the Report of the Committee of the Executive Council of Canada, of 25th February 1863, connected therewith, can only look upon the language used in that document as addressed to the Imperial Government, with a view of inducing them to grant the desired loan upon the terms proposed by the Delegates when leaving London. In support of which conclusion, we refer Your Excellency to the last paragraph of their Report, which is as follows:—

"Your Excellency's advisers have full confidence that the Government and Parliament of Great Britain will grant the proposed guarantee upon the most liberal terms, in consideration of the importance of this great work as a measure of defence, and a means of extending and securing the political and commercial influence of England over an immense territory, extending from the Atlantic to the Pacific."

It appears, therefore, that the proposition made to the Imperial Government in 1861,

was distinctly refused; but a counter proposition was made, to consider which the Governor General of Canada invited representatives of the three Governments to meet at Quebec. In the abandonment of the original proposal, all the Governments assembled concurred; but in the subsequent proceedings, the conditions upon which the loan was proposed to be made by the Imperial Government were not assented to by the Delegates of the Canadian Government; a counter proposition being submitted by them, and urged by the Canadian Government for the favorable consideration of the Duke of Newcastle.

Awaiting the decision of this application, the Government of Canada proposed to the lower Provinces the survey in advance of Canadian legislation, and it was not until the Governments of the lower Provinces had assented to this survey, that any intimation was given, either directly or indirectly, that the Government of Canada considered the agreement of 1862 at an end, or that the acknowledgment by the Governments of Nova Scotia and New Brunswick of its termination, was made a condition upon which the Canadian Government would alone proceed.

The Committee deny, therefore, that New Brunswick was herself a party to a proceeding similar to that of which it now complains; nor indeed can they perceive the slightest resemblance in the cases between which it is sought to institute a parallel. In the one instance three parties agreed to make a common proposal to a fourth, by whom that proposal was declined. The transaction was a very simple one, and clear to all concerned. In the other case, the fourth party made a proposal which was accepted by the remaining three, who, in consequence of such acceptance, entered into a further agreement between themselves. Of these three, however, one, it would appear, privately resolved to make her assent dependant upon conditions which were not communicated to the other parties along with whom she was negotiating. To a proceeding of this character, New Brunswick has certainly not been a party.

The following paragraphs of the Report now under consideration, call for some remark from the Committee. "If the requirements of the Imperial Government in relation to an exploratory survey of the central route was unreasonable, the Committee might have hesitated before assenting to it; but the Committee are constrained to admit the propriety of the demand of the Imperial Government for trustworthy data as to the cost of the undertaking, before lending the Imperial guarantee. The Committee need scarcely remind Your Excellency, that this survey was always regarded in Canada as an important element in the negotiation in England, as well as a necessary preliminary to the proper discussion of the subject in the Canadian Legislature. The Government of this Province did not press the demand for a preliminary survey, during the conference at Quebec in 1862, for reasons which the Government of New Brunswick ought not to ignore. The survey was deferred at the earnest solicitation of the Delegates from that Province, for the purpose of averting apprehended difficulties in their own Legislature; for the failure of the negotiations in England, New Brunswick is, therefore, to a large extent responsible; because one of the conditions insisted upon by the Imperial Government was omitted from the basis of the agreement at Quebec, to promote the convenience of that Province." The Committee would remark, that they are not aware that the Imperial Government have selected any particular route to be surveyed, and that the admission now made of the propriety of the demand of the Imperial Government for trustworthy data as to the cost of the undertaking, before lending the Imperial guarantee, contrasts strongly with the language used in reference to the same subject by the Canadian Delegates in their communication to the Duke of Newcastle, on the eve of their departure from England, and differs very materially from the language used by the same Government

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no later than September last, when justifying the objections taken by their Delegates to the proposal of the British Government, that the survey should precede Imperial legislation.

The Delegates say, with reference to this proposal—"The Treasury propose another condition, which must greatly delay all arrangements, and may, after all the expenses attending requisite surveys, the trouble and the difficulties of carrying the necessary legislation in the different Colonial Legislatures, render all this trouble, all this expenditure, all this legislation useless, and of no avail, leaving certainly a strong feeling of dissatisfaction in the minds of the inhabitants of the Colonies."

The Canadian Government say:—"The Imperial Government thus making the proposed assistance by way of loan contingent upon the result of a previous survey establishing the sufficiency of the guarantee for the full purpose for which it was to be granted; the Delegates were therefore constrained to decline the acceptance of a proposal fettered by conditions so much at variance with their instructions, and their decision received the approval of their colleagues, as being in harmony with the spirit of the agreement arrived at by the Quebec Convention."

It therefore appears, whatever may have been the opinions expressed by a portion of the Delegates at Quebec, relative to the necessity of Colonial legislation in advance of the survey, the proposal made by the Imperial Government for the survey to precede Imperial legislation, though not at variance with the agreement entered into by the three Governments at Quebec, was rejected by the Delegates from Canada, and their action subsequently justified by their Government, while the Delegate representing the Government of this Province, assented to this as well as all the other conditions contained in the proposal of the British Government; the Committee must, therefore, express their astonishment that, with these facts on record, and fresh in the memory of every member of the three Governments, the Government of Canada should now endeavor to cast upon the Government of New Brunswick the responsibility of the failure of negotiations in England.

The Government of Canada state, "that the assent of the Imperial Government to the proposed loan was refused unless new conditions of a very important character were agreed to, and also unless Canada acquiesced in the distinct repudiation of considerations by which the views of the Government have been largely influenced." The Committee have failed to discover the new and important conditions referred to. The Committee observe that in nearly every Report and Minute of Council prepared by the Government of Canada, reference is made to the decision of the Imperial Government by which they decline to recognize the proposed expenditure by Canada in the construction of the Inter-Colonial Railway, as so much expended by them for the purposes of defence, and it is invariably used as a justification for the rejection of the proposed loan to the Colonies upon the conditions offered by the Imperial Government.

The Committee desire to remind the Government of Canada, that this stipulation made by them formed no part of the agreement, nor indeed was brought under discussion at all at Quebec; and they fail to see how it can affect in any way the financial condition of Canada. If Canada was bound by law or by agreement with the Imperial Government to expend for the purposes of defence any specified sum, then they could understand why such a proposal was made, and importance attached to its acceptance or rejection.

The nature of the security to be given by the Colonies was one of the questions which the Delegates were required to arrange with the Imperial Government, and as a Sinking Fund was required when a loan of £1,500,000 was granted to Canada, for the improvement of her internal navigation, and as all similar loans to Colonies have been made by the

Imperial Government on the condition that a Sinking Fund should be established for its repayment, it was but reasonable to expect that it would be required in this case also. The Government of Canada must have been fully alive to the probability of such a stipulation on the part of the Imperial Government, when they assented to the arrangements of 1862; and if they had determined beforehand that it was one to which they could under no circumstances agree, it would have been only fair to the other parties to the negotiation that some intimation of this determination should have been then communicated to them. If this point was regarded as being of such vital importance, why, it may be asked, was it not brought forward upon that occasion?

The objections to the stipulation that the loan is to be the first charge after the interest of existing debts, and that the Debentures should bear $3\frac{1}{2}$ per cent. instead of 4 as was supposed by the Canadian Delegates, are both removed by the letter of Sir Frederic Rogers, addressed to Mr. Tilley on the 24th January 1863. A paragraph in the proposition which provides that the assent of the Treasury to these arrangements pre-supposes adequate proof of the sufficiency of the Colonial resources to meet the charges intended to be imposed upon them, was, no doubt, introduced upon the suggestion of one of the Delegates, Mr. Howe, that such information would be furnished the Treasury before Parliament would be asked to give assent to the loan. Had the Canadian Delegates requested to see the Duke of Newcastle before they left England, they would have ascertained from His Grace that the transportation of troops, munitions of war, &c., was not to be at the expense of the Colonial Governments, but paid for by the British Government as before stated. The Committee conceive that the objection of the Canadian Government to the Survey being made, in advance of Imperial legislation, being now removed, the Sinking Fund is the only question upon which the Imperial and Canadian Governments appear to be at issue, and, in the opinion of the Committee, nearly all the objections to that proposition were removed by the assent of Mr. Gladstone to invest the fund in our own Colonial securities, while, if a difference of opinion should still exist between the Imperial Government and the Government of Canada upon this point, they cannot see how the Government of Canada can thereby justify herself in departing from the proportion of the expense to be borne by each Province, as proposed by Canada in 1862, and agreed upon by the other Colonies.

The difference between the Government of Canada and the Imperial Authorities may render the commencement of the work in view impossible until it has been satisfactorily adjusted, but the Committee fail to see how this bears upon the agreement between the Provinces, as to the course to be pursued on the satisfactory solution of such difficulties. The agreement of 1862 presupposed a satisfactory arrangement with the Imperial Government. Till that is effected, the scheme is, no doubt, in abeyance. On its settlement the provisions of the inter-Provincial agreement ought, it would appear, to take effect; and, in connection with this subject, the Committee cannot but observe what appears to them a slight confusion on the part of the Executive Council of Canada, between two things essentially distinct. When they speak of the "consent of four different Legislatures being requisite for the confirmation of the Quebec agreement," they are, no doubt, right, in as far as concerns the ratification by the Imperial Parliament of the undertaking of the British Government to guarantee the proposed loan; but they are clearly wrong in supposing that the consent of the British Parliament is required to—or, indeed, that it could with propriety be consulted upon,—the arrangements between the different Provinces themselves, which are dependent wholly on the local Legislatures and Executive Governments.

For the purposes of the negotiation, the Provinces are looked upon by Great Britain as one whole; their separate liability is a matter for their own consideration alone.

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The Government of Canada assert that no loss has been sustained by either of the Colonies by the course pursued by the Canadian Government, and that the Government of New Brunswick, in their estimation, attach an undue importance to the details of the agreement of 1862.

The Committee on the contrary, are of opinion, that serious loss has been occasioned to all the parties interested in the policy pursued by the Canadian Government, and should the rejection of the offer made by the Imperial Government lead to the permanent postponement of the construction of this important line of Railway, results the most disastrous to the political and social conditions of the Colonies may follow; nor, in their opinion, can too much importance be attached to any of the conditions of a contract entered into, in good faith, by the three Governments.

(Signed)

S. L. TILLEY,
W. H. STEEVES,
J. M. JOHNSON,
JOHN McMILLAN,
JAS. STEADMAN,
GEORGE L. HATHEWAY,
CHARLES WATERS,
WILLIAM E. PERLEY.

February 10, 1864.

No. 54.

The Lieutenant Governor to the Governor General of Canada.

Fredericton, N. B., 26th February, 1864.

MY LORD,—I have the honor to transmit to Your Excellency the copy of a Minute of my Executive Council, in reply to that of the Executive Council of Canada, enclosed in Your Excellency's Despatch of the 20th December, 1863.

As, notwithstanding the divergence of opinion between the two Governments as to the nature of the engagements entered into between them in the year 1862, there appears to be but one desire on the part of both practically to facilitate the accomplishment of the contemplated work, I trust this controversy may now, for the present at all events, be allowed to rest.

I have, &c.

(Signed)

ARTHUR H. GORDON.

His Excellency The Viscount Monck, &c. &c. &c.

[Enclosure See No. 53.]

No. 55.

The Governor General of Canada to the Lieutenant Governor.

Quebec, 20th February, 1864.

SIR,—Referring to the Correspondence which has taken place between the Governments of Canada and that of New Brunswick in reference to the execution of a Survey of the Route of the proposed Inter-Colonial Railway, I have the honor to inform Your Excellency that in order to avoid further delay, the Government of Canada has decided to undertake the Survey on its own responsibility, and at its sole expense.

It will be for the Governments of Nova Scotia and New Brunswick to consider whether, if the results of the Survey shall prove useful to the enterprise, they will deem it right to reimburse to Canada their proportions of the cost of the work.

Mr. Sandford Fleming, the Engineer appointed to conduct the Survey, will be despatched to the seat of his operations as soon as the necessary arrangements can be completed, and

I have to request that you will give directions that he may receive any assistance in the discharge of his duties which it may be in the power of your Government to afford him.

I have, &c.

(Signed)

MONCK.

His Excellency the Hon. A. H. Gordon, &c. &c. &c.

No. 56.

The Lieutenant Governor to the Governor General of Canada.

Fredericton, February 29, 1864.

MY LORD,—I have the honor to acknowledge the receipt of Your Excellency's Despatch of the 20th instant, informing me that under existing circumstances, and with a view to prevent the delays which might be occasioned by the difference of opinion existing between the two Governments, the Government of Canada has determined to undertake a Survey of the Line of the proposed Inter-Colonial Railway at its own expense, and on its own responsibility.

The spirit which has prompted this determination, I trust, offers a favorable augury for the speedy conclusion of the work so long contemplated, and affords a fresh guarantee that the Government of Canada is sincerely desirous of its accomplishment.

Every facility will, in accordance with Your Excellency's request, be afforded to Mr. Sanford Fleming whilst in this Province.

I have, &c.

(Signed)

ARTHUR H. GORDON.

His Excellency the Viscount Monck, &c. &c. &c.

No. 57.

Minute of the Executive Council in Committee.

To His Excellency the Hon. A. H. Gordon, C. M. G., Lieutenant Governor of the Province of New Brunswick, &c. &c. &c.

The Committee of Council have had under consideration the Despatch of Lord Monck, dated the 20th of February, informing Your Excellency that the Government of Canada had decided to undertake a Survey of the proposed Inter-Colonial Railway on its own responsibility, and beg to submit the following observations with reference thereto.

As the present Government of Canada yet appears to consider a preliminary Survey of the Inter-Colonial Railway essential to secure the passage through the Canadian Legislature of Acts to authorize its ~~consideration~~, the Committee see no objection to their making the exploration upon the terms proposed, and are of opinion that every facility should be afforded Mr. Fleming in making the desired exploration.

The Committee wish it to be distinctly understood that the Government of New Brunswick are not to be considered in any way necessarily committed to the conclusions at which Mr. Fleming may arrive. Any Survey to be binding upon them, must be conducted according to the terms of the Act passed at the last Session of the Legislature of New Brunswick, authorizing the construction of the Inter-Colonial Railway.

(Signed)

S. L. TILLEY,
W. H. STEEVES,
J. M. JOHNSON,
CHARLES WATTERS,
JAMES STEADMAN,
GEORGE L. HATHEWAY,
JOHN M'MILLAN,
W. E. PERLEY.

February 29th, 1864.

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