

Technical and Bibliographic Notes/Notes techniques et bibliographiques

The Institute has attempted to obtain the best original copy available for filming. Features of this copy which may be bibliographically unique, which may alter any of the images in the reproduction, or which may significantly change the usual method of filming, are checked below.

L'Institut a microfilmé le meilleur exemplaire qu'il lui a été possible de se procurer. Les détails de cet exemplaire qui sont peut-être uniques du point de vue bibliographique, qui peuvent modifier une image reproduite, ou qui peuvent exiger une modification dans la méthode normale de filmage sont indiqués ci-dessous.

- Coloured covers/
Couverture de couleur
- Covers damaged/
Couverture endommagée
- Covers restored and/or laminated/
Couverture restaurée et/ou pelliculée
- Cover title missing/
Le titre de couverture manque
- Coloured maps/
Cartes géographiques en couleur
- Coloured ink (i.e. other than blue or black)/
Encre de couleur (i.e. autre que bleue ou noire)
- Coloured plates and/or illustrations/
Planches et/ou illustrations en couleur
- Bound with other material/
Relié avec d'autres documents
- Tight binding may cause shadows or distortion along interior margin/
La reliure serrée peut causer de l'ombre ou de la distortion le long de la marge intérieure
- Blank leaves added during restoration may appear within the text. Whenever possible, these have been omitted from filming/
Il se peut que certaines pages blanches ajoutées lors d'une restauration apparaissent dans le texte, mais, lorsque cela était possible, ces pages n'ont pas été filmées.

- Coloured pages/
Pages de couleur
- Pages damaged/
Pages endommagées
- Pages restored and/or laminated/
Pages restaurées et/ou pelliculées
- Pages discoloured, stained or foxed/
Pages décolorées, tachetées ou piquées
- Pages detached/
Pages détachées
- Showthrough/
Transparence
- Quality of print varies/
Qualité inégale de l'impression
- Includes supplementary material/
Comprend du matériel supplémentaire
- Only edition available/
Seule édition disponible
- Pages wholly or partially obscured by errata slips, tissues, etc., have been refilmed to ensure the best possible image/
Les pages totalement ou partiellement obscurcies par un feuillet d'errata, une pelure, etc., ont été filmées à nouveau de façon à obtenir la meilleure image possible.

Additional comments:
Commentaires supplémentaires:

UNDERLINING IN RED PENCIL MAY
MAKE SOME LINES DIFFICULT TO READ.

This item is filmed at the reduction ratio checked below/
Ce document est filmé au taux de réduction indiqué ci-dessous.

	10X		14X		18X		22X		26X		30X	
											✓	
	12X		16X		20X		24X		28X		32X	

Gr. Brit. Treasury

(24)

1003
A33

CANADA RAILWAY LOAN.

RETURN to an Order of the Honourable The House of Commons,
dated 26 March 1867:—for,

COPY "of recent CORRESPONDENCE between the COLONIAL OFFICE and the
TREASURY respecting the proposed Guarantee of the INTERCOLONIAL
RAILWAY LOAN (*British North America*)."

Treasury Chambers, }
27 March 1867. }

GEORGE WARD HUNT.

— No. 1. —

Sir *F. Rogers* to the Secretary to the Treasury.

Sir,

Downing-street, 13 March 1867.

THE Bill for the confederation of the three principal North American Provinces having now passed the two Houses of Parliament, the Duke of Buckingham and Chandos directs me to request that you will call the attention of the Lords Commissioners of the Treasury to the state of the negotiations which have taken place respecting the completion of a railway from Halifax to Quebec, and a proposed guarantee by this country of the sum of 3,000,000 *l.* to be expended upon that object.

The history of the transactions relating to this guarantee is given in a printed statement drawn up in this Department, of which I enclose a copy.*

It will be seen (pages 10, 11, 12), that in 1862 the then Government of this country caused to be embodied in two Treasury Memoranda the terms on which they would consent to propose such a guarantee to Parliament. As far as the Imperial Government was concerned, the leading conditions were—

1. That the debt should be paid off at certain fixed periods ranging from 10 to 40 years with adequate provisions (which are specifically set forth), for the maintenance of a sinking fund.
2. That the line and surveys should be approved by Her Majesty's Government.
3. That Her Majesty's Government should be satisfied first that the line could be constructed without further application for Imperial guarantee, and next, that the Colonial revenues were sufficient to meet the charges intended to be imposed on them.

In 1864 it was stated by the Duke of Newcastle, with the concurrence of the Treasury, that Her Majesty's Government considered the above offer as still subsisting, "but would certainly cease to do so unless a definitive arrangement were made, and the necessary Colonial laws passed, within five years of the date of the first Memorandum, *i. e.*, before December 1867."

The transactions which have resulted in uniting the three Provinces in one "dominion" have rendered impossible the literal performance of the condition imposed by the Duke of Newcastle, but they furnish additional reasons for proceeding with the completion of the railway, and they greatly facilitate the arrangements for that purpose, as the Government will now only deal with one body politic instead of three, and with a body politic which is pledged in the most public way to the speedy construction of the railway by a clause inserted in an Act of Parliament at the urgent desire of its authorised Representatives.

The

* See Enclosure in No. 5.

1004

CORRESPONDENCE RELATIVE TO THE

The Duke of Buckingham and Chandos is therefore of opinion that no time should be lost in fulfilling the pledges given by the late, and adopted in spirit as well as letter by the present, Government; and he would submit to the Lords of the Treasury the propriety of introducing into Parliament a Bill which will enable their Lordships to give the Imperial guarantee to a loan of 3,000,000 *l.* on performance of the conditions specified in the Treasury Memoranda of 1862, with such modifications as Parliament may sanction or require.

It only remains to observe that their Lordships will obtain the fullest information relating to the state of the Canadian finances from Mr. Galt, who is now in this country; and that it will not be practicable to insist on a literal performance of the condition which is numbered 9 in the Treasury Memorandum of 1862. The approval by Her Majesty's Government of the line of railway, and the proof that such line can be constructed without further application for an Imperial guarantee must, of course, be made a condition precedent of the guarantee itself, but under present circumstances cannot precede the application to Parliament for power to give that guarantee.

I annex a copy of a Memorandum respecting the financial position and trade of British North America, and certain reports, surveys, and maps on the subject of the proposed line.

I am, &c.
(signed) Frederic Rogers.

Enclosure in No. 1.

MEMORANDUM respecting the Financial Position and Trade of British North America.

REVENUE and EXPENDITURE for last Financial Year.

	REVENUE.	Dollars.	Dollars.
Canada	- - - - -	- - -	12,432,748
Nova Scotia	- - - - -	- - -	1,665,071
New Brunswick	- - - - -	- - -	1,212,021
			<hr/> 15,309,840
	EXPENDITURE.		
Canada	- - - - -	11,711,320	
Nova Scotia (about)	- - - - -	1,600,000	
New Brunswick	- - - - -	1,080,047	
			<hr/> 14,391,367
	SURPLUS - - -	- - -	<hr/> 918,473
N.B.—MILITIA EXPENDITURE LAST YEAR.			
Canada	- - - - -	1,638,868	
Nova Scotia	- - - - -	156,460	
New Brunswick	- - - - -	152,148	
			<hr/> 1,947,476
PUBLIC DEBT OF "CANADA" WILL BE—			
Ontario and Quebec	- - - - -	62,500,000	
Nova Scotia	- - - - -	8,000,000	
New Brunswick	- - - - -	7,000,000	
			<hr/> 77,500,000
CHARGES ON PUBLIC DEBT LAST YEAR.			
Canada	- - - - -	3,692,412	
Nova Scotia	- - - - -	297,580	
New Brunswick	- - - - -	340,283	
			<hr/> 4,339,275
	After Union will be about	- - - Dollars	<hr/> 4,350,000

A35-1005
3

CANADA RAILWAY LOAN.

TRADE and SHIPPING.

	TOTAL	From Great Britain.
	<i>Dollars.</i>	<i>Dollars.</i>
*IMPORTS.		
Canada - - - - -	48,610,477	26,984,609
Nova Scotia - - - - -	14,381,662	6,315,988
New Brunswick - - - - -	7,086,595	2,284,440
	70,078,734	37,585,036
*EXPORTS.		
Canada - - - - -	53,930,789	12,766,608
Nova Scotia - - - - -	8,830,693	764,472
New Brunswick - - - - -	5,534,726	2,594,651
	68,296,208	16,125,791

TONNAGE.

	<i>Tons.</i>	<i>Tons.</i>
Entries Inwards—		
Canada - - - - -	938,946	2,076,036
Nova Scotia - - - - -	929,929	
New Brunswick - - - - -	807,161	
Entries Outwards—		
Canada - - - - -	1,113,386	2,640,270
Nova Scotia - - - - -	772,017	
New Brunswick - - - - -	754,876	
		5,316,315
Shipping owned in—		
Canada - - - - -		230,429
Nova Scotia - - - - -		403,409
New Brunswick - - - - -		308,695
		943,533

* Exclusive of coin and bullion.

—No. 2.—

The Secretary to the Treasury to Sir F. Rogers.

Sir,

Treasury Chambers, 15 March 1867.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to state, for the information of the Duke of Buckingham, that before consenting to propose to the House of Commons a resolution upon which to found a Bill for providing a guarantee of interest upon the contemplated loan of 3,000,000 l. for the purpose of enabling the North American Confederation to construct a railway from Halifax to Quebec, my Lords would wish to be informed in what way and after what examination the line and surveys have been approved by the Colonial Office, and whether the Secretary of State has satisfied himself that the line could be constructed without further application for Imperial guarantee; and in that case they would be glad to be furnished with a detailed statement, showing how that conclusion has been arrived at.

My Lords would further require that the sufficiency of the Colonial revenues to meet the charges to be imposed upon them in respect of this loan should be made out to their satisfaction, after a searching investigation; and they are prepared to enter into this inquiry as soon as the delegates from the three Provinces concerned shall furnish them with the requisite materials, together with all necessary explanation for enabling them to form a judgment in this matter.

I am, &c.

(signed) *George Ward Hunt.*

1064
4.
CORRESPONDENCE RELATIVE TO THE

— No. 3. —

Sir *F. Rogers* to the Secretary to the Treasury.

Sir,

Downing-street, 15 March 1867.

IN answer to your letter of this day's date relative to the proposed Imperial guarantee for the construction of the intercolonial railway in British North America, I am directed by the Duke of Buckingham and Chandos to request that you will acquaint the Lords Commissioners of the Treasury that he will lay before their Lordships the information which he has received with respect to the estimates of the cost of the proposed railway, together with the reasons on which those estimates are based, and which induce him to believe that the completion of the line will be secured without further charge on the Imperial Government.

His Grace further desires me to request that their Lordships will depute some member of the Treasury to attend at this office to-morrow morning at half-past 10 o'clock to examine the details of the finances of the three principal North American Provinces, in conjunction with his Grace and the Under-Secretary of State, in order to prepare a statement of the security on the faith of which Parliament may be asked to authorise the guarantee.

I am, &c.
(signed) *Frederic Rogers*.

— No. 4. —

TREASURY MINUTE, dated 15 March 1867.

IN compliance with the request of the Secretary of State, my Lords are pleased to direct Mr. Foster and Mr. Buckland, of this office, to be in attendance at the Colonial Office at half-past 10 to-morrow morning.

— No. 5. —

Sir *F. Rogers* to the Secretary to the Treasury.

Sir,

Downing-street, 23 March 1867.

I AM directed by the Duke of Buckingham and Chandos to bring under the consideration of the Lords of the Treasury a proposal that Parliament should authorise their Lordships to guarantee the interest of a loan of 3,000,000 *l.* to be raised by Canada for completing a railway which will connect Quebec and Halifax.

This subject has been more or less under discussion since 1848, and in 1862 gave occasion for two Treasury Memoranda, by which Her Majesty's Government offered to recommend to Parliament the proposed guarantee on terms which are there set forth. These Memoranda will be found in pages 10, 11, and 12, of the inclosed printed paper, which has been drawn up in this Office.

The Confederation now on the point of being effected between Canada and the maritime Provinces of British North America renders it possible materially to simplify the terms of that offer. In the first place the whole loan being contracted by the Confederation, it is no longer necessary to distinguish between the interests and obligations of the three several Provinces, or, consequently, to ascertain that the separate revenue of each will be adequate to the charge imposed upon it. In the next place it is no longer necessary to contemplate the possibility that, in the face of unexpected expenses, any one Province might abandon the undertaking in an unfinished state. The whole undertaking will now be in the hands of a single body politic, deeply interested in completing a line of communication essential to its political unity, its commercial progress, and its military defence. Lastly, it will be seen by an annexed paper proceeding from the Representatives of the Confederation now in this country, that those gentlemen are at liberty to make a proposal to which the Delegates of 1862 were not

237 1007
5

CANADA RAILWAY LOAN.

not prepared to assent, viz: that the Colonial contribution to the sinking fund shall commence as soon as the loan is raised, instead of 10 years later, at the rate of one per cent.

It thus becomes possible to substitute for the six first Articles of the Memorandum a much simpler arrangement, viz. :—

1. That Parliament shall be asked to authorise the Lords of the Treasury to guarantee the payment of interest on a sum of 3,000,000 £. to be borrowed by the Canadian Government for the completion of a railway connecting Quebec and Halifax, on a line to be approved by the Imperial Government.

2. Provided that the Canadian Parliament shall first pass an Act making satisfactory provision for the raising and expenditure of the loan, and charging the Consolidated Fund of Canada (subject only to now existing liabilities and to the cost of collecting the revenue), with the payment of the principal and interest of the loan, and with a contribution to a sinking fund of 30,000 £. per annum, being 1 per cent. per annum on the total amount of the loan of 3,000,000 £.

3. Such contribution to continue till the whole loan is repaid, or until the sinking fund is equal to the unpaid portion of it, and to be remitted half-yearly to this country, and invested in the names of two trustees appointed, one by the Imperial and one by the Colonial Government.

On the 7th and 8th Clauses of the Memorandum no observation appears to be required.

The 9th Article remains for consideration. It stipulates that Parliament shall not be asked for this guarantee till the line and surveys shall have been submitted to and approved by Her Majesty's Government, nor until it shall be shown to the satisfaction of Her Majesty's Government that the line can be constructed without further application for an Imperial guarantee.

On this article the Duke of Buckingham and Chandos directs me to observe that the circumstances under which the Confederate of the British North American Provinces has been effected render it highly expedient that the question of this guarantee should be decided at once. But as no line has been yet decided upon, or can be decided upon till the Confederate Parliament meets, none can be approved by Her Majesty's Government till after the proposed application is made to the Imperial Parliament. It does not, however, appear to his Grace that this non-compliance with the letter of the Treasury Memorandum is material, if it be distinctly provided by the Act of Parliament that until the line is thus approved their Lordships shall not be at liberty to guarantee the loan.

It is, however, possible and proper that before applying to Parliament, Her Majesty's Government should be satisfied that the Colonial revenue will be equal to the charges which are to be imposed upon it, and that the railway will, in fact, be constructed without application to the British Government for any further guarantee.

There are before his Grace two separate Reports of engineers, containing different estimates of the cost of constructing the line; one of these, which is framed by an engineer of great experience in constructing railways in New Brunswick and also in Maine and other parts of North America, places the cost of the central line at some 3,300,000 £., and that of the longer, or Bay of Chaleur, line at about 4,000,000 £. The other is the Report of a gentleman appointed to report on the various suggested lines in substantial accordance with the 7th Article of the Treasury Memorandum. This Report may be said to estimate the expense of constructing the central or longer lines equally at somewhat above 4,000,000 £.

Taking 4,000,000 £. as the probable cost, the annual charges will be somewhat as follows :—

	£.
Interest, 4 per cent. on 3,000,000 £.	120,000
Sinking Fund, 1 per cent.	30,000
Interest, 6 per cent. on 1,000,000 £.	60,000
TOTAL Charge	£. 210,000

besides any sinking fund which the Canadian Government may think prudent (but

(but in which the Imperial Government are in no way concerned) on the subsidiary loan of 1,000,000 *l.*

There is no doubt that a mere statement of the revenue and expenditure of the three Provinces for the last few years would not, if taken alone, justify the expectation that this annual charge would be certainly met. The natural indisposition of the Canadians (and it is the Canadian revenue on which this question really turns) to raise more money than is absolutely required, and their large expenditure on public works, very generally of a reproductive character, have caused a frequent excess of expenditure over receipts. But it appears from a Memorandum which is annexed to this letter, that notwithstanding unusually large expenses in connection with the defence of the Colony, the revenues of the united Provinces exceeded their expenditure in 1866 by 918,473 dollars, or about 190,000 *l.*; while the accompanying statistics, compiled from official returns, show a growth in production, in commerce, in population, and, what is not less important, in productive and commercial activity relatively to the population, which, as it appears to his Grace, leaves no doubt that either by the natural increase of the revenue, or, if necessary, by the imposition of fresh taxation, the Confederation will find no difficulty in paying the cost of a public work in the completion of which, as distinct from its partial construction, it has so vital an interest.

The statistics furnished in these Tables relate chiefly to the period between 1851 and 1864 inclusive, and although not sufficiently uniform to be susceptible of any simple mode of comparison, they exhibit among others the following amounts of increase:—

Population - - - - -	1851	1,842,265	1867	3,090,936
Exports - - - - - dollars	1850	12,943,795	1865	40,793,960
Tonnage of vessels entered and cleared -	1851	1,230,702	1864	2,088,778
Customs - - - - - dollars	1859	4,555,326	1866	7,328,146
Produce of wheat - - - bushels	1851	15,756,493	1860	27,274,779
Other grain - - - - - "	1851	29,920,408	1860	61,215,786
Letters - - - - -	1852	3,700,000	1865	12,000,000

Which result in the following Table:—

The population -	was increased in 16 years to the extent of	67 per cent.
Exports -	"	15 " 215 "
Tonnage -	"	13 " 69 "
Customs (without change in the rates of duty)	"	7 " 60 "
Wheat - - - - -	"	9 " 73 "
Grain - - - - -	"	9 " 104 "
Letters - - - - -	"	13 " 224 "

Whether, therefore, we look to the production as shown in the grain crops and exports, or to the consumption as shown in the Customs, or to the trade as shown in the exports, or to the commercial activity as shown in the increase of correspondence, we find that the wealth and effective labour has increased twice or three times as fast as the number of the population, which itself has increased 67 per cent. in 16 years.

Such being the prospects of the country in point of material progress, his Grace desires me to add that he has received from the delegates now in this country an explicit engagement (so far as they are capable of giving it) that the proposed railway shall be prosecuted to a conclusion; that the Canadian Parliament may, in his opinion, properly be required to adopt that engagement as a preliminary to any guarantee, and that no difficulty can well be anticipated in procuring that adoption, as a clause has, at the instance of the whole body of delegates, been inserted in the recent Act of Parliament binding them to make immediate provision for commencing the work.

It may not be out of place here to remind their Lordships that in 1842, when the Canadian revenue was but 300,000 *l.* per annum, the Imperial Government guaranteed a loan of 1,500,000 *l.*, and that this loan was actually paid off in 1859-60, nine years before it was due, not from the proceeds of a fresh loan but from revenue. The loan now proposed is but double that contracted in 1842, and so early repaid, while the revenue of the three Provinces (swollen no doubt by the interest of a considerable debt) has risen to upwards of 3,000,000 *l.*

CANADA RAILWAY LOAN.

7. 139 1009

His Grace hopes that this statement will satisfy their Lordships that there is every reason to be assured that Canada both can and will perform her part in this matter. He conceives that Parliament may now properly be asked to authorise their Lordships to give the proposed guarantee, subject to such conditions of detail as their Lordships may consider requisite and sufficient for the security of Imperial interests, and generally to the condition precedent that the Confederate Parliament shall, within two years after the union, pass an Act providing for the construction of the railway upon a line approved by Her Majesty's Government, and charging the Canadian revenue, next after its existing liabilities, first with the principal and interest of the loan; next, with an annual payment of 30,000 *l.* towards the sinking fund; and thirdly, with such sums as may be required over and above the loan of 3,000,000 *l.* for the completion of the railway.

I am, &c.
(signed) *Frederic Rogers.*

Enclosure 1, in No. 5.

MEMORANDUM ON THE INTERCOLONIAL RAILWAY.

THE previous history of the negotiation for an intercolonial railway between Halifax and Quebec has been summed up in various memoranda which have been drawn up from time to time by delegates who have been sent to this country from the North American Provinces to arrange with Her Majesty's Government for aid in its construction. The subjoined extract from a memorandum by Messrs. MacDonald and Rose, from Canada, 1857, gives a clear summary up to that date:—

“In 1838 and 1839, when Canada was invaded by organized parties of marauders from the neighbouring country with the avowed intention of conquest, troops were transported by that route in winter, when the St. Lawrence was closed, with much difficulty, at an enormous expense, and with great suffering to the soldiery; and the impossibility of carrying military stores in sufficient quantities was then also fully proved.

Parliamentary Paper, House of Commons, 210 of 1862, page 12.

“Several explorations were consequently made by the military authorities, with a view to the construction of a military road as part of the system of defence of the British North American Colonies. It was then suggested that a railway, besides being of more utility for this purpose than an ordinary road, would be of great commercial benefit to those Provinces, and, at the same time, confer the political advantage of connecting them more intimately with the mother country and with each other.

“As this scheme would cost much more than the road originally intended, and as the Colonies would be so much more benefited thereby, it was thought right that they should contribute to the expense of construction.

“A survey was accordingly made in the year 1848 by Major Robinson and other officers selected by the Imperial Government, but at the expense of the Colonies.

“Several lines were explored by Major Robinson, but he reported the eastern or coast line as preferable, although the longest and most costly, for several reasons, principally of a military character, given by him.

“This route was considered by the Colonies, and especially by New Brunswick, as being comparatively of little value except in a military point of view. It was long and circuitous; it passed through a country but little settled, and could not be expected to make any pecuniary return on the cost of construction for years.

“The interest, therefore, of any monies borrowed by the Province to build the railway would fall entirely on their general revenues, a burden which they were little able to bear. These considerations being strongly pressed on Earl Grey, then Secretary of State for the Colonies, he acknowledged their justice, and in a Despatch, dated 14th March 1851, agreed that the British Government would guarantee the payment of the interest on monies borrowed by the Provinces for the purpose of making the road, on the condition that it should pass exclusively through British territory, but he stated that it need not of necessity

1010
1858

CORRESPONDENCE RELATIVE TO THE

be built on Major Robinson's line. Any deviation from that line was, however, to be subject to the approval of Her Majesty's Government.

"Misapprehension arose between Earl Grey and Mr. Howe, of Nova Scotia, then conducting the negotiation, as to whether, in case Major Robinson's line were adopted, the Imperial guarantee would not also be extended to a lateral railway running from the main line through New Brunswick westward to the frontier of the United States.

"This side line, if constructed, would have much improved the commercial character of Major Robinson's line, as it would have formed a valuable feeder, and connected it with the general railway system of the United States. Acting, therefore, under the belief that the guarantee was to be so extended, the three Provinces of Canada, New Brunswick, and Nova Scotia, made an agreement to construct the railway from Halifax to Quebec in equal proportions, and proceeded to legislate upon it with a view to the immediate execution of the work.

"On its being ascertained that it had not been intended by the British Government to grant the guarantee to the local line above referred to, all the objections to Major Robinson's route revived, and the arrangements between the Provinces fell to the ground.

"Anxiously desiring the construction of the railway, the Provinces, although much disappointed at the frustration of their expectations, entered into a new arrangement.

"They agreed that if the railway was built along the valley of the River St. John, Nova Scotia would advance three-twelfths, Canada four-twelfths, and New Brunswick five-twelfths of the cost of the construction.

"This line promised great commercial advantages and a fair pecuniary return, and at the same time satisfied the condition imposed by the Imperial Government, that it should pass exclusively through British territory. The agreement thus altered was submitted to the Imperial Government for approval, but Sir John Pakington, then Colonial Secretary, in a Despatch dated 20th May 1852, intimated his disapproval of the proposed deviation from the eastern line, and that he, therefore, did not feel warranted in recommending the guarantee to Parliament. He, however, at the same time stated that the Imperial Government was by no means insensible to the great national object involved in the construction of the line, and that the most favourable attention would be given to any modification of the proposals then before him. The negotiations thus fell a second time to the ground."

Delegates of 1857,
Proposals of.

The plan proposed in 1857 by the delegates from Canada and Nova Scotia was as follows :

House of Commons,
210 of 1862,
page 14.

In 1841 Canada had obtained from the Imperial Government a guarantee of interest on a loan of 1,500,000 l. for the construction of public works. The delegates of 1857 suggested that "the amount of this loan, including the sinking fund, should be granted by the Imperial Government in aid of the construction of the railway," and also that the Imperial Government should give a guarantee of the bonds of the Provinces of Nova Scotia and New Brunswick to the extent of their respective contributions.

Answer to Dele-
gation of 1857.

This proposal was answered in a Despatch to the Governor of Canada, dated 15th of May 1858, in the following terms :

House of Commons,
210 of 1862,
page 3.

"Although participating with the members of the several local Governments, and with their own predecessors in office, in a strong sense of the importance of this object, Her Majesty's advisers cannot feel themselves justified in applying to Parliament for the required guarantee. Their reasons for declining to take this step are solely of a financial description. They feel that the heavy expenditure to which this country has been subjected of late years, and the calls upon the resources of the empire for pressing emergencies, do not leave them at liberty, for the present at least, to pledge its revenue to so considerable an extent for the purpose of assisting in the construction of public works of this character; however in themselves desirable."

Delegation of 1858.

The question was again brought under the notice of Her Majesty's Government in 1858, by delegates from Canada, Nova Scotia, and New Brunswick. They

1011
S/H

CANADA RAILWAY LOAN.

9

They estimated that 3,500,000 *l.* was required for the completion of the railway, and stated that "if the 1,500,000 *l.* which Canada owes to, and proposes to raise and pay off at once to the Imperial Government be appropriated, there remain but 2,000,000 *l.* more to be provided." To meet the interest on this sum, each of the three Provinces proposed to contribute to the extent of 20,000 *l.* sterling in each year.

House of Commons,
210 of 1862,
page 10.

To these proposals, the Secretary of State replied in a despatch dated the 24th of December 1858, of which the following is an extract :—

"However important may be the foregoing advantages, it has been found that objects of interest to Great Britain yet more urgent must yield to the necessity of not unduly increasing at the present moment the public burthens. For this reason I can only express my deep regret that, while doing full justice to the ability of the arguments advanced by the gentlemen who visited this country as delegates upon the subject, and while far from undervaluing the benefits of an intercolonial communication by railway, Her Majesty's Government have not found themselves at liberty to accede to the proposal of granting Imperial aid towards the completion of the line between Halifax and Quebec."

Answer to
Delegation of
1858.

In the autumn of 1861 delegates from the three Provinces were again commissioned to treat with Her Majesty's Government for the construction of the railway. The terms then proposed were as follows :—

Delegation of
1861.

"To sum up, the proposal made to the British Government is to join the three Provinces, in a guarantee of 4 per cent. upon 3,000,000 *l.* sterling, the assumed cost of the proposed works, less the cost of the right of way, which the Provinces will provide. The Provinces are ready to pass Bills of supply for 60,000 *l.* a year, if the Imperial Government will do the same ; and as no doubt this Imperial route will gradually work on with increasing returns, the sum of the risk will gradually diminish, until at last, and perhaps before many years are over, the liability may cease altogether. The Canadian Railway Companies are open to treat for the working of the new line, so as to avoid any liability beyond the gross amount of the joint guarantee. The selection of the route of the line is left solely to the British Government.

House of Commons,
210 of 1862,
page 5.

"Should the British Government prefer to raise the capital for building the road, their outside responsibility under such arrangements would be $3\frac{1}{4}$ per cent. on 3,000,000 *l.*, or about 97,500 *l.* a year, and the Provinces would still be responsible for one-half, leaving a net liability to the British Government of only 48,750 *l.* a year ; but if they are not disposed thus to increase their nominal and decrease their real responsibility, the sum required for the estimated length of 350 miles of railway, namely, 3,000,000 *l.*, can be raised on the terms named ; viz., by the mutual guarantee of 120,000 *l.* a year, or 60,000 *l.* a year from the provinces and 60,000 *l.* a year from the British Government, which guarantee will enable the issue at par of 3,000,000 *l.* of 4 per cent. stock."

These proposals of the delegates were answered by the late Duke of Newcastle, on the 12th of April 1862, as follows :—

"I much regret to inform you that, after giving the subject their best consideration, Her Majesty's Government have not felt themselves at liberty to concur in this mode of assistance. Anxious, however, to promote as far as they can the important object of completing the great line of railway communication on British ground, between the Atlantic and the westernmost parts of Canada, and to assist the Provinces in a scheme which would so materially promote their interests, Her Majesty's Government are willing to offer to 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. This was the mode of action contemplated by Earl Grey in the year 1851, and is the same method which was adopted by Parliament in the Act of 1842, in order to afford to Canada the benefit of British credit in raising the money with which she has completed her great system of internal water communications. The nature and extent of the guarantee which Her Majesty's Government could undertake to recom-

Answer to Dele-
gation of 1861.
House of Commons
210 of 1862,
page 23.

mend

1012

mend to Parliament 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.

" I fear that this course will not be so acceptable to the Provincial Governments as that which the delegates were authorised to propose for consideration. It is, however, the only one in which Her Majesty's Government, after anxious deliberation, feel that they would be at liberty to participate. I trust that the proposal will at all events be received as a proof of their earnest wish to find some method in which they can co-operate with the Provinces in their laudable desire to complete a perfect intercolonial communication over British territory. And it will be a source of sincere pleasure to me if, adverting to all the different bearings of the subject, and to the condition of their respective finances, the Provincial Governments should end by finding it in their power to make use of the present offer, and to propound some practicable scheme for applying it to the attainment of the desired object."

Delegation of 1862.

In consequence of this counter proposal of the Secretary of State, a meeting of delegates was held at Quebec in September 1862, where the following resolutions were passed :—

Resolutions of Delegates at Quebec.

House of Commons, 530 of 1864, page 3.

" The undersigned, representing the three Governments of Canada, Nova Scotia, and New Brunswick, convened to consider the despatch of his Grace the Duke of Newcastle, of the 12th April 1862, with reference to the colonial railway, having given the very important matters contained in that despatch their attentive consideration, are agreed :

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

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

" III. That the three Governments are agreed that the proportions of liability for the necessary expenditure shall be apportioned as follows, viz., five-twelfths for Canada and seven-twelfths to be equally divided between the Provinces of New Brunswick and Nova Scotia.

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

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

" MEMORANDUM agreed at the Conference of the Delegates of Nova Scotia and New Brunswick and the Government of Canada.

House of Commons, 530 of 1864, page 10.

" 1. If it should be concluded that the work shall be constructed and managed by a joint Commission of the three Provinces, it shall be constituted in the proportion of two appointed by the Government of Canada, and one each by the Governments of Nova Scotia and New Brunswick—the four to select a fifth before entering upon the discharge of their duties.

" 2. That

" 2. That a joint delegation proceed, with as little loss of time as possible, to England, to arrange with the Imperial Government the terms of the loans, the nature of the securities required, the amounts to be paid for the transport of troops and mails, and, if possible, to obtain a modification of the terms proposed to the extent of the interest accruing during the construction of the work.

" 3. That no surveys be authorized until the laws contemplated shall have been passed, and the Joint Commissioners appointed.

" 4. That any profit or loss, after paying working expenses, shall be divided in proportion to the contributions of the several Provinces.

" 5. That such portions of the railways now owned by the Governments of Nova Scotia and New Brunswick which may be required to form part of the Intercolonial Road shall be worked under such joint authority as may be appointed by the three Provinces. That the rates collected shall be uniform over each respective portion of the road. That all net gain or loss resulting from the working and keeping in repair of any portion of the road constructed by Nova Scotia or New Brunswick, and to be used as a part of the Intercolonial Railway, shall be received and borne by the said Provinces respectively; and the surplus (if any) after the payment of interest, shall go in abatement of interest on the Crown lands required for the line or for stations, shall be provided by each Province (*sic*).

(signed) "Thos. D. M'Gee, President of Council.

"Joseph Howe.

"S L. Tilley."

In accordance with these Resolutions, Delegates were forthwith sent to this country, and, after conferences with Her Majesty's Government, the subjoined Memorandum was prepared at the Treasury, explanatory of the terms on which Her Majesty's Government could concur, subject to the sanction of Parliament, in the proposed plan of assistance to the construction of the Intercolonial Railway:—

"TREASURY MEMORANDUM.

" It is proposed:—

" 1. That Bills shall be immediately submitted to the Legislatures of Canada, Nova Scotia, and New Brunswick, authorizing the respective Governments to borrow 3,000,000 l., under the guarantee of the British Government, in the following proportions:—5-twelfths, Canada; 3 $\frac{1}{2}$ -twelfths, Nova Scotia; 3 $\frac{1}{2}$ -twelfths, New Brunswick.

Terms offered by Her Majesty's Government to Delegates of 1862. House of Commons, 530 of 1864, page 14.

" 2. But no such loan to be contracted on behalf of any one Colony until corresponding powers have been given to the Governments of the other two Colonies concerned, nor unless the Imperial Government shall guarantee payment of interest on such loan until repaid.

" 3. The money to be applied to the completion of a railway connecting Halifax with Quebec, on a line to be approved by the Imperial Government.

" 4. The interest to be a first charge on the Consolidated Revenue Funds of the different Provinces, after the Civil List and the interest of existing debts; and as regards Canada, after the rest of the six charges enumerated in the 5 & 6 Vict. cap. 118, and 3 & 4 Vict. cap. 35, (Act of Union).

" 5. The debentures to be in series as follows, viz.:

250,000l.	to be payable 10 years after contracting loan.		
500,000l.	"	20 years	"
1,000,000l.	"	30 years	"
1,250,000l.	"	40 years	"

In the event of these debentures, or any of them, not being redeemed by the Colonies at the period when they fall due, the amount unpaid shall become a charge on their respective revenues, next after the loan, until paid. The principal to be repaid as follows:

" First decade (say 1863 to 1872 inclusive), 250,000 l. in redemption of the first series, at or before the close of the first decade from the contracting of the loan.

“Second decade (say 1873 to 1882 inclusive), a sinking fund of 40,000 *l.* to be remitted annually, being an amount adequate, if invested at 5 per cent. compound interest, to provide 500,000 *l.* at the end of the decade; the sum to be remitted annually to be invested, in the names of trustees, in colonial securities of any of the three Provinces prior to or forming part of the loan to be raised, or in such other colonial securities as Her Majesty's Government shall direct, and the then Colonial Governments approve.

“Third decade (say 1883 to 1892 inclusive), a sinking fund of 80,000 *l.* to be remitted annually, being an amount adequate, if invested at 5 per cent. compound interest, to provide 1,000,000 *l.* at the end of the decade; the amount when remitted to be invested, as in the case of the sinking fund for the preceding decade.

“Fourth decade (say 1893 to 1902 inclusive), a sinking fund of 100,000 *l.* to be remitted annually, being an amount adequate, if invested at 5 per cent. compound interest, to provide 1,250,000 *l.*, being the balance of the loan at the end of the decade. This amount, when remitted, to be invested as in the preceding decade.

“Should the sinking fund of any decade produce a surplus, it will go to the credit of the next decade; and in the last decade the sinking fund will be remitted or reduced accordingly.

“It is of course understood that the assent of the Treasury to these arrangements presupposes adequate proof of the sufficiency of the Colonial revenues to meet the charges intended to be imposed upon them.

“6. The construction of the railway to be conducted by five Commissioners, two to be appointed by Canada, one by Nova Scotia, and one by New Brunswick; these four to choose the remaining Commissioner.

“7. The preliminary surveys to be effected, at the expense of the colonists, by three engineers and other officers nominated, two by the Commissioners and one by the Home Government.

“8. Fitting provision to be made for carriage of troops, &c.

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

This memorandum was communicated to the delegates, and with a subsequent explanation from the Treasury* on two points raised by the Delegate from New Brunswick (Mr. Tilley), was accepted by the Governments of Nova Scotia and New Brunswick, and Acts were duly passed by the Legislatures for carrying out the scheme. The Canadian Delegates (Messrs. Sicotte & Howland), however, objected to various conditions in the proposals of Her Majesty's Government,† that relating to the sinking fund, and others; and in a Minute
of

House of Commons,
530 of 1864,
page 33.

Ibid., page 27.

Ibid., page 16.

House of Commons,
530 of 1864,
page 26.

* With reference to the two questions raised by Mr. Tilley upon the stipulations embodied in the Memorandum relating to the proposed loan for the construction of an Intercolonial Railway, the Treasury considers that an answer should be sent to the following effect:—

1. Her Majesty's Government never contemplated acquiring a precedence over existing engagements of the Colonial Governments, whether for interest or principal; but the assent of the Treasury to the arrangement, as stated in Article 5, presupposes adequate proof of the sufficiency of the Colonial revenues to meet the charges imposed upon them, which charges would comprise not only the Civil List, and the accruing interest of any existing debt standing in priority to the proposed railway loan, but also any payment of principal standing in the same priority, which may fall due within the period at the expiration of which the railway loan is required to be fully liquidated, as well as the current interest and the decennial accumulation for extinction of principal, of the proposed railway loan.

No statement of revenue or liabilities which would afford this evidence has as yet been exhibited to Her Majesty's Government.

2. In the event of the proposed arrangement being carried into effect, the Treasury will not object to issue the debentures, upon the precedent of the Canada Guaranteed Loan of 1843, under the hand of the Lords Commissioners, and to authorise one of their officers to act as trustee, together with a nominee of the Colony, for the investment in their joint names of the instalments remitted from time to time on account of sinking fund, provided such a course shall be deemed advisable by the Colonial Governments.

† Inclosed in the above letter from Messrs. Sicotte & Howland was a copy of the Treasury Memorandum and Schedule, but with the addition of the following note by themselves:—

It is proposed by the Delegates—

1. That the loan shall be for 3,000,000 *l.* sterling.

Ibid., page 24.

In the event of the two Provinces constructing the portion of the line above-referred to, and of its eventually becoming part of the whole Intercolonial Railway, Her Majesty's Government, so far as they are concerned, will consider it to form part of the scheme to which the proposed Imperial guarantee would be extended.

This decision is conveyed in the annexed letter to Mr. Watkin, which was communicated to the Governors of the British North American Provinces in March 1864:—

“Sir,

“Downing-street, 19 March 1864.

“The Duke of Newcastle desires me to inform you that he has received from the Lords of the Treasury a copy of your letter of the 15th of February, contemplating the construction, by New Brunswick and Nova Scotia, of the first link of the Intercolonial Railway between Truro and the Bend, and suggesting that the line so constructed should be held to be part of the larger scheme contemplated in the laws recently passed by those two Provinces, and by the Memoranda of December 1862 and January 1864, recited in those laws.

“I am directed by his Grace to inform you in reply that if the Lower Provinces shall, at their own expense, commence the construction of a railway on a line approved by Her Majesty's Government between Truro and the Bend, and if subsequently the proposed loan of 3,000,000 £. shall be raised under the Imperial guarantee in virtue of the offer contained in the above Memoranda, the railway between Truro and the Bend, and the works constructed thereupon by the Lower Provinces, shall (as far as Her Majesty's Government is concerned) be considered to form part of the railway on which the loan of 3,000,000 £. is to be expended, and that his Grace sees no reason for requiring any change in that part of the Memoranda which declares that 5-12ths of the loan shall be chargeable against Canada, 3½-12ths against Nova Scotia, and 3½-12ths against New Brunswick.

“The further question, what part of that sum of 3,000,000 £. should be paid over to New Brunswick and Nova Scotia, in consequence of the works affected by them without the concurrence of Canada, will be mainly a question for the Provincial Governments, in which it must be understood that Her Majesty's Government is not to be involved. But the Imperial Government, before being party to any such payment in respect of this section of the railway, must have sufficient security that the whole scheme will be prosecuted with effect.

“It is scarcely necessary to observe that this assurance is given merely for the purpose of providing (as far as Her Majesty's Government is concerned) that New Brunswick and Nova Scotia shall not be prejudiced by commencing the railway in anticipation of a final arrangement (if such arrangement should ever take effect), and is not to be construed as in any way varying or keeping alive, or extending that arrangement, or as imposing on the Imperial Government any liability to assist in the construction of the shorter line now contemplated, whether by way of guarantee or otherwise, except in pursuance of the offer of December 1862 and January 1863. Therefore no claim whatever is to be made on the Imperial Government, unless the whole project is carried into execution; and if the offer of 1862-63 should fall to the ground, this assurance will of course fall with it.

“It must also be understood that the present correspondence is not to affect the right of the Home Government to determine for itself at what period the offer of 1862-63 shall be held to be cancelled by the failure of the Canadian Government to fulfil the first of the proposed conditions—viz., that of submitting immediately to the Colonial Legislatures the Bills required for carrying that offer into effect.

“I am to add, however, that Her Majesty's Government consider that offer as still subsisting, but would certainly cease to do so unless a definitive arrangement were made, and the necessary Colonial laws passed, within five years of the date of the first Memorandum—*i. e.*, before December 1867.

I am, &c.

“E. W. Watkin, Esq.

(signed) “Frederic Rogers.”

The printed Report of Mr. Fleming's survey gives a full account of the various routes proposed for the railway.

December 1865.

E. B. P.

847 1019
15

CANADA RAILWAY LOAN.

Enclosure 2, in No. 5.

STATEMENT respecting the REVENUE and CAPABILITIES of CANADA.

(1.)

REVENUE and EXPENDITURE from 1852 to 1858 inclusive.

It would be impossible without much labour to give a statement of the total receipts and expenditure for the earlier years on a similar plan to that in which they are given from 1859, because it was only in 1858 that the present method of exhibiting the accounts was adopted, and a large portion of the receipts and expenditure could only be obtained by extracting it from many subsidiary statements. But for the purpose of comparison with the next following statement, the leading items of revenue and the net funded debt are exhibited as follows:—

—	1852.		1853.		1854.		1855.		1856.		1857.		1858.	
	Dols.	c.	Dols.	c.	Dols.	c.	Dols.	c.	Dols.	c.	Dols.	c.	Dols.	c.
Customs - -	2,957,078	55	4,119,131	06	4,900,769	47	3,527,098	05	4,510,128	15	3,948,021	23	3,368,157	70
Excise - -	103,042	10	109,623	88	78,741	22	76,986	12	104,401	88	110,862	57	138,760	22
Territorial - -	205,567	26	375,080	84	400,597	38	501,389	02	445,829	30	292,127	43	415,372	68
Post Office - -	-	-	-	-	-	-	-	-	-	-	146,098	95	295,395	76
Public Works - -	455,682	52	492,009	32	434,108	02	400,834	42	459,418	35	401,204	45	400,727	15
Funded Debt - -	22,355,413	40	29,882,756	93	31,851,833	78	45,855,217	35	41,757,019	55	52,334,911	89	54,892,405	15
Sinking Fund - -	1,472,299	18	1,817,736	82	2,196,145	40	2,612,053	77	2,935,572	70	3,318,702	42	3,752,843	22
NET Debt - -	20,883,114	22	28,065,020	11	36,655,688	38	43,243,163	58	45,822,040	85	49,016,149	40	51,139,561	93

It will appear from these statements that from 20,883,114 dollars in 1852, the debt has risen to 59,763,849 dollars in 1866, being an increase of 38,880,735 dollars. This large increase may be accounted for as follows:—

Expenditure on permanent public works - - -	Dols.	c.
Railway debt - - -	7,843,762	73
Municipal loan fund assumed by this Province, expended by the Municipalities mainly on railways and other public works - - -	21,201,633	34
	9,723,340	0
TOTAL - - - dols.	38,768,736	7

Besides upwards of 1,000,000 dollars paid in redemption of seigniorial rights out of current revenue, although debentures were authorised to be issued, and a large nominal addition to this debt by the conversion of 6 per cent. bonds into 5 per cent.

1018
76
CORRESPONDENCE RELATIVE TO THE

For continuation
of this document
see pp.
11059-10622

(2.)
REVENUE and EXPENDITURE of Canada from 1859 to 1866.

	1859.	1860.	1861.	1862.	1863.	First Half of 1864.	1864-65.†	1865-66.
	Dols. c.	Dols. c.	Dols. c.	Dols. c.	Dols. c.	Dols. c.	Dols. c.	Dols. c.
REVENUE.								
Customs - - - - -	4,455,920 80	4,756,724 18	4,774,562 26	4,652,183 06	5,171,080 32	3,074,790 92	6,000,740 97	7,328,146 08
Excise - - - - -	343,984 42	306,536 35	334,665 14	500,313 52	829,801 77	519,351 15	1,302,975 31	1,888,542 98
Territorial - - - - -	482,327 06	644,806 41	678,922 82	629,886 12	682,795 74	261,896 30	830,892 30	628,564 97
Post Office - - - - -	388,223 48	405,317 38	457,724 85	408,717 21	438,804 16	426,053 40	540,809 74	631,956 42
Public Works - - - - -	311,492 74	286,226 25	355,197 98	421,481 10	575,793 06	132,487 83	420,624 11	441,549 34
Mines Revenues - - - - -	608,501 36	895,134 53	908,683 05	740,454 80	878,970 95	348,619 58	808,844 18	664,907 80
Open Accounts - - - - -	1,621,640 28	1,898,293 17	2,380,509 79	1,055,428 58	1,188,004 34	700,801 41	1,073,631 90	1,073,060 80
Loans - - - - -	2,416,106 19	30,422,926 24	2,756,305 59	2,220,759 99	4,632,191 06	2,662,920 45	1,073,600 5	400 0
TOTAL - - - - -	10,573,452 33	39,615,064 51	12,655,581 48	10,629,204 47	14,382,508 00	8,126,939 5	11,722,927 05	12,050,908 6
EXPENDITURE.								
Interest of Debt - - - - -	3,251,245 59	3,799,708 29	3,803,088 96	3,826,391 30	3,700,372 21	1,963,276 48	3,700,159 19	3,657,440 83
Administration of Justice - - - - -	796,290 15	784,924 96	849,328 84	851,470 40	878,337 94	401,420 77	998,518 43	970,740 17
Education, Agriculture, Charities, &c. - - - - -	875,146 11	964,813 33	919,070 87	983,805 10	923,018 90	250,899 43	1,022,140 53	1,035,968 40
Public Works - - - - -	867,292 06	1,949,580 66	1,790,066 12	1,382,144 35	1,247,668 34	542,496 52	1,223,020 80	1,242,095 00
Militia - - - - -	61,814 48	107,380 55	84,687 00	96,444 70	481,116 17	207,701 16	758,983 31	1,640,554 52
Trust Funds - - - - -	555,122 74	776,183 83	804,693 80	892,673 15	581,670 33	182,875 30	498,113 40	450,056 50
Advances and Repayments - - - - -	302,075 53	1,260,062 29	606,668 43	249,452 02	1,411,147 60	670,525 00	1,520,430 61	1,388,290 61
Civil Government and Miscellaneous - - - - -	1,367,661 22	1,683,681 15	1,364,102 26	1,258,348 83	1,111,147 60	603,814 92	1,515,360 47	1,560,520 07
Collection of Revenue - - - - -	1,223,669 95	1,539,238 32	1,507,463 40	1,404,778 72	1,228,732 62	603,814 92	4,355,619 97	461,053 0
Redemption of Debt, - - - - -	3,152,845 27	23,827,264 06	2,923,264 00	501,405 99	4,397,118 42	3,017,475 14	4,355,619 97	461,053 0
TOTAL - - - - -	12,556,663 10	36,882,597 55	14,742,834 28	11,395,923 56	14,909,182 51	7,780,575 38	12,890,311 80	12,413,032 10
Revenue, less Loans - - - - -	8,157,346 14	9,193,038 27	9,869,275 89	8,408,444 48	9,760,316 34	5,464,000 60	10,647,418 00	12,050,508 0
Expenditure, less Redemption - - - - -	9,463,817 83	13,055,532 89	11,810,570 28	10,894,517 57	10,512,064 00	4,772,100 24	11,534,391 83	11,952,570 10
Surplus - - - - -	1,306,471 69	3,862,294 62	1,920,294 37	2,486,073 00	751,747 75	691,900 30	887,273 23	703,928 90
Deficit - - - - -	- - - - -	- - - - -	- - - - -	- - - - -	- - - - -	- - - - -	- - - - -	- - - - -
Funded Debt - - - - -	54,142,044 46	66,221,060 81	66,255,078 32	68,077,007 05	65,692,248 21	62,963,257 75	61,744,651 11	61,409,071 44
Less Sinking Funds - - - - -	4,007,847 80	7,334,066 67	7,453,458 46	7,620,432 79	4,863,177 11	1,407,744 63	1,520,148 91	1,645,222 24
Net Funded Debt - - - - -	50,134,196 66	58,887,003 14	58,801,619 86	60,456,574 86	60,809,071 10	61,495,513 12	60,224,502 20	59,763,840 20
Cash and Bank Balances - - - - -	1,301,459 03*	2,408,172 59†	321,083 95†	469,110 44*	1,095,761 04*	1,116,477 83*	2,284,761 48*	2,023,082 70*
Net Debt - - - - -	51,496,655 69	56,478,830 55	58,480,535 91	60,925,685 30	61,904,832 14	62,611,980 45	62,509,263 68	61,780,881 30

† Cr.

† Viz, second half of 1864 and first half of 1865.

* Dr.

1059
17

CANADA RAILWAY LOAN.

For preceding pages of this document see pp. [1003-1008]

— 3. —

MISCELLANEOUS STATISTICS.

POST OFFICE.

Date.	Post Offices.	Miles Travelled.	Number of Letters.	Revenue.	Expenditure.
				<i>Dols.</i>	<i>Dols.</i>
1852 - - -	840	2,930,000	3,700,000	230,629	270,192
1855 - - -	1,293	4,550,000	6,000,000	368,166	511,726
1860 - - -	1,698	5,712,000	9,000,000	658,451	692,348
1865 - - -	2,197	6,350,000	12,000,000	834,007	851,071

N.B.—Up to 1852 the Post Office was in the hands of the Imperial authorities.

IMPORTS, exclusive of Coin and Bullion.

Date.	Great Britain.	United States.	British Colonies.	Other Countries.	Total.	Duties.
	<i>Dols.</i>	<i>Dols.</i>	<i>Dols.</i>	<i>Dols.</i>	<i>Dols.</i>	<i>Dols.</i>
1850 - - -	9,631,921	6,372,404	490,071	365,216	16,759,702	2,462,583
1855 - - -	13,303,560	20,828,677*	880,123	1,073,909	36,086,169	3,625,782
1860 - - -	15,839,320	17,258,585	409,266	905,260	34,412,431	4,758,465
1864-65 - -	21,035,871	14,820,577	720,899	3,274,614	39,851,991	6,063,378

EXPORTS.

Date.	Great Britain.	United States.	British Colonies.	Other Countries.	Total.	Duties.
	<i>Dols.</i>	<i>Dols.</i>	<i>Dols.</i>	<i>Dols.</i>	<i>Dols.</i>	
1850 - - -	4,803,399	5,933,243	1,817,152	108,281	12,943,795	None.
1855 - - -	6,738,441	20,002,291*	1,027,196	420,533	28,188,461	"
1860 - - -	12,749,891	20,698,348	723,534	370,889	34,542,662	"
1864-65 - -	14,637,158	24,213,582	1,106,370	835,850	40,793,960	"

* The Reciprocity Treaty came into effect in 1854, but the goods being mostly free, the duties were not materially affected.

TONNAGE OF VESSELS ENTERED, &c.

DATE.	Tonnage of Vessels Entered and Cleared exclusive of Coasting Trade.	DATE.	Tonnage of Vessels Entered and Cleared exclusive of Coasting Trade.
1851 - - -	1,230,702	1858 - - -	1,245,850
1852 - - -	1,142,301	1859 - - -	1,282,233
1853 - - -	1,231,432	1860 - - -	1,653,225
1854 - - -	1,487,097	1861 - - -	2,149,360
1855 - - -	870,794	1862 - - -	1,829,286
1856 - - -	1,124,241	1863 - - -	2,133,204
1857 - - -	1,479,792	1864 - - -	2,088,778

POPULATION.

	Census of 1851.	Census of 1860.	Annual Increase.	Probable Population, January 1867.
Upper Canada - -	952,004	1,396,091	4.34 per cent.	1,802,056
Lower Canada - -	890,261	1,111,566	2.50 "	1,288,880
TOTAL - - -	1,842,265	2,507,657		3,090,936

MUNICIPAL ASSESSMENT, 1865.

	Number of Rate-payers.	Number of Acres Assessed.	Assessed Value of Real Estate.
Upper Canada - - -	291,477	18,587,783	<i>Dols.</i> 232,782,016
Lower Canada - - -	200,919	13,148,069	162,407,965
TOTAL - - -	492,396	31,735,852	395,189,971

AGRICULTURAL PRODUCE.

	By Census of 1851.	By Census of 1860.
Wheat - - - Bushels	15,756,493	27,274,779
Other Grains - - - "	29,920,408	61,215,786
Roots - - - "	12,850,770	47,195,784
Hay - - - Tons	1,449,306	1,551,821
Butter - - - Lbs.	25,674,568	42,735,213
Wool - - - "	4,048,217	5,627,154
Horses - - - Number	385,290	626,196
Cattle - - - "	1,336,111	1,832,300
Sheep - - - "	1,697,633	1,853,054
Swine - - - "	829,290	1,062,401

(4.)

Taking Customs and Excise as the test of taxation, they have risen from 1 dollar 51 cents per head in 1851, to 2 dollars 2 cents per head in 1860; and the expenditure of the Consolidated Fund from 1 dollar 66 cents to 2 dollars 63 cents.

The means of the people to pay have increased in a much greater proportion. Thus, taking the produce of wheat and other grains as a test, the produce has risen from 24·8 bushels to 35·6 bushels per head of the population, or, otherwise stated, the taxation in 1851 was equal to 6·7 cents on every bushel grown, and in 1860, it was equal to only 5·6 cents. But even this does not show the whole case, because from the establishment of railways, which have created about half our debt, and the facilities of transport which they have afforded, all farm produce has risen in value, and in many of the remoter districts the farmer's selling price is more than double what it was in 1851, whilst he has now a market for many articles of produce which were almost unsaleable before.

The number of letters passing through the Post Office appears to have been in 1852, about two per head, in 1860 about 3·7 per head, and in 1865, rather more than four per head, showing a large increase of commercial activity in excess of the increase of the population.

No. 6.

TREASURY MINUTE, dated 26 March 1867.

WRITE to Sir F. Rogers, for the information of the Duke of Buckingham and Chandos, that my Lords have carefully considered the statements and arguments contained in his letter of the 23rd instant, and they have examined the statistics of the present income and expenditure of Canada, with a view to forming a judgment as to the ability of the Confederation to meet the increased charges which would be thrown upon its revenue by the loan to be contracted for the construction of the proposed railway.

Taking into consideration that the present debt of the United Provinces taken together is only about 5 *l.* per head of the population, being a lower amount than in any of the principal countries of Europe, with the exception of Prussia and

A37 1064

and Russia, and that the revenue now raised per head of the population is in Canada only 17 s., and in the United Provinces only about 15 s., showing a very easy condition of taxation in comparison, not only with European countries, but with the United States, my Lords cannot feel any doubt that if the natural growth of revenue will not cover the increase of charge which the contraction of the proposed loan would entail, no difficulty would be experienced in the imposition of fresh taxation in order to complete a work so essential to the safety and prosperity of the Confederation.

Their Lordships are therefore prepared to join in recommending to Parliament that authority be given to them to guarantee the payment of interest at 4 l. per cent. on a sum of 3,000,000 l., to be borrowed by the Canadian Government for the completion of a railway connecting Quebec and Halifax, on a line to be approved by the Imperial Government, upon the report of an engineer to be appointed by the Home Government, at the expense of the Colony, subject to the following conditions:—

1. That the Parliament of the Confederated Provinces shall first pass an Act making satisfactory provision for the raising and expenditure of the loan and making, first, the payment of the principal and interest of the loan at the rate of 4 l. per cent.; and secondly, a contribution to a sinking fund of 30,000 l. per annum (being 1 l. per cent. per annum on the total amount of the loan of 3,000,000 l.), a charge upon the consolidated fund of the Confederated Provinces next after existing liabilities on account of the debt, the civil list, and the charges of collection of revenue; such contribution to continue until the whole loan is repaid, or until the sinking fund is equal to the unpaid portion of the loan, and to be remitted half-yearly to this country and invested in the names of four trustees, two to be appointed by the Imperial and two by the Colonial Government, and that the Act shall contain provisions to make it obligatory upon the Colony to complete the line within a reasonable time, and also to charge the said consolidated fund with such further sums as may be required over and above the said sum of 3,000,000 l. for the completion of the railway next in priority after the contribution to the said sinking fund.

2. That their Lordships shall be satisfied, not only that the revenue to be raised under the authority of the Legislature of the Confederation will suffice to meet the charges which will be imposed upon it by the first-named condition, but also that the Colony will be able to provide for any further charges that may be imposed upon its revenue in respect of any expenditure to be incurred in constructing the railway over and above the amount of loan to be guaranteed as above-mentioned, so that no further guarantee shall be hereafter applied for.

3. That provision be made in the Act of the Canadian Legislature for the carriage of Imperial troops and munitions of war, &c.

CANADA RAILWAY LOAN.

COPY of CORRESPONDENCE between the Colonial Office and the Treasury, respecting the Proposed Guarantee of the INTERCOLONIAL RAILWAY LOAN (British North America).

(*Mr. Hunt.*)

*Ordered, by The House of Commons, to be Printed,
26 March 1867.*

160.

Under 2 oz.

1062