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NORTH AMERICA (INTERCOLONIAL RAILWAY).

RETURN to an Address of the Honourable The House of Commons,
dated 30 June 1864;—for,

“ COPY of CORRESPONDENCE between any of the NORTH AMERICAN PROVINCES and the IMPERIAL GOVERNMENT, relating to their Application for Assistance in raising a LOAN for an INTERNATIONAL RAILWAY.”

(In continuation of Parliamentary Paper, No. 210, of 1862.)

Colonial Office, }
25 July 1864. }

FREDERIC ROGERS.

(Mr. Adderley.)

Ordered, by The House of Commons, to be Printed,
26 July 1864.

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COPY of CORRESPONDENCE between any of the NORTH AMERICAN PROVINCES and the IMPERIAL GOVERNMENT, relating to their Application for Assistance in raising a LOAN for an INTERCOLONIAL RAILWAY.

— No. 1. —

COPY of a DESPATCH from the Duke of Newcastle, K.G., to Governor General Viscount Monck.

No. 1.
The Duke of Newcastle, K.G., to Viscount Monck.
12 April 1862.

My Lord,

Downing-street, 12 April 1862.

You are aware that I duly received your Despatch, No. 4,* of the 31st October last, reporting that at a meeting in the Council Chamber at Quebec of Members of the Councils of Canada, Nova Scotia, and New Brunswick, it was resolved that those three Governments should renew the offer made to the Imperial Government on the 26th October 1858, to aid in the construction of an Intercolonial Railway between Halifax and Quebec, and that a delegation from the Provinces should proceed to England with the view of promoting this object.

* Printed in House of Commons Paper, No. 210 of 1862, page 15.

You reported to me that the Honourable Philip Vankoughnet was appointed to represent Canada, and not long afterwards this gentleman, associated with the Honourable Joseph Howe from Nova Scotia, and the Honourable Samuel Tilley from New Brunswick, arrived in England.

I had several interviews with these gentlemen, who urged with great ability the project committed to their charge, and eventually embodied their views in a Memorandum communicated to me in a letter dated the 2d December 1861.† But owing to the urgency of business connected with the threatening aspect of affairs in the United States, I was unable to bring the subject under the consideration of Her Majesty's Government before the deputies were obliged to return to their homes, and other urgent matters have hitherto prevented the adoption of a decision. The subject has now been before Her Majesty's Government, and I need scarcely assure you that they have examined it with the care due to the importance of the question, to the high authorities from whom it has emanated in the Provinces, and to the character and position of the delegates by whom it has been so powerfully presented to notice in this country.

† *Vide* same paper, page 1.

The length of railway necessary to complete the communication between Halifax and Quebec is estimated at 350 miles, and the cost, after deducting the right of way which the Provinces will provide, is estimated at three millions sterling. Such being the data supplied by the deputation, the project is that the Imperial Government should join the three Provinces in a guarantee of four per cent. upon 3,000,000 *l.*, in which case the Provinces are ready to pass bills of supply for 60,000 *l.* a year (20,000 *l.* in each Province) if the Imperial Government will do the same. The selection of the route is left solely to the British Government.

Should the sum of three millions be found insufficient, nothing very definite is said on the essential point of the provision to be made for the completion of the railway.

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

structing 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 recommend 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.

I have addressed a similar Despatch to the Lieutenant Governors of Nova Scotia and New Brunswick, and I must now leave the subject in the hands of the several Provincial Governments, who will best know, in case they prosecute the subject further, how to provide for the requisite mutual consultations.

I have, &c.
(signed) *Newcastle.*

[Similar Despatches, with the requisite adaptations, were addressed at the same date to the Lieutenant Governors of New Brunswick and Nova Scotia.]

— I. —

ANSWERS from the THREE PROVINCES to the Duke of *Newcastle's* Despatch of 12 April 1862; page 1.

— No. 2. —

(No. 136.)

No. 2.
Viscount Monck
to the Duke of
Newcastle, K.G.
12 September 1862.

COPY of a DESPATCH from Governor General Viscount *Monck*, to His Grace the Duke of *Newcastle*, K.G.

Quebec, 12 September 1862.

(Answered, No. 176, 14 October 1862, page 4.)

My Lord Duke,

REFERRING to your Grace's Despatch, of 12th* April, I have great satisfaction in transmitting to you the accompanying approved Minute of my Executive Council on the subject of the mode of executing the proposed railway between this Province and Nova Scotia.

I have to add that it is intended that a deputation of my Executive Council should proceed in the course of the autumn to England in order to give further facilities, by means of personal communications, for completing the arrangements proposed.

I have, &c.
(signed) *Monck.*

* Page 1.
12 September 1862.

Enclosure in No. 2.

COPY of a REPORT of a Committee of the Executive Council, dated 12 September 1862, approved by his Excellency the Governor General. Encl. in No. 2.

THE Committee of Council have given their earnest consideration to the annexed Memorandum of agreement, adopted at a meeting of the delegates from the Provinces of Nova Scotia and New Brunswick, and your Excellency's Advisers in this Province, on the subject of the construction of an Intercolonial Railway, and they humbly advise that the same be approved by your Excellency.

Certified.

W. H. Lee, Clerk Executive Council.

MEMORANDUM.

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 connexion 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.

(signed)	<i>J. S. Macdonald,</i>	}	Representing Canada.
	<i>L. V. Sicotte,</i>		
	<i>J. Morris,</i>		
	<i>W. M. Dougall,</i>		
	<i>W. P. Howland,</i>		
	<i>U. T. Tessier,</i>		
	<i>F. Eventurel,</i>		
	<i>Thos. D'Arcy M^r Gee,</i>		
	<i>Joseph Howe,</i>	}	Nova Scotia.
	<i>J. M^r Cully,</i>		
	<i>W. Annand,</i>		
	<i>S. L. Tilley,</i>	}	New Brunswick.
	<i>W. H. Steeves,</i>		
	<i>P. Mitchell,</i>		

Quebec, 12 September 1862.

— No. 3. —

(No. 176.)

COPY of a DESPATCH from his Grace the Duke of *Newcastle*, K.G., to
Governor General Viscount *Monck*.

No. 3.
The Duke of New-
castle, K.G., to
Viscount Monck.
14 October 1862.

* Page 2.

My Lord,

Downing-street, 14 October 1862.

I HAVE had the honour to receive your Lordship's Despatch, No. 136,* of the 12th of September, accompanied by a Minute of your Executive Council, containing a Memorandum, by which it appears that the several gentlemen from Canada, Nova Scotia, and New Brunswick, who consulted on the subject, had arrived at a conclusion in favour of assuming, with the aid of an Imperial guarantee of interest, the liability for the expenditure necessary to construct the Intercolonial Railway.

I have received this intelligence with much satisfaction.

I have, &c.
(signed) *Newcastle*.

— No. 4. —

(No. 61.)

COPY of a DESPATCH from Lieutenant Governor the Honourable *Arthur*
H. Gordon to his Grace the Duke of *Newcastle*, K.G.

No. 4.
Lieut. Governor
Hon. A. H. Gordon
to the Duke of
Newcastle.
6 May 1862.

Fredericton, New Brunswick, 6 May 1862.

My Lord Duke,

(Answered No. 74, 20 June 1864, page 8.)

† Page 1.

I HAVE the honour to acknowledge the receipt of your Grace's Despatch of the 12th ultimo,† containing the reply of Her Majesty's Government to the application made by the Provinces of Canada, New Brunswick, and Nova Scotia, for Imperial aid towards the construction of an Intercolonial Railway.

2. I shall lose no time in submitting this important communication to the consideration of my Council, but the members of that body are at present without exception absent, and some little time must elapse before they can be again collected here.

3. In the meanwhile, however, I may venture to assure your Grace that no step will be hastily taken on the part of this Province, and that the consideration of the offer, now made by Her Majesty's Government, will be undertaken with a strong desire to adopt the proposed arrangement.

4. At the same time it is, of course, felt, that although the proposal now made by Her Majesty's Government is similar to that made by the Provinces 10 years ago, the position of the question as regards New Brunswick is by no means the same as it then was; a considerable extent of railway having since that period been constructed, and a heavy amount of debt consequently incurred by the Province, and it is my duty frankly to confess to your Grace, that I see very great difficulty in the adoption of a course which, even at the most moderate rate of interest, must add so largely to the burdens of the Colony.

5. I shall have the honour of addressing your Grace on this subject again, and probably at greater length when I have ascertained the views of my Executive Council.

I have, &c.
(signed) *Arthur H. Gordon*.

— No. 5. —

(No. 66.)

COPY of a DESPATCH from Lieutenant Governor the Honourable *Arthur H. Gordon*, to his Grace the Duke of Newcastle, K. G.

No. 5.
Lieut. Governor
Hon. A. H. Gordon
to the Duke of
Newcastle, K. G.
26 May 1862.

Fredericton, New Brunswick, 26 May 1862.
(Answered, No. 74, 20 June 1862. Page 6.)

My Lord Duke.

It was only on Thursday last, the 22d instant, that I was enabled to collect my Executive Council together at this place in order to communicate to them your Grace's important Despatch of the 12th ult.* on the subject of the aid to be afforded by the Imperial Government towards the construction of an Intercolonial Railway.

* Page 1.

2. I accompanied the communication of your Grace's Despatch by the Minute of which I have the honour to inclose a copy.

3. I was aware that much timidity existed in the minds of my Council that some unwillingness would be expressed with respect to a further prosecution of the scheme. It was, therefore, my object to confine the discussion within the narrowest possible limits, and to secure the appointment of delegates to meet those of the other Provinces at Quebec.

4. In this object I am glad to say I entirely succeeded; and, although one or two members of the Council appeared averse even to such an appointment, or at all events to that of delegates unfettered by precise instructions, a decision was finally adopted in accordance with the views which I had expressed.

5. It is my intention to repair to Quebec, at the time at which the delegation will be there. Lord Mulgrave will, I believe, take the same opportunity of meeting the Governor General and myself.

6. I cannot be insensible to the great difficulty which will be felt in the assumption of new liabilities by this Province, the estimated revenue of which for the current year amounts only to about 120,000 £, and which is already burdened by a debt of above 1,000,000 £ sterling; but I look upon the question as one which largely affects the welfare of British North America as a whole, and which must, therefore, not be regarded from too exclusively a Provincial point of view by any one of the separate Colonies interested.

7. Should, therefore, Canada and Nova Scotia both desire the prosecution of the work on the terms now proposed, and should the people of those Provinces express their willingness cheerfully to bear the additional burdens which must be imposed, in order to attain the accomplishment of this great object, I certainly shall be indisposed to permit it to be defeated by the reluctance of my Responsible Advisers to incur the unpopularity attaching to an augmentation of the public burdens, and I should at least require ample evidence that they were expressing the deliberate sentiments of the Legislature, and people of this Province, before I acquiesced in the rejection of an offer of the Imperial Government, which had been accepted as a boon by the sister Colonies.

I have, &c.
(signed) *Arthur H. Gordon*.

Enclosure in No. 5.

MEMORANDUM for the EXECUTIVE COUNCIL.

THE Lieutenant Governor cannot communicate to his Council the Despatch of the Duke of Newcastle, of the 12th ult., without accompanying it by a few remarks. Encl. in No. 5.

2. The proposition contained in that Despatch is one of so great importance, and concerns so deeply the future prospects, not of this Province alone, but of British North America as a whole, that the Lieutenant Governor feels persuaded that, even if it were deemed absolutely impracticable for New Brunswick to close with that proposal, it would appear to his Council to be adopting too precipitate a course of action, were the Govern-

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6. CORRESPONDENCE RELATIVE TO A LOAN FOR

ment of this Province to come to an absolute decision upon the question, without previous consultation with the Governments of those other Provinces, which are, to say the least, as deeply interested in the question at issue.

3. The Lieutenant Governor assumes, therefore, that his Council will agree with him in the expediency of appointing a delegation to confer with representatives of Canada and Nova Scotia on the subject; and he requests their advice as to the persons to whom, in their opinion, the interests of the Province may be most safely entrusted.

4. The importance of the decision which has ultimately to be made with respect to the proposals of the British Government cannot well be overrated. It may be considered certain that no other or more favourable offer will be now made, and that the rejection of the present proposition will be tantamount to the abandonment for an indefinite period of all hope of the completion of the great work of establishing an Intercolonial Railway.

5. At the same time the Province cannot prudently, or indeed honestly, incur liabilities which it might be unable to discharge; and the Lieutenant Governor has no hesitation in declaring his decided opinion, that unless the Province of Canada undertakes a very large proportion of the whole responsibilities of the loan required, it would be idle for New Brunswick to move in the matter. If half the burden were to be borne by Canada, the adjustment of the incidence of the remaining half between Nova Scotia and New Brunswick might perhaps be satisfactorily arranged.

6. But his Excellency considers that it would be injudicious to fetter the delegation by instructions of too precise a character as to the proposals which they may or may not be at liberty to discuss. The final adoption or rejection of any scheme proposed will not rest with them, but with the Provincial Governments; and it is well that the subject should be fully and patiently considered in all its bearings before that decision be made.

The Lieutenant Governor has reason to believe that the Canadian Government are anxious that the proposed consultation should take place at an early period; and he therefore hopes that the Council will not separate without coming to a decision as to the propriety of dispatching a delegation to Quebec, and as to the persons who in their opinion should be employed on that service.

(signed) Arthur H. Gordon.

22 April 1862.

— No. 6. —

(No. 74.)

COPY of a DESPATCH from His Grace the Duke of Newcastle, K.G., to Lieutenant Governor Honourable Arthur H. Gordon.

Sir,

Downing-street, 20 June 1862.

I HAVE the honour to acknowledge the receipt of your Despatches, Nos. 61* and 66 of the 6th and 26th of May, on the subject of the aid which the Imperial Government have offered to afford towards the construction of an Intercolonial Railway.

I have, &c.
(signed) Newcastle.

— No. 7. —

(No. 71.)

COPY of a DESPATCH from Lieutenant Governor the Honourable Arthur H. Gordon to his Grace the Duke of Newcastle, K.G.

My Lord Duke,

Fredericton, 9 June 1862.

OWING to the change which has taken place in the composition of the Canadian Cabinet, all discussion upon the question of the Intercolonial Railroad is at present deferred.

2. In all probability a conference between the representatives of the several local Governments interested will now take place in the early part of the month of September.

3. I do not myself regret this postponement, as I think the delay will probably lead to the adoption of juster views on the subject than at present prevail in this Province,

No. 6.

The Duke of Newcastle, K.G., to
Lieut. Governor
Hon. A.H. Gordon.
20 June 1862.

* Pages 4 and 5.

No. 7.

Lieut. Governor
Hon. A. H. Gordon
to the Duke of
Newcastle, K. G.
9 June 1862.

Province, and will allow the feelings of disappointment caused by the rejection of the proposition made from hence to subside before it becomes necessary to take any decisive action.

I have, &c.
(signed) *Arthur H. Gordon.*

— No. 8. —

(No. 87.)

COPY of a DESPATCH from Lieutenant Governor the Honourable *Arthur H. Gordon* to his Grace the Duke of *Newcastle*, K.G.

Fredericton, 21 August 1862.

(Answered No. 95, 26 September 1862, page 9)

My Lord Duke,

I HAVE the honour to enclose for your Grace's information a copy of a Despatch from the Governor General of Canada, suggesting that a conference should take place at Quebec on the 10th proximo, between members of the Canadian Government and those of New Brunswick and Nova Scotia, with a view of entering into an arrangement for the completion of an Intercolonial Railway upon the basis suggested by the Imperial Government.

2. I have also the honour to enclose for your Grace's information the copy of a Minute of my Executive Council in committee, recommending me to appoint three members of the Government as a delegation to attend the proposed conference, and also to authorise them to enter into arrangements with the delegates of the other Provinces, interested for the construction of an Intercolonial Railway, provided the liabilities to be incurred by New Brunswick for that purpose do not exceed 35,000 £ sterling per annum.

3. This Minute is signed by all the members of the Executive Council, with two exceptions. The Solicitor General, as your Grace will perceive, appends to the Minute a note assenting to the appointment of the delegation, but recording his opinion that the liabilities to be incurred by the Province should not exceed a capital sum of 3,000,000 £, whilst the Attorney General, in a separate Minute, of which I have also the honour to enclose a copy, records his dissent from the policy of his colleagues, and reserves to himself such liberty of action as he may deem necessary.

I have further the honour to inform your Grace, that in compliance with the advice of my Council, I have nominated as delegates the Honourable the Provincial Secretary, the Honourable W. H. Steeves, and the Honourable P. Mitchell.

These gentlemen will leave Fredericton for Quebec in about a week's time.

I have, &c.
(signed) *Arthur H. Gordon.*

Enclosure 1, in No. 8.

Sir,

IN a Despatch which I have received from the Duke of Newcastle, dated 12th April 1862, containing the conditions under which Her Majesty's Government propose to assist the Colonies in the construction of a railway connecting Halifax with Rivière du Loup, his Grace mentions that he had sent at the same time identical Despatches to your Excellency and the Lieutenant Governor of Nova Scotia.

It is very desirable in order to return a satisfactory answer to the Despatch in question, that the Ministers of the three Provinces interested, Canada, New Brunswick, and Nova Scotia should come to a distinct understanding as to the part which each of those Provinces will undertake in reference to the execution of the proposed work.

I think this end will be best attained by a personal conference between the members of the administrations of the three Provinces.

I am aware that it is the intention of your Excellency to visit Canada in the beginning of next month, and I expect the Lieutenant Governor of Nova Scotia will be here about the same time.

It appears to me, therefore, that the time which I have mentioned offers peculiar advantages for holding the proposed consultation, and I shall feel much obliged if your Excellency will

No. 8.

Lieut.-Governor
Hon. A. H.
Gordon to the
Duke of Newcastle,
K.G.
21 August 1862.

15 August 1862.

20 August 1862.

20 August 1862.

Encl. 1, in No. 8.

CORRESPONDENCE RELATIVE TO A LOAN FOR

will arrange with such members of your Administration as may be deputed to assist at the conference to attend at Quebec on Wednesday, September 10th, for that purpose.

The question of intercolonial trade will probably be discussed at the same time.

I have addressed a Despatch of the same import as this communication to the Lieutenant Governor of Nova Scotia.

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

I have, &c.
(signed) *Monck.*

 Enclosure 2, in No. 8.

Encl. 2, in No. 8. To His Excellency the Honourable Arthur *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 communication of the Governor General of Canada, inviting a Conference of the Governments of Canada, Nova Scotia, and New Brunswick at Quebec, on the 10th of September next, to take into consideration the proposition of his Grace the Duke of Newcastle of the 12th of April last, relative to the construction of an Intercolonial Railway; and they advise your Excellency to comply with the request of Lord Monck, and to appoint three members of your Government as such delegation; and that they be authorised to make an arrangement for the building of such road, providing the liabilities to be borne by this Province shall not exceed 35,000 *l.* sterling per annum.

(signed)

S. L. Tilley.
John M' Millan.
W. H. Steeves.
P. Mitchell.
Jas. Steadman.
W. E. Perley.
George L. Hatheway.

Executive Council Chambers,
20 August 1862.

I am willing that the delegates from New Brunswick may agree to any scheme for the building of a railway from Halifax to Quebec, provided that the cost thereof do not exceed 3,000,000 *l.* sterling. I also consent to the capitalization of the interest thereon for such time as may by the delegates be deemed prudent.

(signed)

Charles Watters.

20 August 1862.

 Enclosure 3, in No. 8.

Encl. 3, in No. 8. MEMORANDUM OR STATEMENT which I require may be entered in the Records of the Executive Council.

I MAKE no objection to the delegation appointed to proceed to Canada to confer with the Government of that Province, and a delegation from Nova Scotia upon the subject of the Intercolonial Railway. This, I think, under the circumstances could not well be avoided; but as a majority of the Council has determined to authorise the delegates to assume on behalf of this Province, not only the sum of 20,000 *l.* sterling, the amount heretofore offered to aid in its construction, but the further responsibility of 15,000 *l.* sterling, I desire to record my protest against such a proposition, the reasons for which I have endeavoured to impress upon my colleagues; and in the event of the delegation making an arrangement which involves the extent of the liability authorised by these instructions, and the Government decide after their return to give effect to such arrangement by legislation, I shall feel it my duty to adopt such a course as will relieve myself from the responsibility of the measure, and enable me to give opposition to a scheme which, in my judgment, is fraught with consequences highly prejudicial to the material interests and welfare of this Province.

Dated 20 August 1862.

(signed) *A. J. Smith.*

— No. 9 —

(No. 95.)

COPY of a DESPATCH from His Grace the Duke of Newcastle, K.G., to Lieutenant-Governor the Honourable Arthur H. Gordon.

No. 9.
Duke of Newcastle,
K.G., to Lieut.-
Governor Hon.
A. H. Gordon.
26 Sept. 1862.
* Page 7.

Sir,

Downing-street, 26 September 1862.

I HAVE the honour to acknowledge the receipt of your Despatch, No. 87,* of the 21st of August, respecting the Conference which was proposed to be held at Quebec on the 10th of this month, relative to the construction of the Intercolonial Railway, and stating that you had nominated as Delegates from New Brunswick the Provincial Secretary, the Honourable W. H. Steeves, and the Honourable P. Mitchell.

I have, &c.
(signed) Newcastle.

— No. 10. —

(No. 102.)

COPY of a DESPATCH from Lieutenant-Governor the Honourable Arthur H. Gordon to His Grace the Duke of Newcastle, K.G.

No. 10.
Lieut.-Governor
Hon. A. H. Gordon,
to the Duke of New-
castle, K. G.
4 October 1862.

Fredericton, 4 October 1862.

(Answered No. 102.—3 November 1862, page 11.)

My Lord Duke,

YOUR GRACE has already been informed by the Governor General of Canada of the result of the Conference at Quebec of the Delegates of Canada, New Brunswick, and Nova Scotia, on the subject of the completion of an Intercolonial Railway.

It is, however, my duty formally to transmit to your Grace a copy of the report presented to me by the Delegates from this Province, which accordingly I have now the honour to enclose.

I have, &c.
(signed) Arthur H. Gordon.

Enclosure in No. 10.

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

Encl. in No. 10.

Fredericton, October 1862.

YOUR EXCELLENCY having appointed the undersigned delegates from the Government of this Province to attend a Conference at Quebec, to be composed of the Governments of Canada, Nova Scotia, and New Brunswick, and summoned by his Excellency the Governor General to consider the proposition contained in the Despatch of his Grace the Duke of Newcastle, of the 12th April 1862, in relation to the construction of the Intercolonial Railway, we beg to submit the accompanying memoranda as the result of the deliberations of the Conference.

(signed) S. L. Tilley.
W. H. Steeves.
P. Mitchell.

MEMORANDUM.

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 Intercolonial Railway, having given the very important matters contained in that Despatch their attentive consideration, are agreed,—

1. That while 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."

2. That, with an anxious desire to bind the Provinces more closely together, to strengthen their connexion 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.

3. 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.

4. 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.

5. 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.

(signed) *J. S. Macdonald,*
L. V. Sicotte,
J. Morris,
W. P. Howland,
W. M^c Dougall,
U. T. Tessier,
T. D'Arcy M^c Gee,
F. Eventurel,
Adam Wilson, } Representing
 Canada.

Quebec, 12 September 1862.

Joseph Howe,
William Annand,
J. M^c Cully, } Nova Scotia.

S. L. Tilley,
W. H. Steeves,
P. Mitchell, } New
 Brunswick.

Quebec, 13 September 1862.

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

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 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 authorised 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.

(signed) *Thos. D. M^c Gee,*
 President of Council.
Joseph Howe.
S. L. Tilley.

— No. 11. —

(No. 102.)

COPY of a DESPATCH from His Grace the Duke of *Newcastle*, K. G., to Lieutenant-Governor the Honourable *Arthur H. Gordon*.

No. 11.
Duke of Newcastle,
K. G., to Lieut.
Governor Hon.
A. H. Gordon.
3 November 1862.
* Page 9.

Sir,

Downing-street, 3 November 1862.

I HAVE the honour to acknowledge the receipt of your Despatch, No. 102,* of the 4th October, forwarding memoranda agreed to by the Delegates of Canada, New Brunswick, and Nova Scotia, at the late Conference held, at Quebec, on the subject of the Intercolonial Railway.

I have, &c.
(signed) *Newcastle*.

— No. 12. —

(No. 105.)

COPY of a DESPATCH from Lieutenant-Governor the Honourable *Arthur H. Gordon* to His Grace the Duke of *Newcastle*, K. G.

No. 12.
Lieut. General
Hon. A. H. Gor-
don to Duke of
Newcastle, K. G.
13 October 1862.

My Lord Duke,

Fredericton, 13 October 1862.

I HAVE the honour to inform your Grace that I have directed the Provincial Secretary, the Honourable S. L. Tilley, to proceed to England immediately, to confer with the Imperial Government on the subject of the proposed Intercolonial Railway, and that I have accordingly granted him leave of absence from the Province for two months.

I have, &c.
(signed) *Arthur H. Gordon*.

— No. 13. —

(No. 92.)

COPY of a DESPATCH from the Officer Administering the Government, to His Grace the Duke of *Newcastle*, K. G.

No. 13.
Major-General
H. Doyle to Duke
of Newcastle, K. G.
16 October 1862.

Government House, Halifax, Nova Scotia,
16 October 1862.

My Lord Duke,

(Answered, No. 212, 3 November 1862, page 13.)

YOUR GRACE has already, I am informed, been made aware, by his Excellency the Governor General of Canada, of the result of the deliberations which took place at Quebec last month, when the Lieutenant Governors of Nova Scotia and New Brunswick, with certain delegates selected from the leading men of these Provinces, assembled there for the purpose of discussing the subject of the proposed Intercolonial Railroad.

I conceive it, nevertheless, to be my duty to transmit to your Grace a copy of the Resolutions adopted on that occasion, and to inform you, that as it has been determined by the sister Provinces to send certain members of their Government to England, for the purpose of arranging with Her Majesty's Ministers the nature of the securities to be given to the Imperial Government, with a view to uniformity of legislation in all the Provinces, I have commissioned the Honourable Joseph Howe to proceed to England, and to put himself in communication with your Grace for that purpose.

So much has already been written and said upon the subject of the very great importance of this line of railroad, and being fully aware of the favourable opinion entertained by your Grace with reference to it, I feel I should only intrude upon your time if I were to enter generally upon the whole question; but I trust I may be excused in bringing to your notice the very essential benefit in a military point of view which would be derived from its construction.

I would take leave to bring to your Grace's recollection the very great difficulty and enormous expense which was incurred in December last, when I was called upon to pass a force, consisting of upwards of 10,000 men, through the Province of New Brunswick, along the frontier of the State of Maine, into Canada; which owing to a combination of favourable circumstances was successfully performed, but which in a time of war could scarcely be accomplished at all, and certainly not without great loss of life.

966

Although, in the event of any rupture between Great Britain and the United States, the Metis Road is being prepared for the purpose of enabling troops to proceed to Canada during the winter, out of the reach of any hostile force, it must be borne in mind that the risk of passing large bodies of men over it during an inclement season would, as in the former case, be considerable, the delay unavoidably great, and the expense enormous; whereas if railway communication were once established, both troops and munitions of war could at all times be rapidly and safely transported to Canada, and mutual military operations would thereby be vastly facilitated.

Under all these circumstances, the great advantage which would be derived from the establishment of a railway such as is in contemplation (provided the site be judiciously selected) cannot, in my opinion, be over-estimated.

I have, &c.
(signed) *Hastings Doyle*, Major-General,
Administering the Government.

Enclosure in No. 13.

MEMORANDUM.

Encl. in No 13.

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 Intercolonial 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 connexion 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 proportion of liability for the necessary expenditure shall be apportioned as follows: viz., 5-12ths for Canada, and 7-12ths 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.

V. 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.

(signed)	<i>J. S. Macdonald,</i>	}	Representing Canada.
	<i>L. V. Sicotte,</i>		
	<i>J. Morris,</i>		
	<i>W. P. Howland,</i>		
	<i>Wm. M^cDougall,</i>		
	<i>U. T. Tessier,</i>		
	<i>Thos. D'Arcy M^cGee,</i>		
	<i>F. Eventurel,</i>		
	<i>Adam Wilson,</i>		
	<i>Joseph Howe,</i>	}	Representing Nova Scotia.
	<i>J. M^cCully,</i>		
	<i>William Annand,</i>		
	<i>S. L. Tilley,</i>	}	Representing New Brunswick.
	<i>W. H. Steeves,</i>		
	<i>P. Mitchell,</i>		

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

I. 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.

II. 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.

III. That no surveys be authorised until the laws contemplated shall have been passed, and the joint commissioners appointed.

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

V. 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 whole line between *Halifax* and *Rivière du Loup*.

VI. That Crown-lands required for the line or for stations shall be provided by each Province.

(signed) *Thomas D'Arcy M^cGee* (for *Canada*).
Joseph Howe,
S. L. Tilley.

MEMORANDUM.

THE Delegates from *Nova Scotia* and *New Brunswick* and the Government of *Canada*, having under consideration the Report of the Honourable the Finance Minister of *Canada*, of the 8th September instant, on the subject of intercolonial reciprocity, agree—

I. That the free interchange of goods, the growth, produce, and manufacture of the Provinces, and uniformity of tariff, are considered to be an indispensable consequence of the construction of the *Intercolonial Railway*.

II. But that in consequence of the recent diminution of the revenues of the respective Provinces, arising out of the war in the neighbouring Republic, and the increased liabilities incurred by the additional obligations necessary to the construction of the proposed road, the Delegates from *New Brunswick* and *Nova Scotia* regret that they are not at this moment in a position to adopt measures to carry this important principle into practical effect.

(signed) *J. S. Macdonald* (for *Canada*).
Joseph Howe.
S. L. Tilley.

— No. 14. —

(No. 212.)

COPY of a DESPATCH from His Grace the Duke of *Newcastle*, K.G., to the Officer Administering the Government of *Nova Scotia*.

Sir,

Downing-street, 3 November 1862.

I HAVE the honour to acknowledge the receipt of your Despatch,* No. 92, of the 16th October, forwarding memoranda agreed to by the Delegates of *Canada*, *Nova Scotia*, and *New Brunswick*, at the late Conference held at *Quebec* on the subject of the *Intercolonial Railway*.

I have, &c.
(signed) *Newcastle*.

No. 14.

Duke of *Newcastle*,
K.G., to the Governor
of *Nova Scotia*.
3 Nov. 1862.

* Page 11.

II.

The following 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 Inter-colonial Railway. It was communicated, on the 13th December 1862, to the Delegates of Nova Scotia and New Brunswick, the Canadian Delegates being at that time absent at Paris.

— No. 1. —

TREASURY MEMORANDUM.

No. 1.

Treasury Memo-
randum.

It is proposed,—

1. That Bills shall be immediately submitted to the Legislatures of Canada, Nova Scotia, and New Brunswick, authorising the respective Governments to borrow 3,000,000 *l.*, under the guarantee of the British Government, in the following proportions:—5-twelfths, Canada; 3½-twelfths, Nova Scotia; 3½-twelfths, New Brunswick.

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. c. 118 and 3 & 4 Vict. c. 35 (Act of Union).

5. The Debentures to be in series as follows, viz.:—

£. 250,000	to be payable	10 years	after contracting loan.
£. 500,000	„	20 years	„ „
£. 1,000,000	„	30 years	„ „
£. 1,250,000	„	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 five 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 now 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 five 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 five per cent. compound interest, to provide 1,250,000 *l.*, being the balance of the loan at the end

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 Colonies, 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.

CANADA, NEW BRUNSWICK, AND NOVA SCOTIA INTERCOLONIAL RAILWAY LOAN.

	1st Decade.	2d Decade.	3d Decade.	4th Decade.
	£.	£.	£.	£.
CANADA :				
To pay annually for interest - - - -	50,000	45,833½	37,500	20,833½
At the end of the first 10 years a principal sum of - - - -	104,583½	—	—	—
And after the first 10 years a sinking fund, per annum - - - -	- -	16,066⅔	33,333½	41,066⅔
Per annum - - - £.	50,000	62,500	70,833½	62,500
And at the end of first 10 years a principal sum of - - - -	104,583½	—	—	—
NEW BRUNSWICK :				
To pay annually for interest - - - -	35,000	32,083½	26,250	14,583½
At the end of the first 10 years a principal sum of - - - -	72,708½	—	—	—
After the first 10 years a sinking fund, per annum - - - -	- -	11,066⅔	23,333½	29,166⅔
Per annum - - - £.	35,000	43,750	49,583½	43,750
And at the end of first 10 years a principal sum of - - - -	72,708½	—	—	—
NOVA SCOTIA :				
To pay annually for interest - - - -	35,000	32,083½	26,250	14,583½
At the end of the first 10 years a principal sum of - - - -	72,708½	—	—	—
After the first 10 years a sinking fund, per annum - - - -	- -	11,066⅔	23,333½	29,166⅔
Per annum - - - £.	35,000	43,750	49,583½	43,750
And at the end of first 10 years a principal sum of - - - -	72,708½	—	—	—

— No. 2. —

S. L. Tilley, Esq., to Sir Frederic Rogers, Bart.

No. 2.
S. L. Tilley, Esq.,
to Sir F. Rogers,
Bart.
13 December 1862.

Dear Sir,

London, 13 December 1862.

As I must return home by this night's mail, Mr. Howe and I have anxiously conferred upon the draft of the Treasury Minute read to us this morning. It accurately describes the terms proposed to the Delegates in the various interviews with which we have been honoured by his Grace the Colonial Secretary and the Right Honourable the Chancellor of the Exchequer.

As I understand the matter, the Delegates have obtained the assent of Her Majesty's Government to every proposition they submitted, and there is no difference of opinion except on the single point of the sinking fund.

As the Intercolonial Railway is a work in which the Imperial and Colonial Governments are assumed to have a joint interest—as in the Provinces we regard it as indispensable to national defence and to the transportation to this country in winter of breadstuffs, in case war with the United States should ever arise, I hope that Mr. Gladstone may be induced to reconsider the matter of the sinking fund, and trust that the Cabinet may be enabled to convince Parliament that, under all the circumstances of this peculiar case, a sinking fund should not be insisted upon. But if it is, Mr. Gladstone having consented that this sinking fund may be invested in our own or other Colonial securities, I will not assume the responsibility of perilling or delaying this great enterprise by rejecting what the Chancellor of the Exchequer and the Cabinet may regard as an indispensable condition.

I have, &c.
(signed) *S. L. Tilley.*

— No. 3. —

Messrs. Sicotte & Howland to His Grace the Duke of Newcastle, K. G.

No. 3.
Messrs. Sicotte &
Howland to His
Grace the Duke of
Newcastle, K. G.

THE undersigned, representing the Government of Canada, as Delegates specially deputed to arrange with the Imperial Government the terms of the loan to be effected upon the Imperial guarantee offered, as well as the nature of the security, concerning the construction of the International Railway between Halifax and Quebec, have the honour to submit to your Grace the following Memorial.

On the part of the Government of Canada, they must again assert—what has been admitted at every period of the negotiations both by British statesmen and by Colonial Governments—that the construction of a Railway connecting the British North American Colonies ought to be regarded as a matter of Imperial concern, and, to use the words of the late Colonial Minister, as a great national road.

A brief review of the opinions expressed by public men, and of the views entertained by the different Governments of Great Britain and of the Colonies since 1839, is perhaps necessary now, to explain fully the conditions proposed on the part of the Imperial Government as well as on the part of the Colonial Governments.

In 1839, Lord Durham, in an answer to the Secretary of State for the Colonies, instructing him to turn his attention to the formation of a road between Halifax and Quebec, in connexion with the determination of the Imperial Government to establish steam communication between the former port and Great Britain, strongly recommended the construction of a railway between the two cities.

During Sir Robert Peel's Administration, in 1843, they caused a survey of a military road, but, when nearly completed, it was abandoned by the Imperial Government in favour of railroad.

In 1846 Mr. Gladstone, then Colonial Secretary, organized a survey for the Railroad at the joint expense of Canada, New Brunswick, and Nova Scotia, and the Imperial Government.

Major Robinson, in his report, expresses himself as follows, as to the nature and

and object of such a Railroad: "In a political and military point of view, the proposed Railroad must be regarded as becoming a work of necessity.

"The increasing population and wealth of the United States, and the diffusion of Railroads over their territory, especially in the direction of the Canadian frontier, renders it absolutely necessary to counterbalance, by corresponding means, their otherwise preponderating power.

"It is most essential that the Mother Country should be able to keep up the communication with the Canadas at all times and all seasons. However powerful England may be at sea, no navy could save Canada from a land force.

"Weakness invites aggression, and as the Railroad would be a lever of power by which Great Britain could bring her strength to bear in the contest, it is not improbable that its construction would be the means of preventing a war at some more distant period."

The expense of one year's war would pay the expense for a Railway two or three times over.

In 1848, Earl Grey, in transmitting the report of Major Robinson to Lord Elgin, stated in his Despatch:—

"I have perused this able document with the interest and attention it so well merits, and I have to convey to you the assurance of Her Majesty's Government that we fully appreciate the importance of the proposed undertaking, and entertain no doubt of the great advantages which would result, not only to the Provinces interested in the work, but to the empire at large, from the construction of such a Railway; but, great as these advantages would be, it is impossible not to be sensible that the obstacles to be overcome in providing for so large an expenditure as would be thus incurred would be of a very formidable kind.

"Before, therefore, Her Majesty's Government proceed to consider the question as to whether any steps should be taken to carry this plan into effect, it is necessary that we should be informed how the several Provinces would be prepared to co-operate in its execution."

Lord Elgin declared in his answer to that Despatch:

"It is obvious, that as soon as Railway communication is extended throughout the Provinces, a smaller military force than is now requisite will suffice for their protection.

"But, looking to the anxiety which your Lordship has repeatedly expressed, that a diminution in the expenditure incurred by Great Britain on this account should be effected at the earliest period, I am prepared to go a step further in this direction, so confident am I that the mere undertaking of the work in question will tend to raise the Colonists from the despondency into which recent changes in the commercial policy of the empire has plunged them; to unite the Provinces to one another and to the Mother Country, to inspire them with that consciousness of their own strength, and of the value of the connection with Great Britain, which is their best security against aggression, that I would not hesitate to recommend that an immediate and considerable reduction should take place in the force stationed in Canada, in the event of the execution of the Quebec and Halifax Railway being determined on."

In 1851, Lord Stanley, in the House of Lords, reviewing the scheme propounded by Earl Grey, stated in a speech, which was accepted by the Colonies as the expression of the opinions and feelings of the people of England: "We hold, therefore, that the establishment for a line of communication between Halifax and Quebec, for a distance of about 700 miles through an exclusively British territory, rendering two points and two points essential for the power of this country, which are now separated by a vast extent of wilderness on the one side, and by a difficult, and for a great portion of the year, frozen coast on the other, rendering their communication from being what they now are, most uncertain, most difficult, and most dilatory, rendering it rapid, easy, and constant; that, he said, was an object in itself of primary importance to the interests and to the Imperial power of this country on the Continent of America.

"But it was also a matter of incalculable importance that we should open to the teeming thousands and millions we were pouring out from this country, where they were unable to obtain a livelihood, that we should open to them in a healthy climate, and within a very limited distance from our own shores, which

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did not exceed a 12 days' passage by steam, and the rapidity of that passage was every day increasing; it was of the highest importance, whether we looked at it as affording a relief for our pauperism, or an increase of our power in those regions, that we had 11 or 12 millions of acres of unoccupied lands, fertile and possessed of great mineral wealth, and which at the same time would be the means of extending our military power and securing the permanence of our empire in America. This was no ordinary case of a Railway project where the question very properly might be, would the line pay or not? But it is a Railway which, even in a pecuniary sense, he had sanguine expectations would pay if they took into consideration not merely the traffic on the Railway, but the adjuncts they would raise by the formation of it. But he said if it would not pay 1s. for the 100l. in a pecuniary point of view for the next 10 years to come, the interposition of this country, not for the purpose of involving itself in an enormous and needless expense, but for the purpose of aiding with its credit, if not by more than its credit, those who were anxious to the utmost of their power, and even beyond their power, not for a local but for an Imperial object, this was a subject well worthy of the consideration of the Imperial Parliament, and was not to be looked upon as a matter of pounds, shillings, and pence.

"Now he felt that to grant our aid was a wise, a sound, and even an economical course in the end, even though in the first instance it would involve an outlay; and sure he was that it would confer immense benefits on the Colony, and bestow incalculable advantages on this country itself, and confirm its territorial power in North America.

"And if the noble Earl would only say which course he should be prepared to take, and if the Government would give any sanction and assistance for the execution of what these Colonies could not accomplish unassisted, although he believed a comparatively small aid on the part of the Government, or its liberal guarantee for the capital required, on account of which guarantee they would never be called upon to pay a single shilling; such an amount of assistance from the Government, he firmly believed, would enable the great work to be carried to a successful completion, and equally certain he was that unless our Government and our Parliament did interfere, these advantages would be indefinitely postponed, the communication between two most important points would be permanently cut off, the stream of emigration would continue to be directed, as it was now directed, from this country and Ireland, not to our own Colonies but to the territories of the United States; the communication between Halifax and Quebec would ultimately be through the United States, be wholly dependent upon them, and liable at any moment to be cut off in the case of hostilities, while the United States would be able to reap all the advantages of the transit in times of peace.

"Now we had the option whether we should give to the United States these great advantages, and at the same time deprive the subjects of this country of the opportunity of receiving a useful and most valuable population settling in our Colonies, and by their emigration relieving the overburdened Mother Country of its surplus labour, or whether we would by a prompt and liberal course of action, which would ultimately cost us nothing, enable our dependencies to complete that which would cement a stronger union between our North American possessions, and to teach them to feel that they were regarded by the Imperial Government and Parliament as an integral portion of the Empire." On the other hand, we beg to recal to your Grace's recollection the fact that—

The Legislature of the Colonies and their Governments have always represented the road as a necessary means for the defence of the country, and as a work of national concern.

"On the 6th January 1849, the Legislative Council of New Brunswick passed a series of resolutions from which the following extracts are made:—

"Viewing the relative positions of the North American Colonies, and the great importance, in a national point of view, of improving the facilities for mutual intercourse, we consider it a matter of the greatest moment for the permanency of British interests in this Continent that a Railway should be laid down to connect the Lower Provinces with the interior of Canada.

"We believe that no measure can be devised which will so certainly consolidate the Colonies and perpetuate our connection with Great Britain; while without it we fear that our position as Colonies will be of short duration.

"We think the plain broad question on this subject is, 'Do the people of England

England wish to retain the North American Colonies or not? If they do, the Trunk Railway is indispensable, and should be completed at any cost.

"On the 1st May 1858, the Legislature of Nova Scotia addressed Her Majesty as follows:—

"This great enterprise of National, no less than Colonial importance, has been through many years pressed upon the consideration of Your Majesty's Government.

"The benefits of the measure, both in its National and Colonial relations, are acknowledged.

"The gigantic work has been facilitated by the efforts and expenditure of the Provinces, but its accomplishment is beyond their unaided resources, and on the efficient assistance of Your Majesty's Government depends the great result."

In 1858, the Legislature of Canada passed the following Resolutions:—

1. "That the construction of an Intercolonial Railway, connecting the Provinces of New Brunswick and Nova Scotia with Canada, has long been regarded as a matter of national concern, and ought earnestly to be pressed on the consideration of the Imperial Government.

2. "That, during several months of the year, intercourse between the United Kingdom and Canada can only be carried on through the territory of the United States of America, and that such dependence on, and exclusive relations with a foreign country cannot even in time of peace, but exercise an important and unwholesome influence on the State of Canada as a portion of the Empire, and may tend to establish elsewhere that identity of interest which ought to exist between the Mother Country and her Colonies.

3. "That while the House implicitly relies on the repeated assurance of the Imperial Government that the strength of the Empire would be put forth to secure this province against external aggression, it is convinced that such strength cannot be sufficiently exerted during a large portion of the year from the absence of sufficient means of communication, and that should the amicable relations which at present so happily exist between Great Britain and the United States be ever disturbed, the difficulty of access to the ocean during the winter months, might seriously endanger the safety of the province.

4. "That in view of the speedy opening up of the territories now occupied by the Hudson Bay Company, and of the development and settlement of the vast regions between Canada and the Pacific Ocean, it is essential to the interests of the Empire at large that a highway extending from the Atlantic Ocean, westward, should exist, which should at once place the whole British possessions in America within the ready access and easy protection of Great Britain, whilst by the facilities for internal communication thus afforded, the prosperity of those great dependencies would be promoted, their strength consolidated and added to the strength of the Empire, and their permanent union with the Mother-Country secured."

In 1861 the Colonies pressed again upon the Imperial Government the advantages and necessity of constructing the Railway.

Their delegates strongly urged that—

"Without that road the provinces are dislocated and almost incapable of defence for a great portion of the year, except at such a sacrifice of life and property, and at such an enormous cost to the Mother Country, as makes the small contribution sink into insignificance. With that Railroad we can concentrate our forces on the menaced parts of our frontier, guard the citadels and works which have been erected by Great Britain at vast expense, cover our cities from surprise, and hold our own till reinforcements can be sent across the sea; while, without the Railway, if an attack were made in winter, the Mother Country could put no army worthy of the national honour, and adequate to the existence of the Canadian frontier, without a positive waste of treasure far greater than the principal of the sum the interest of which she is asked to contribute, or rather to risk.

"The British Government have built expensive citadels at Halifax, Quebec, and Kingston, and have stores of munitions and warlike materials in them; but their feeble garrisons will be inadequate for their defence, unless the provincial forces can be concentrated in and around them. An enterprising enemy would carry them by *coup de main* before they could be reinforced from England, and

once taken the ports and roadsteads which they have been erected to defend, would not be over-safe for the naval armaments sent out too late for their relief.

"That the subject should be looked upon and dealt with mainly to the consideration of permanent connection between Great Britain and the provinces, and the relative positions of England and the United States, in the event of hostilities between them."

The Imperial Government gave a final answer to all these demands and considerations, by the Despatch of your Grace of the 12th April 1862, in which your Grace says,—

"I much regret to inform you that after giving the subject the 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."

The Colonies held, in consequence, a conference at Quebec in September, and then by their delegates agreed,—

1st. "That whilst they had 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 acknowledged 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."

2d. "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.

3d. "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."

The Colonies have declared their willingness to assume the whole liability of the cost of the road, provided they are assisted in raising the requisite funds for its construction at a moderate rate of interest by the Imperial guarantee. It may fairly be said that the proposal now is, not of a loan of Imperial monies to the Colonies for Colonial purposes only, but of a mode involving no actual liability to the Imperial Government, to facilitate the construction of a great national work in the interest of the Empire, as well as of the Colonies.

The only question involved, as regards Great Britain, is the sufficiency of the security offered by the Colonies to cover this distant liability resulting from the Imperial guarantee.

If their past condition, compared with the present, does not establish fully their ability to repay the loan in the periods proposed, such a comparison would only prove more strongly than any other fact that this admittedly necessary work of military defence ought to be adopted by the Imperial Government alone.

But to make evident the amplex of the security offered by the Colony, it is sufficient to compare the Revenue of the Colony in 1842, when the first Imperial Guaranteed Loan was effectuated with the Revenues in 1861.

In 1842 it was 365,605 *l.* currency; in 1861 it was 1,785,156 *l.*, after deduction of the costs of collection.

After several interviews with your Grace and the Chancellor of the Exchequer, when

when the conditions of the loan, the nature of the security, and the arrangements of a sinking fund were discussed without coming to any positive understanding, the delegates have now been officially informed that the Imperial guarantee will be given on certain conditions stated in the annexed document.

The delegates regret to state that, in their opinion, some of these conditions are of a nature to render the Imperial guarantee of no advantage, and others to render its availableness so remote or encumbered with difficulties that the Colonies could not accept it, as an assistance towards an undertaking, and a measure to provide facilities essential to the public defences of the provinces as integral parts of the Empire.

The stipulation that the loan is to be the first charge after the interest of existing debts seems to them shaped so as to operate against the payment of other debts coming due before the repayment of the loan.

The annual repayment of the loan renders the period of payment much shorter than the period proposed; and, beside the loss it involves, it deprives the Colony of a large sum which, employed during such a period towards internal improvements, would afford a greater security than this annual payment, by the development of the resources and of the wealth of the country. In any arrangement the Colonies ought not to be fettered by conditions of payment through any form of sinking fund, which would make this Imperial guarantee an impediment to future internal improvement, while, by increasing the rate of interest and by the expenses and loss incurred in its management, the Imperial guarantee would thus cease to be of any real aid and advantage.

The investment of these annual payments into colonial securities will not give a better security than the engagement of the Colonial Government to pay a fixed sum at a fixed period.

These investments into colonial securities, "as Her Majesty's Government shall direct, and the Colonial Government shall approve," will lead to difficulties which, if not of a graver character than those that have already arisen out of the disposal of the sinking fund created for the first Imperial guarantee, fully satisfy the delegates that these arrangements are not more favourable than the former.

The experience of Canada is strongly adverse to a sinking fund; it created annoyances and difficulties, made the rate of interest higher than she would have paid by borrowing on her unassisted credit.

The delegates are informed that "it is of course understood 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."

When, after more than 20 years negotiation, the offer of an Imperial guarantee was made, the Colonies had some right to believe that the sufficiency of their revenues to meet these increased charges was known and acknowledged, as all information which they could give is already in the possession of the Treasury, and is set forth in the fullest detail in the statistical table annually published by Her Majesty's Government. No survey, no legislation, can take place before the Colonies are made aware that adequate proof has been made of the sufficiency of their revenues to meet the intended charges; and it would be important for the Colonies to be informed, at the earliest period, what further proof is wanted.

The 8th condition is, that fitting provision is to be made for the carriage of troops, &c. &c.

If it is meant that the troops are to be carried free of any charge, the delegates must observe that, when this was offered by the Colonies, it was as a part of the scheme then proposed, that England should contribute half the cost of the construction of the road.

When it is now proposed that the whole cost should be borne by the Colonies, it cannot be expected that they must also relieve the Imperial Government from all expenditure attending the transport of troops, &c.

All these conditions pre-suppose that the Imperial government has no interest to serve, or no policy to uphold in the construction of this great railway, that the Colonies must be treated as any other government asking a loan from the Imperial Treasury; proof is required, as it is enacted from any unknown debtor, as to the sufficiency of his means to meet his engagement. With an ordinary debtor, when this sufficiency is established, he may do what he pleases with the

monies borrowed; but, in this instance, the funds are to be applied to an undertaking admitted by all to afford an immense development to the wealth of the creditor, enabling him to maintain more efficiently his power and supremacy, with the control even of directing the location of this work where, in his opinion, it will secure all these advantages most efficiently, although the cost to the debtor may be much increased and the pecuniary advantages made much less, if not a great loss, thereby.

The Treasury proposes another condition, which must greatly delay all the arrangements, and may, after all the expenses attending the 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 Imperial Government is not to be asked for this guarantee until the line and the surveys shall have been submitted to and approved by Her Majesty's Government, and until it shall have been proved to the satisfaction of Her Majesty's Government that the line can be constructed without further application for an Imperial guarantee."

The proposed guarantee is limited by the Treasury to 3,000,000 *l.* It is possible that the railroad may cost half a million or more above this fixed sum of 3,000,000 *l.*, and this, by the fact of a selection of a route chosen for its military advantages and upon consideration certainly as Imperial as Colonial. And then the Colonies, before obtaining this guarantee, must prove to parties not always showing too much confidence in their wealth, that the line can be constructed without further application for an Imperial Guarantee.

Another period of many years will probably elapse before the discussions upon this point close.

The Schedule pre-supposes that the rate of interest is fixed by the Treasury at four per cent., while it was demanded by the delegates, after consultation with the fiscal agents of the province, that the rate should be fixed at 3½ per cent., and that the debentures should bear that rate of interest.

The surveys and the selection of the route must be settled as preliminary proceedings to any legislation prepared to carry out the offer of the Imperial guarantee in the Colonial Legislature.

By the proposal of the Treasury, it is only after the surveys and after the selection of the route that the provinces can act in regard to their guarantee, if the cost is established at no more than 3,000,000 *l.*, and when information is given to the Colonies that their resources are judged sufficient to bear the charge.

If the cost of construction is above 3,000,000 *l.*, proof must be made, to the satisfaction of Her Majesty's Government, that the line can be constructed without further application for an Imperial guarantee. Pending the discussion which may follow during a long period, to establish this fact or this possibility, no action, no legislation, can be adopted.

Some of these conditions and demands are a strange commentary upon the official statement made by Earl Grey, in 1848. "Her Majesty's Government fully appreciates the importance of the proposed undertaking, and entertains no doubt of the great advantages which would result not only to the provinces interested in the work, but to the Empire at large, from the construction of such a railway; but before proceeding to consider the question whether steps should be taken by Her Majesty's Government to carry this plan into effect, it was necessary that they should be informed how the several provinces were disposed to co-operate in its execution."

These demands, rather ungracefully unsay the eloquent words of Earl Derby, that to grant an Imperial aid was a wise, a sound, and even an economical course in the end, even though, in the first instance, it would involve an outlay; and sure he was that it would confer immense benefits to the Colonies, and bestow incalculable advantages on this country itself, and confirm its territorial power in North America.

The question of the public defences of the Colonies, as integral parts of the Empire; the question of the maintenance, of the extension of the political and social influence of England over the whole of her immense possessions in North America; the economical questions of so vast magnitude to the welfare of the nation;

nation; the question of unemployed capital, of surplus labour, underlie every link of the great and national road which Canada is anxious to build by the largest and most liberal contribution, from the Atlantic to the Pacific.

They had a just right to ask the co-operation of Great Britain, and when she only demands an advance of guarantee, which can by no eventualities involve the liability of a single halfpenny, to use the language of Earl Derby, she has certainly fair grounds to expect a prompt and liberal course of action.

If the different groups of population spread over British America, and which will numerate at least 12 or 15 millions in twenty-five years, are allowed to proceed in different directions, to have no common tendencies, without any centralisation of their political existence, no other bond but their disjointed interest, fostered by different commercial policies, and settled upon principles of localities, they must continue weak and powerless, and an easy prey to the powerful Republic girdled round these Colonies.

Bind all these small communities by closer intercourses; make a whole strong by its unity of interest, of tendencies, of political organisation, of common views; create by commercial relations mutual interests amongst themselves and with England, direct the minds towards a general and comprehensive policy; you will thus benefit the industry, the wealth of England, extend your power of civilization, and lay the foundations of large and important States, friendly and grateful.

The Canadian Government does not press this undertaking because it is popular with their people; on the contrary, they have to encounter a strong and popular opposition; but fully appreciating the strength and the importance it will eventually give their country, and more particularly the facilities it will provide for the public defences of their part of the Empire, they have not hesitated to adopt a policy which appeared to them sound, highly national, and conducive to the greatness and the defence of the Empire at large.

As a measure of defence, Canada will cheerfully bear her share of the large burden imposed by the construction of the road. But if the policy of the Imperial Government in relation to this work is practically a declaration that they are not disposed to treat it as a measure of national concern and of public defence of a portion of the Empire, the enterprise will not become more popular.

The views and the policy involved and following out of the conditions attached to this so distant liability of the Imperial Exchequer, are so much at variance with the views and the policy entertained by Canada, that the undersigned have considered themselves bound to review these long pending negotiations, and to contrast the views of the Colonies as to the military and Imperial character of the work, with the Imperial policy refusing to contribute towards it, and arranging, not an advance of money, but of a simple guarantee, which the work alone would sufficiently protect, in a manner illiberal, obstructive, and which refuses to acknowledge any corresponding duty on the part of the Mother Country.

They will hasten to submit to their Government the conditions and arrangements proposed by the Imperial Government to carry out the offer of an imperial guarantee, with the hope that upon the pressing instances of the Colonies this aid of an Imperial guarantee will be given in the manner explained by the Delegates at their different interviews with your Grace and the Treasury.

These conditions, urged by the Delegates, and detailed in the annexed paper, in enabling the Colonies to borrow the requisite funds at the low rate of $3\frac{1}{2}$ per cent. would render the Imperial guarantee a real and tangible assistance, accepted as an equivalent to the contribution of the Imperial Government towards a work of national concern and a measure of public defence. The actual and future wealth of the Colonies are ample and sufficient securities to the Imperial Exchequer against the possibilities, even the most remote, of any loss, and a satisfactory proof that the road would be constructed if these conditions were accepted.

London,
23 December 1862.

We have, &c.
(signed) L. V. Sicotte.
Wm. P. Howland.

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% 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.

— No. 5. —

(No. 8.)

COPY of a DESPATCH from His Grace the Duke of Newcastle, K.G., to Governor General Viscount Monck.

My Lord,

Downing-street, 29 January 1863.

WITH reference to my Despatch, No. 4*, of the 17th of 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 revenues.

I have, &c.
(signed) Newcastle.

No. 5.

Duke of Newcastle,
K.G., to Governor
General Viscount
Monck.

29 January 1863.

* Page 24.

† Treasury Minute,
page 14.

Mr. Tilley to Sir
E. Rogers.

Enclosure in No. 5.

S. L. Tilley, Esq., to Sir Frederic Rogers, Bart.

Encl. in No. 5.

Provincial Secretary's Office, Fredericton, New Brunswick,
5 January 1863.

Dear Sir,

JUST before leaving London, I received the copy of the paper you read to me at the Colonial Office on the morning of the 13th December last, as embodying the terms on which the Duke of Newcastle and Mr. Gladstone would be prepared to propose to Parliament an Imperial guarantee of the Railway Loan of 3,000,000*l*.

In the letter accompanying the Memorandum, you state that the 4th clause is not altered so as to meet my objections, as Mr. Hamilton thought it best that I should receive the paper as it stood, and that I could make my observations upon that section.

As worded, the provisions of Section 4, if embodied in an Act of our Legislature, would change the character of our debentures now outstanding. Such a measure could not be sanctioned by the Government or Legislature, and I am confident it will not be insisted upon, when understood, by Mr. Gladstone. The proposed loan must stand as a first charge on the Consolidated Revenues, after the Civil List, and existing legal liabilities, including principal as well as interest.

During one of the interviews with which Mr. Howland and I were favoured by Mr. Hamilton, it was understood that if the Imperial guarantee was given, the debentures would be issued by the Lords Commissioners of Her Majesty's Treasury, and these Commissioners would act as trustees of this loan and the Sinking Fund. This arrangement is only indirectly referred to in the Memorandum transmitted to me on the

13th December. You will please obtain the sanction of the Treasury to an additional section containing this proposal.

It is possible that these matters have all been arranged by the Canadian and Nova Scotia delegates before leaving, and the necessary records made; if so, an answer to this letter will not be necessary.

I am, &c.
(signed) S. L. Tilley.

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 V., pre-supposes 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.

— No. 6. —

No. 6.

(No. 2.)

Duke of Newcastle,
K.G., to Lieut.
Governor Hon.
A. H. Gordon.
24 January 1863.

COPY of a DESPATCH from His Grace the Duke of Newcastle, K.G., to
Lieutenant Governor the Honourable A. H. Gordon.

Sir,

Downing-street, 24 January 1863.

I HAVE the honour to transmit to you herewith a copy of a Memorandum* which Messrs. Sicotte and Howland, the delegates from Canada, on the subject of the Inter-colonial Railway, have addressed to me, on their departure from England.

I have, &c.
(signed) Newcastle.

— No. 7. —

No. 7.

(No. 3.)

Duke of Newcastle,
K.G., to Lieut.
Governor Hon.
A. H. Gordon.
24 January 1863.

COPY of a DESPATCH from His Grace the Duke of Newcastle, K.G., to
Lieutenant Governor the Honourable Arthur H. Gordon.

Sir,

Downing-street, 24 January 1863.

I HAVE to request that you will acquaint Mr. Tilley that his letter of the 5th* instant, addressed to Sir Frederic Rogers, on the subject of the Treasury Minute on the proposed loan for the construction of the Inter-colonial Railway, has been received in this department, and I enclose a copy of a memorandum† which I have received from the Secretary to the Treasury on the points raised by Mr. Tilley respecting the mode of raising the loan, and the priority of charge on the Colonial Revenues, which I trust will be satisfactory to him.

Mr. Tilley will doubtless communicate this information to his colleague, Mr. Howe. I have therefore not sent a copy of this paper to Lord Mulgrave.

I have, &c.
(signed) Newcastle.

* Page 25.

† Page 14.

— No. 8. —

(No. 4.)

COPY of a DESPATCH from His Grace the Duke of Newcastle, K.G., to Lieutenant Governor the Earl of Mulgrave.

Sir,

Downing-street, 24 January 1863.

I HAVE the honour to transmit to you herewith a copy of a Memorandum* which Messrs. Sicotte and Howland, the delegates from Canada, on the subject of the Inter-colonial Railway, have addressed to me on their departure from England.

I have, &c.
(signed) Newcastle.

No. 8.

Duke of Newcastle, K.G., to Lieut. Governor the Earl of Mulgrave.
24 January 1863.

* Page 16.

— No. 9. —

(No. 10.)

COPY of a DESPATCH from his Grace the Duke of Newcastle, K.G., to Lieutenant Governor the Earl of Mulgrave.

My Lord,

Downing-street, 31 January 1863.

WITH reference to my Despatch, No. 4,* of the 24th of January, I have the honour to transmit to your Lordship a copy of a Minute† by the Secretary to the Treasury upon two questions raised in the annexed letter from Mr. Tilley,‡ the delegate of New Brunswick, 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 am, &c.
(signed) Newcastle.

No. 9.

Duke of Newcastle, K.G., to Lieut. Governor the Earl of Mulgrave.
31 January 1863.

* Page 27 (above).

† Page 14.

‡ Mr. Tilley, 5 Jan.
Page 25.

— III. —

ACTS passed by NEW BRUNSWICK and NOVA SCOTIA.

— No. 1. —

(No. 31.)

COPY of a DESPATCH from Lieutenant Governor the Honourable Arthur H. Gordon, to his Grace the Duke of Newcastle, K. C.

Fredericton, 27 April 1863.

(Answered, No. 29, 16 May 1863, page 33.)

My Lord Duke,

It is with great satisfaction that I transmit to your Grace a copy of a Bill to authorise a loan, and for the construction and management of an intercolonial 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.

No. 1.

Lieut. Governor Hon. A. H. Gordon to the Duke of Newcastle, K.G.
27 April 1863.

Enclosure in No. 1.

A BILL to authorise a LOAN, and for the Construction and Management of an INTER-COLONIAL RAILWAY.

Encl. in No. 1.

WHEREAS, in reply to an application for Imperial aid to construct a railroad from Truro, in Nova Scotia, through New Brunswick, to Rivière du Loup, in Canada, his Grace the Duke of Newcastle, Her Majesty's Principal Secretary of State for the Colonies, transmitted

mitted to the Governor General of Canada, and to each of the Lieutenant Governors of Nova Scotia and New Brunswick, a Despatch bearing date the 12th day of April, A. D. 1862, in which, among other things, it is declared that Her Majesty's Government, anxious 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 materially promote their interest, 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.

And whereas, at a meeting of delegates from the Provinces of Nova Scotia and New Brunswick, with members of the Government of Canada, held at Quebec on the 10th day of September, in the year last aforesaid, to consider such proposition and to adjust the terms upon which the same should be accepted, after deliberation had, two memoranda in writing were drawn up and signed on behalf of the Governments of Canada, Nova Scotia, and New Brunswick, relating to the several matters under consideration, copies of which are contained in a Schedule hereunto annexed, marked respectively A and B.

And whereas, in pursuance of the provisions in said memoranda contained, a delegation from the Provinces of Canada, Nova Scotia, and New Brunswick, proceeded to London, with a view of carrying out the objects therein set forth; and, after consultation with Members of Her Majesty's Government, a Paper, stating the terms and conditions upon which the British Government would afford their guarantee, was submitted by Sir Frederic Rogers, on the 13th December, in the year aforesaid, as a basis for Colonial legislation, a copy of which Paper is set forth in said schedule, and marked C, followed by a further Paper from Sir Frederic Rogers, on behalf of the Duke of Newcastle, dated 21st of January 1863, transmitting a copy of a Minute by the Secretary of the Treasury also hereto annexed, and marked D.

And whereas, on the part of the Province of New Brunswick, it has been determined to accept this offer of Imperial aid to construct the said railway, upon the terms in the said papers set forth, and to assume the liability of three and one-half twelfths of three millions of pounds sterling, as specified therein;—

Be it therefore enacted by the Lieutenant Governor, Legislative Council, and Assembly, as follows:—

1. The Governor in Council is hereby authorised to borrow through and upon the guarantee of the British Government, three and one-half twelfths of three millions of pounds sterling, for the purpose of aiding in the construction of an intercolonial line of railway between Truro, in the Province of Nova Scotia, through the Province of New Brunswick, and Rivière du Loup in the Province of Canada.

2. No such loan shall be contracted on behalf of the Province of New Brunswick until corresponding powers have been given by the Legislature of Canada to the Government of Canada, to borrow, under like guarantee, five-twelfths of three millions of pounds sterling, nor until corresponding powers shall have been given by the Legislature of Nova Scotia to the Government of Nova Scotia, to borrow, under like guarantee, three and one-half twelfths of three millions of pounds sterling for the same object.

3. The amount so borrowed shall be applied towards the completion of the said railway, on a line to be approved by the Imperial Government.

4. The principal and interest on the said loan of three and one-half twelfths of three millions of pounds sterling, shall be a first charge on the revenue of the Provinces after the Civil List and the principal and interest of existing debts and liabilities, the interest on the said loan to be payable semi-annually at London on or before the 1st day of May and November in each year.

5. The loan to be liquidated as follows:—Three and one-half twelfths of two hundred and fifty thousand pounds sterling, to be payable ten years after contracting such loan; three and one-half twelfths of five hundred thousand pounds sterling, twenty years; three and one-half twelfths of one million of pounds sterling; thirty years; and three and one-half twelfths of one million two hundred and fifty thousand pounds sterling, forty years, after contracting such loan.

6. The payment of the three last instalments to be provided for as follows:—

2d Decade (say 1873 to 1882 inclusive).

A Sinking Fund of three and one-half twelfths of 40,000 £ sterling, to be remitted annually to the Imperial Treasury, being an amount adequate, if invested at five per centum compound interest, to provide three and one-half twelfths of five hundred thousand pounds sterling 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 aforesaid, 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 Government of New Brunswick shall approve.

3d Decade (say 1883 to 1892 inclusive).

A Sinking Fund of three and one-half twelfths of eighty thousand pounds sterling, to be remitted annually to the Imperial Treasury, being an amount adequate, if invested at five per centum compound interest, to provide three and one-half twelfths of one million of pounds sterling 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.

4th Decade

4th Decade (say 1893 to 1902 inclusive).

A Sinking Fund of three and one-half twelfths of one hundred thousand pounds sterling to be remitted annually to the Imperial Treasury, being an amount adequate, if invested at five per centum compound interest, to provide three and one-half twelfths of one million two hundred and fifty thousand pounds sterling, being the balance of the loan, at the end of the decade. This amount, when remitted, to be invested as in the preceding decades.

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.

7. The construction of said Railway, if by the Governments, shall 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. The preliminary surveys shall be effected at the expense of the Colonies, by three engineers and other officers to be nominated, two of such engineers to be chosen by the Governments of Canada, Nova Scotia, and New Brunswick, and one by the Imperial Government; and of such expense the Province of New Brunswick shall be liable for three and one-half twelfths.

8. The road to be at the service of the Imperial Government for the carriage of troops and munitions of war, on such terms and at such rate of tariff as may from time to time be agreed upon between the Imperial and Colonial Governments.

9. As soon as the Provinces of Canada and Nova Scotia shall have provided the necessary legislation to carry into effect the stipulations contained in the Memoranda A. and B, and upon the terms and conditions set forth in the Paper marked C, in the Schedule annexed, furnished by the British Government, the Governor in Council may appoint a suitable person, to hold office during pleasure, as one of the Commissioners to be selected in conformity with the provisions of Sections One of Memorandum B in said Schedule, who shall be clothed with all the powers necessary to carry out the provisions of this Act in conjunction with Commissioners to be appointed by the Governments of Canada and Nova Scotia, as in said Section set forth.

10. If any company or body corporate now or hereafter to be organized, possessing sufficient capital, shall offer to construct the contemplated railway between Truro, in Nova Scotia, and Rivière du Loup, in Canada, and shall give such guarantee or assurance that they will complete the same as the several Governments of Canada, Nova Scotia, and New Brunswick may deem necessary, the Governor in Council is hereby authorized and empowered on the part and behalf of New Brunswick, to enter into an agreement, conjointly with Canada and Nova Scotia, with such company or body corporate, for the construction of said railway, upon the following terms, viz.:—That upon completion of such railway, the Province of New Brunswick shall each and every year for and during the first period of ten years thereafter, in which the said railway shall be effectually worked, pay to the said company or body corporate, a sum which, together with the net earnings of the said railway, shall be equal to the interest, at the rate of three and a half per centum on three and one-half twelfths of three millions of pounds sterling. Each and every year for and during the second period of ten years thereafter in which the said railway shall be effectually worked, a sum which, together with the net earnings of said railway, shall be equal to the interest at the rate of three and a half per centum on three and one-half twelfths of three millions of pounds sterling, but not exceeding in any one year the sum of twenty thousand pounds sterling. Each and every year for and during the third period of ten years thereafter, in which the said railway shall be effectually worked, a sum which, together with the net earnings of the said railway, shall be equal to the interest at the rate of three and a half per centum on three and one-half twelfths of three millions of pounds sterling, but not exceeding in any one year the sum of twelve thousand pounds sterling. Each and every year for and during the fourth period of ten years thereafter, in which the said railway shall be effectually worked, a sum which, together with the net earnings of the said railway, shall be equal to the interest at three and a half per centum on three and one-half twelfths of three millions of pounds sterling, but not exceeding in any one year the sum of six thousand pounds sterling; which said payments shall be and are hereby made a first charge upon the revenues of the Province next after the Civil List and the debts and liabilities existing at the time of the passing of this Act.

11. In case that no suitable company, or body corporate, shall offer or be found willing to construct and manage the said railway, upon terms and conditions provided in the preceding section, then the Commissioner to be appointed on behalf of this Province shall be empowered to act conjointly with the other Commissioners to construct the said road, by public tender and contract, in the cheapest and most efficient manner the said Commissioners can devise, and upon the site that shall have been surveyed and approved by the Governments of the three Provinces.

12. When the preliminary surveys shall have been completed in the manner above provided, and the British Government shall have approved of a line and surveys, the work shall commence and be continued simultaneously in each of the Provinces, and such portions, or the whole of the line, shall be immediately put under contract of construction, in sections or otherwise, to be finished at such dates, with such guarantees and securities for completion as shall be deemed most advisable by such Commissioners.

13. No such loan shall be contracted without the assent of the Legislature, until it shall be satisfactorily made to appear to the Governor in Council by the estimates and certificates of the engineers appointed under the authority of this Act, that a first class railway can

be constructed from Truro, in Nova Scotia to Rivière du Loup, in Canada, on the line selected and under the terms of the proffered guarantee.

14. Three of the five Commissioners shall be a quorum for the transaction of business, and in case of disagreement, the decision of a majority shall be binding.

15. No person holding a seat in the Legislature shall become security for the performance of any contract with the Commissioners, or for any work or engagement in relation to the railway to be constructed referred to in this Act; and no Member of the Legislature of this Province shall hold the office of Commissioner, or hold or be appointed to any office of emolument under the Commissioners, or be a contractor or party to any contract arising out of the construction, management, or working of the road, or any part thereof.

16. Where the road shall pass through Crown Lands, the Governor in Council is hereby authorized to grant, for the purposes of the road, the necessary Crown Lands for track, sidings, and stations.

17. The Commissioners to be appointed for carrying out the provisions of this Act, when the line shall be constructed, are authorized to make rules and regulations for managing and working the entire line, in conformity with the stipulations in the Memoranda aforesaid mentioned; and so far as the Province of New Brunswick is concerned, such rules and regulations, when approved by the Governor in Council, shall have all the force of law within the boundaries of this Province.

18. If either the Province of Canada or the Province of Nova Scotia shall not legislate within two years after the passing of this Act, providing for the construction of the said Intercolonial Railway, on the terms of the said Memoranda and Papers in the said Schedule, or some modification of them to be agreed upon by the Legislatures of the three Provinces and the Imperial Government, then this Act, and every matter and thing herein contained, shall, at the end of two years from the passing hereof, be and stand repealed.

19. The Legislature will make such further provisions as may be deemed necessary to give effect to this Act, for the purpose of raising the loan, paying the interest, liquidating the debt, and for the construction and management of the road.

SCHEDULE in the Foregoing Act referred to.

MEMORANDUM A.

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 12th April 1862, with reference to the intercolonial railway, having given the very important matters contained in that Despatch their attentive consideration, are agreed—

I. That whilst they have learnt with very great regret that Her Majesty's Imperial Government has finally declined to sanction the proposals made in 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 for the public defence of these Provinces as integral parts of the Empire, the undersigned are prepared to assume, under the Imperial guarantee, the liability necessary to construct this great work.

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

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.

V. 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, and 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 line.

(signed)	<i>J. S. Macdonald,</i>	} Representing Canada.	<i>Joseph Howe,</i>	} Representing Nova Scotia.
	<i>L. V. Scotte,</i>		<i>William Annand,</i>	
	<i>J. Morris,</i>		<i>J. M. Cully,</i>	
	<i>W. P. Howland,</i>		<i>S. L. Tilley,</i>	} Representing New Brunswick.
	<i>Wm. M. Dougall,</i>		<i>W. H. Steeves,</i>	
	<i>U. T. Tessier,</i>		<i>P. Mitchell,</i>	
	<i>T. D'Arcy M^cGee,</i>			
	<i>F. Eventurel,</i>			
	<i>Adam Wilson,</i>			

12 September 1862.

MEMORANDUM B.

I. 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.

II. 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 amount 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.

III. That no surveys be authorised until the laws contemplated shall have been passed, and the joint Commissioners appointed.

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

V. 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 or 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 whole line between Halifax and Rivière du Loup.

Crown lands required for the line or for stations, shall be provided by each Province.

(signed) *Thos. D'Arcy M'Gee*, for Canada.
Joseph Howe, for Nova Scotia.
S. L. Tilley, for New Brunswick.

MEMORANDUM C.

PAPER furnished by Sir *Frederic Rogers*.

It is proposed—

1. That Bills shall be immediately submitted to the Legislatures of Canada, Nova Scotia, and New Brunswick, authorising the respective Governments to borrow 3,000,000*l.*, under the guarantee of the British Government, in the following proportions:—five-twelfths, Canada; three and a half twelfths, Nova Scotia; three and a half twelfths, New Brunswick.

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 (Acts of Union).

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

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

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:—

1st 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.

2d 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 now to be raised, or in such other Colonial securities as Her Majesty's Government shall direct, and the three Colonial Governments approve.

3d 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.

4th 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, pre-supposes 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 Colonies by three engineers, or 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 the 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.

MEMORANDUM D.

Sir,

Downing-street, 24 January 1863.

I HAVE to request that you will acquaint Mr. Tilley that his letter of the 5th instant, addressed to Sir Frederic Rogers, on the subject of the Treasury Minute on the proposed loan for the construction of the Intercolonial Railway, has been received in this Department; and I enclose a copy of a Memorandum which I have received from the Secretary to the Treasury, on the points raised by Mr. Tilley respecting the mode of raising the loan, and the priority of charge on the Colonial revenues, which I trust will be satisfactory to him.

Mr. Tilley will, doubtless, communicate this information to his colleague, Mr. Howe; I have therefore not sent a copy of this paper to Lord Mulgrave.

I have, &c.

(signed) *Frederic Rogers,*
(In the absence of the Duke of Newcastle).

Lieutenant Governor Honourable A. H. Gordon,
&c. &c. &c.

(Enclosure.)

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 V., pre-supposes 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.

— No. 2. —

(No. 29.)

COPY of a DESPATCH from His Grace the Duke of *Newcastle*, K.G., to
Lieutenant Governor the Honourable *Arthur H. Gordon*.

Sir,

I HAVE the honour to acknowledge the receipt of your Despatch, No. 31*, of the 27th ultimo, enclosing a copy of the Bill to which you had assented "to authorise a loan, and for the construction and management of an Intercolonial Railway." The readiness of the Legislature of New Brunswick to forward the work of an Intercolonial Railway has afforded much satisfaction to Her Majesty's Government.

I have, &c.
(signed) *Newcastle*.

No. 2.
The Duke of *Newcastle*, K.G., to
Lieut. Governor
Hon. A. H. Gordon.
16 May 1863.

* Page 27.

— No. 3. —

(No. 52.)

COPY of a DESPATCH from His Grace the Duke of *Newcastle*, K.G., to
Lieutenant Governor the Honourable *Arthur H. Gordon*.

Sir,

I HAVE the honour to acknowledge the receipt, together with other Acts of the Legislature of New Brunswick, of "Chapter V., an Act to authorise a Loan, and for the Construction and Management of an Intercolonial Railway,"* passed in April last.

This evidence of the readiness of the Legislature of New Brunswick to promote this important project of intercolonial 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 am, &c.
(signed) *Newcastle*.

No. 3.
The Duke of *Newcastle*, K.G., to
Lieut. Governor
Hon. A. H. Gordon.
10 October 1863.

* The Act is the same as the Bill enclosed in Governor Gordon's Despatch, No. 31, 27 April 1863, printed at page 27.

— No. 4. —

(No. 43.)

COPY of a DESPATCH from Lieutenant Governor the Earl of *Mulgrave* to
His Grace the Duke of *Newcastle*, K.G.

Government House, Halifax, Nova Scotia,
29 April 1863.

My Lord Duke,

(Answered No. 33; 16 May 1863, page 34.)

I HAVE much satisfaction in informing your Grace that I have this day assented to an Act passed by the Legislature of this Province, accepting the terms offered by Her Majesty's Government for the construction of an intercolonial 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*.

No. 4.
The Earl of *Mulgrave* to the Duke of *Newcastle*, K.G.
29 April 1863.

The Nova Scotia Act enclosed in this Despatch from Lord Mulgrave, and the Papers appended to it, coincide with the New Brunswick Bill and Papers above printed.

— No. 5. —

(No. 33.)

No. 5.
Duke of Newcastle,
K.G., to Lieut. Go-
vernor the Earl of
Mulgrave.

16 May 1863.

* Page 33.

COPY of a DESPATCH from His Grace the Duke of *Newcastle*, K.G., to
Lientenant Governor the Earl of *Mulgrave*.

My Lord,

Downing-street, 16 May 1863.

I HAVE the honour to acknowledge the receipt of your Despatch, No. 43* of
the 29th ultimo, enclosing, together with a Minute of the Executive Council on
the subject, a Bill to which you had assented "to authorise a loan, and for the
construction and management of an Intercolonial Railway." Her Majesty's
Government regard with much satisfaction this evidence of the readiness of the
Legislature of Nova Scotia to promote this important undertaking.

I have, &c.
(signed) *Newcastle*.

— No. 6. —

(No. 60.)

No. 6.
Duke of Newcastle,
K.G., to the Officer
Administering the
Government of
Nova Scotia.

10 October 1863.

* Page 34
(above).

COPY of a DESPATCH from His Grace the Duke of *Newcastle*, K.G., to the
Officer Administering the Government of *Nova Scotia*.

Sir,

Downing-street, 10 October 1863.

I HAVE the honour to acknowledge the receipt, together with other Acts of the
Legislature of Nova Scotia, of "chapter 21, an Act to authorise a loan, and for
the construction and management of an Intercolonial Railway," passed in April
last. In my Despatch, No. 33* of the 16th May last, I intimated to you my
satisfaction at this evidence of the readiness of the Legislature of Nova Scotia to
promote this undertaking.

Her Majesty's decision upon this Act, as well as upon a similar one received
from New Brunswick, will, however, be reserved until the arrival of the corres-
ponding Act from Canada.

I have, &c.
(signed) *Newcastle*.

— IV. —

CORRESPONDENCE relating to the SURVEY of the INTERCOLONIAL LINE,
and the CONSTRUCTION of the TRURO and the BEND LINE.

— No. 1. —

(No. 93.)

No. 1.
Governor General
Viscount Monck to
the Duke of New-
castle, K.G.

1 October 1863.

COPY of a DESPATCH from Governor General Viscount *Monck*, to His Grace
the Duke of *Newcastle*, K.G.

Quebec, 1 October 1863.

My Lord Duke,

(Answered No. 108; 20 October 1863. Page 36.)

I HAVE the honour to send for your Grace's information a copy of a Despatch,
and Enclosure which I have received from the Lieutenant Governor of New
Brunswick, in reference to the proposed Survey of the Line of the Intercolonial
Railway, and a Minute of the Executive Council of this Province in answer to
that Despatch.

I have sent a copy of this Minute to Mr. Gordon.

I have, &c.
(signed) *Monck*.

18 September 1863.

29 September 1863.

Enclosure 1, in No. 1.

My Lord,

Fredericton, 18 September 1863.

Encl. 1, in No. 1.

I HAVE the honour to transmit to your Excellency the accompanying copy of a Minute of my Executive Council presented to me to-day.

2. 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.

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

I have, &c.
(signed) Arthur H. Gordon.

Sub-enclosure.

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

Executive Council Room, 16 September 1863.

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 Bills by 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 authorised 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 appointments for that purpose in full faith that no other departure from the compact entered into between the Provinces 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.

I have, &c.
(signed) S. L. Tilley.
W. H. Steeves.
Charles Watters.
P. Mitchell.
John McMillan.
James Steadman.
George L. Hatheway.
William E. Perley.

Enclosure 2, in No. 1.

COPY of a REPORT of a Committee of the Executive Council; approved by His Excellency the Governor General, 29 September 1863. Encl. 2, in No. 1.

THE Committee of the Executive Council having had referred to them the Despatch of the 18th September instant 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 Intercolonial Railway, have the honour to submit for your Excellency's consideration the following observations in relation thereto:—

The Committee find that whilst the Executive Council of New Brunswick advise the appointment of a surveyor to act 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 this 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 any Intercolonial Railway at present stands in this Province.

The Committee would remind your Excellency that the conditions proposed by the Imperial Government in connexion 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 Intercolonial Railway as being to that extent an expenditure for defensive purposes, the proposed sinking fund, and to the conditions set forth as in the ninth of the series of propositions presented by the Imperial Government.

"Parliament not to be asked for this guarantee until the line and surveys shall have been submitted to and approved 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;" the Imperial Government thus making the proposed assistance by way of loan contingent upon the results 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 the 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 show 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 results 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 the 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 dollars 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 this survey may be most advantageously performed is rapidly passing away.

(Certified.)

William H. Lee, C.E.C.

— No. 2. —

(No. 108.)

COPY of a DESPATCH from his Grace the Duke of Newcastle, K.G., to Governor General Viscount Monck.

My Lord,

Downing-street, 20 October 1863.

I HAVE the honour to acknowledge the receipt of your Lordship's Despatch, No. 93,* 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 Intercolonial 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

No. 2.

Duke of Newcastle, K.G., to Governor General Viscount Monck.
20 October 1863.

* Page 34.

clusively 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 find some difficulty in reconciling the terms of this Minute with those of your Lordship's Despatch, No. 87, of the 14th ultimo, in which you conveyed the recommendation of your 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.*

— No. 3. —

(No. 110.)

COPY of a DESPATCH from Governor General Viscount *Monck* to His Grace the Duke of *Newcastle*, K. G.

No. 3.
Governor Viscount
Monck to the
Duke of *New-*
castle, K. G.
7 November 1863.

Government House, Quebec,
7 November 1863.

My Lord Duke,

* Page 36.

I HAVE the honour to acknowledge the receipt of your Grace's Despatch, No. 108,* of 20 October, in reference to the last Minute of the Executive Council of this Province, which I transmitted to your Grace on the subject of the contemplated survey of the proposed line of the Intercolonial Railway.

In reply, I have to inform your Grace, that the Government of Canada considers that the disagreement between the Imperial Government and the delegates of Canada with regard to the terms on which it was proposed to grant the Imperial guarantee for the loan necessary for the construction of the line has rendered further proceedings on the basis of the agreement of 1862 impossible, and that, as a necessary consequence, neither the Imperial Government, nor that of Canada, should be considered as concluded by any of the stipulations entered into on that occasion.

The Canadian Government is however impressed with the importance of the proposed work, and desirous of taking every measure calculated to lead to its execution.

This Government entertains the strongest conviction, that in order to render the scheme acceptable to the public of Canada; and thereby to secure for it that support in the Legislature, without which it is useless for the Executive to enter into any further preliminary negotiations on the subject, a survey, which will afford a trustworthy basis for an estimate of the probable cost of the work, is indispensable.

Should the results of the survey prove satisfactory, the Canadian Government look forward to obtaining at some future period the co-operation and assistance of the Imperial Government in the execution of this work, and it is with the design that Her Majesty's Ministers may be officially satisfied with the competence of the persons appointed to conduct the proposed survey, and of the trust which should be reposed in their reports that I have, at the desire of the Executive Council, requested your Grace to appoint an engineer to act on the part of the Imperial Government in the survey with those nominated by the Provinces interested in the work.

It is a matter of great satisfaction, both to myself and to the Executive Council of Canada, that your Grace is disposed to join with us in the proposed survey, and to express your approbation of the selection we have made of Mr. Sandford Fleming, as the engineer to represent Canada in the duties connected with it.

I have, &c.
(signed) *Monck.*

— No. 4. —

(No. 24.)

992
No. 4.
Governor Viscount
Monck to the
Duke of New-
castle, K.G.
26 February 1864.

COPY of a DESPATCH from Governor General Viscount *Monck* to his Grace
the Duke of *Newcastle*, K.G.

Quebec, 26 February 1864.

(Answered, No. 31, 26 March 1864. Page 38.)

My Lord Duke,

I HAVE the honour to enclose for your Grace's information, a copy of a
Despatch which I have addressed to the Governors of Nova Scotia and New
Brunswick respecting the survey of the line of the proposed Intercolonial
Railway.

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

I have, &c.
(signed) *Monck*.

Enclosure in No. 4.

Encl. in No. 4.

Sir,

Government House, Quebec.

20 February 1864.

REFERRING to the correspondence which has taken place between the Government 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 honour 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 New Brunswick and Nova Scotia hereafter to con-
sider 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 des-
patched 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 Govern-
ment to afford him.

His Excellency the Honourable A. H. Gordon, C. M. G.,

&c. &c. &c.

Fredericton, New Brunswick.

His Excellency Major General Doyle,

&c. &c. &c.

Administrator, Halifax.

I have, &c.
(signed) *Monck*.

— No. 5. —

(No. 31.)

No. 5.
Duke of New-
castle, K.G., to
Viscount Monck.
26 March 1864.

COPY of a DESPATCH from His Grace the Duke of *Newcastle*, K. G., to
Governor General Viscount *Monck*.

My Lord,

Downing-street, 26 March 1864.

I HAVE the honour to acknowledge the receipt of your Lordship's Despatch,
No. 24,* of the 26th ultimo, enclosing a copy of a Despatch which you had
addressed to the Lieutenant Governor of New Brunswick, communicating the
decision of the Canadian Government to undertake the survey of the line of the
proposed Intercolonial Railway on its own responsibility, and at its sole expense,
leaving the question of making any reimbursement to the discretion of the
Governments of Nova Scotia and New Brunswick.

I am, &c.
(signed) *Newcastle*.

* Page 38
(above).

— No. 6. —

(No. 32.)

COPY of a DESPATCH from Governor General Viscount *Monck* to His Grace the Duke of *Newcastle*, K.G.

No. 0.
Viscount *Monck*
to the Duke of
Newcastle, K.G.
15 March 1864.

My Lord Duke,

Quebec, 15 March 1864.

I HAVE the honour to enclose for your Grace's information, a copy of the instructions given by this Government to Mr. Sandford Fleming, for the survey of the line of the Intercolonial Railway.

I have, &c.
(signed) *Monck*.

Enclosure in No. 6.

Sir,

Secretary's Office, Quebec,
11 March 1864.

Encl. in No. 6.

I HAVE the honour to enclose to you herewith, a copy of my letter which I have this day addressed to Mr. Sandford Fleming, C. E., at Fredericton, New Brunswick, on the subject of his instructions with reference to the survey of the proposed route of the Intercolonial Railway.

The Governor's Secretary,
&c. &c. &c.
Quebec.

I have, &c.
(signed) *A. J. Fergusson Blair*.

Sub-Enclosure.

Sir,

Secretary's Office, Quebec,
11 March 1864.

I NOW address to you in writing instructions by the Government of Canada for the survey intrusted to you of the route of the proposed Intercolonial Railway, the substance of which instructions has already been communicated to you in a verbal manner, such mode of communication having been adopted at the time in order to avoid delay in your departure from Quebec on the duty in question.

1. You are instructed on the part of the Government of Canada to proceed immediately to a survey and examination of the territory through which the proposed line of railway between this Province and those of New Brunswick and Nova Scotia would run.
2. This survey and examination are intended for the purpose of enabling the Government of Canada to form an estimate of the practicability of the proposed undertaking, and of its probable cost in order that the expediency of engaging in the work itself may be judged of in a satisfactory manner.
3. The information so obtained will also be at the service of the other Governments interested if desired.
4. On a general examination of the country you will consider the routes which have on previous occasions been contemplated for the object in question, as well as any others which may seem to you worthy of attention.
5. Your notice will be especially given to any obstacles which may present themselves as requiring serious expense to surmount, and to the best methods of overcoming such obstacles, or of avoiding them by deviations from the direct line.
6. You will also pay attention to the distance of what may in other respects appear the most eligible line from the frontier of the United States at various points.
7. You will make your calculations in the matter of the probable cost of the work with a due regard to economy, but at the same time to full efficiency.
8. Similar considerations will guide you as regards the survey and examination.
9. You will endeavour to act in a cordial and harmonious spirit with any persons who may be appointed either on the part of the sister colonies or of the Imperial Government to co-operate with you.
10. The completion of the survey and examination at as early a period as possible is highly desirable.
11. You will report your progress from time to time to the Provincial Secretary of Canada.

I have, &c.
(signed) *A. J. Fergusson Blair*, Secretary.

Sandford Fleming, Esq., Civil Engineer,
Fredericton, New Brunswick.

— No. 7. —

(No. 56.)

No. 7.
Duke of New-
castle, K.G., to
Lieut. Governor
Hon. A.H. Gordon.
23 October 1863.

COPY of a DESPATCH from His Grace the Duke of *Newcastle*, K. G., to
Lieutenant Governor the Honourable *Arthur Gordon*.

Sir,

Downing-street, 23 October 1863.

LEARNING from Lord Monck's Despatch to me of the 1st October (No. 93),*
that his Lordship had sent you a copy of an approved Minute of the Executive
Council of Canada, dated the 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 Intercolonial 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 infor-
mation.

I have, &c.
(signed) *Newcastle*.

(No. 108) 20 Octo-
ber 1863, page 36.

* Page 34.

— No. 8. —

(No. 18.)

COPY of a DESPATCH from his Grace the Duke of *Newcastle*, K. G., to
Lieutenant Governor the Honourable *Arthur Gordon*.

Sir,

Downing-street, 19 March 1864.

I TRANSMIT to you, for your information, a copy of a correspondence which
has passed between this Department, the Treasury, and Mr. Watkin, the Pre-
sident of the Grand Trunk Railway, on the subject of the proposed Intercolonial
Railway.

From this correspondence you will learn the understanding upon which Her
Majesty's Government are prepared to accede to the proposition now submitted
to them, with regard to the construction of a line of Railway between Truro
and the Bend, in the Provinces of New Brunswick and Nova Scotia, as a part of
the larger project for completing the railway communication between Halifax
and Quebec.

The question whether this section of the railway should be at once under-
taken is, of course, entirely for the decision of the Provincial Legislatures. I
need hardly say that I shall myself view with interest any step which tends to
facilitate the completion of the plan contemplated in the negotiations of 1862-3.

I have, &c.
(signed) *Newcastle*.

Colonial Office to
Treasury.
11 March 1864,
page 42.
Treasury to Colonial
Office.
18 March 1864,
page 44.
Sir Frederic Rogers to
Mr. Watkin.
19 March 1864,
page 45.

No. 8.
Duke of New-
castle, K.G., to
Lieut. Governor
Hon. A.H. Gordon.
19 March 1863.

— No. 9. —

(No. 64.)

COPY of a DESPATCH from his Grace the Duke of *Newcastle*, K. G., to the
Officer Administering the Government of Nova Scotia.

Sir,

Downing-street, 23 October 1863.

I HAVE the honour to transmit, for your information, the copy of a recent
correspondence between the Governor of Canada and myself, on the subject of
the survey of the line for the Intercolonial Railway.

I have, &c.,
(signed) *Newcastle*.

Viscount Monck to the
Duke of Newcastle,
K.G.
(No. 93) 1 October
1863, page 34.
Duke of Newcastle,
K.G., to Viscount
Monck.
(No. 108.) 20 October
1863, page 36.

No. 9.
Duke of Newcastle,
K.G., to the Officer
administering the Go-
vernment of Nova
Scotia.
23 October 1863.

— No. 10. —

(No. 15.)

COPY of a DESPATCH from His Grace the Duke of *Newcastle*, K.G., to the Officer Administering the Government of Nova Scotia.

Sir,

Downing-street, 19 March 1864.

I TRANSMIT to you, for your information, a copy of a correspondence which has passed between this Department, the Treasury, and Mr. Watkin, the President of the Grand Trunk Railway, on the subject of the proposed Intercolonial Railway.

From this correspondence you will learn the understanding upon which Her Majesty's Government are prepared to accede to the proposition now submitted to them, with regard to the construction of a line of railway between Truro and the Bend, in the Provinces of New Brunswick and Nova Scotia, as a part of the larger project for completing the railway communication between Halifax and Quebec.

The question whether this section of the railway should be at once undertaken is, of course, entirely for the decision of the Provincial Legislatures. I need hardly say that I shall myself view with interest any step which tends to facilitate the completion of the plan contemplated in the negotiations of 1862-63.

I have, &c.
(signed) *Newcastle*.

No. 10.
Sir F. Rogers, Bart., to
the Officer administering
the Government
of Nova Scotia.
19 March 1864.

Colonial Office to
Treasury.
11 March 1864,
page 42.
Treasury to Colonial
Office.
18 March 1864,
page 44.
Sir Frederic Rogers to
Mr. Watkin.
19 March, 1864,
page 46.

— No. 11. —

(No. 35.)

COPY of a DESPATCH from the Officer Administering the Government of Nova Scotia to his Grace the Duke of *Newcastle*, K.G.

Halifax, Nova Scotia, 13 April 1864.
Answered, No. 8, 5 May 1864, page 42.)

My Lord Duke,

I THINK it right to keep your Grace informed with reference to the action lately taken in the Legislature of this Province on the subject of the Intercolonial and other railway projects.

A Bill has passed both branches of the Legislature providing for the extension of the railway from Truro to Pictou.

A Bill has also passed the Lower House, by a very large majority, repealing the Intercolonial Railway Bill, passed last Session.

Your Grace's Despatch, No. 15,* of the 19th March, on the subject of the Intercolonial Railway received by last mail, was immediately on its receipt laid upon the table of both Houses.

The second reading of the Repeal Bill has not been moved in the Upper House, and I do not know whether it will be pressed.

A resolution (copy of which is transmitted herewith) has also passed the House of Assembly by a majority of 28 to 8, and was yesterday laid on the table of the Legislative Council, but it appears uncertain what action will be taken upon it by that body.

I have, &c.
(signed) *Hastings Doyle*.

No. 11.
The Officer administering the Government of Nova Scotia to the Duke of Newcastle, K.G.
13 April 1864.

* above.

996

Enclosure in No. 11.

Encl. in No. 11.

In the House of Assembly, 11 April 1864.

Resolved,—That the Executive Government be authorised to secure the construction of the railway from Truro, or from the point of junction with the main line to the border of New Brunswick, through the agency of any responsible Company, provided no greater liability is incurred than four per cent. per annum, upon a capital of 10,000 l. currency, per mile, for a period not to exceed 20 years, and provided connexion is thereby secured with the railway from St. John to Shediac; and that the Government be authorised to procure the construction of the line west of Windsor, in the same manner to the extent of four cent. on a capital of 6,000 l. per mile.

— No. 12. —

No. 12.

(No. 8.)

Right Hon. E. Cardwell, M.P., to the Officer administering the Government of Nova Scotia.

5 May 1864.

* Page 41.

COPY of a DESPATCH from the Right Honourable Edward Cardwell, M. P., the Officer Administering the Government of Nova Scotia.

Sir,

Downing-street, 5 May 1864.

I HAVE the honour to acknowledge the receipt of your Despatch, No. 35,* of the 13th of April, relative to the action taken in the Legislature of Nova Scotia on the subject of the Intercolonial and other Railway projects.

I have, &c.

(signed) Edward Cardwell.

— No. 13. —

(No. 31.)

No. 13.
Right Hon. E. Cardwell, M.P., to Viscount Monck.
25 June 1864.

COPY of a DESPATCH from the Right Honourable Edward Cardwell, M. P., to Governor General Viscount Monck.

My Lord,

Downing-street, 25 June 1864.

I HAVE the honour to transmit to you, for your information, the enclosed copies of a correspondence which took place between this Department, the Treasury, and Mr. Watkin, relative to the construction by the Provinces of New Brunswick and Nova Scotia of a railway between Truro and the Bend, which would serve hereafter as the first link in the Intercolonial Railway, if that project should be carried into execution.

These papers were not sent to you at the time, because they more immediately referred to a work which was confined to the Lower Provinces; but, considering the bearing which they have on the more general scheme of the Intercolonial Railway, and especially upon the applicability and duration of the offer which has been made of a guarantee on the part of Her Majesty's Government, I think it right to bring them also within the knowledge of yourself and of your Government.

I have, &c.

(signed) Edward Cardwell.

Enclosure 1, in No. 13.

Encl. 1, in No. 13.

Sir,

Downing Street, 11 March 1864.

IN the months of December 1862 and January 1863, I had the honour, by direction of the Duke of Newcastle, to submit to you, for the consideration of the Lords of the Treasury, certain proposals made on behalf of the Colonies of Canada, Nova Scotia, and New Brunswick, in relation to the completion of a line of Railway, now partly in existence, between Halifax and Quebec.

The conclusions approved by their Lordships and his Grace, were recorded in two memoranda, which, though not embodied in the usual form of departmental correspondence, were placed in the hands of the Colonial Delegates, and have since been recited in full

full in the Provincial Acts to which I shall presently refer. It has hitherto not been thought necessary to make these transactions the subject of more formal reference to their Lordships, because all further proceedings were contingent, in the first instance, on Colonial Legislation, and this Legislation has as yet but partially taken place. But while the prosecution of the undertaking as a whole, is thus in abeyance, a proposal has reached his Grace which, without entailing any additional expense or liability on the Imperial Government, may lead to the immediate commencement of one part of the line.

This proposal his Grace is desirous of recommending strongly for the favourable consideration of their Lordships.

The case now stands as follows:—

In the memoranda already alluded to, Her Majesty's Government state the terms on which they are prepared to propose to Parliament to guarantee a loan of 3,000,000*l.* to be spent in completing railway communication between Quebec and Halifax.

It is stipulated that the line shall be approved by the Home Government—that arrangements there described shall be made for the repayment of the loan, and that Her Majesty's Government shall approve the surveys, and must be satisfied that the line can be constructed without further application for an Imperial guarantee.

It is also stipulated that Bills shall be "immediately" submitted to the Colonial Legislatures, for giving effect to the plan.

Such Bills have been submitted to the Legislatures of New Brunswick and Nova Scotia, and passed. Copies of the Acts are now enclosed for their Lordships' information. It will be observed, that they contain transcripts of the memoranda of December 1862 and January 1863. The Canadian Government has not submitted any Bill, and appears to deny its obligation to the two other Colonies to do so.

But it appears possible, that notwithstanding the backwardness of that Government, the two lower Provinces may think it worth while at once to construct a certain portion of the line (*i. e.*, from Truro, the present terminus in Nova Scotia, to what is called the Bend), if they can be assured that they will not, by this premature action, prejudice their claim on the Imperial Guarantee, supposing that this guarantee should eventually be granted.

It appears just to His Grace that, if the undertaking is a valuable one (which it certainly is), the Lower Provinces ought not to suffer by their forwardness in commencing it, provided their work is really what it ought to be, with reference to the main scheme.

But if the railway is at once commenced, questions might arise (in which Her Majesty's Government ought not to be involved) as to the proportion in which the different Provinces are entitled, or called upon to share in the advantages or burdens of the guaranteed loan. And it is also to be borne in mind, that in strictness of construction Her Majesty's Government may now, perhaps, be entitled to withdraw the promises contained in the memoranda of 1862-3, on the ground that the condition provided of "immediately" submitting the necessary Bills to the Colonial Legislatures, has not been performed. This right Her Majesty's Government would implicitly waive, if they sanctioned the commencement of the railway by Nova Scotia and New Brunswick.

His Grace thinks that the first of these two questions (that respecting the apportionment of the guarantee), so far as regards the advantage derivable from the guarantee, is almost exclusively for the consideration of the Provinces themselves; and as regards the liabilities attaching to it, that Her Majesty's Government have no reason for desiring any alteration in consequence of the proceedings now contemplated, the only object of this country being to ensure that the road is made, and the debt properly secured.

On the second point, it appears to his Grace that the present may be a proper opportunity for fixing a definite period within which, if at all, the Legislatures must effect their legislation.

His Grace would therefore propose that the promoters of this undertaking (who, he understands, have already brought their case under the consideration of the Lords of the Treasury), might be answered to the following effect,—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 *l.* shall be raised under the Imperial guarantee, in virtue of the offer contained in the above-mentioned 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*l.* is to be expended, and Her Majesty's Government see 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 3¼-12ths against New Brunswick.

It may be added that the further question what part of that sum of 3,000,000 *l.* should be paid over to New Brunswick and Nova Scotia, in consideration of the works effected by them, without the concurrence of Canada, will be mainly a question for the Provincial Governments, but that 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 must be clearly explained 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 an arrangement should ever take effect), and is not to be understood as in any way varying or keeping alive, or extending that arrangement; or as imposing

New Brunswick,
c. 5. 1863.
Nova Scotia, c. 21,
1863.

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. It follows, of course, that if that offer should fall to the ground, this assurance will fall with it. And it should be particularly pointed out 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.

It might however be added, 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.

G. A. Hamilton, Esq.
&c. &c. &c.

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

Enclosure 2, in No. 13.

Encl. 2, in No. 13.

Sir,

Treasury Chambers, 18 March 1864.

I am commanded by the Lords Commissioners of Her Majesty's Treasury to transmit to you the enclosed copy of a letter from Mr. Watkins, the President of the Grand Trunk Railway of Canada, dated 15th ultimo; and with reference to your letter of the 11th instant, I am to request that you will state to his Grace the Duke of Newcastle that my Lords are very averse to entertain the proposition now made in relation to the construction of the line of railway between Truro and the Bend in the Provinces of New Brunswick and Nova Scotia, as a part of the larger project for completing railway communication between Quebec and Halifax, without knowing the views of the Government of those Provinces.

If, however, it should be the desire of the Governments of the Provinces of New Brunswick and Nova Scotia that the arrangement proposed in your letter of the 11th instant, with the conditions annexed, should be carried into effect, and if the Legislatures of the Provinces should make provision accordingly, this Board will be prepared to assent to that arrangement.

But their Lordships desire that it may be distinctly understood that the construction of the line now proposed between Truro and the Bend is undertaken by the two Provinces at their own risk, that no claim of any kind is to be made upon the Imperial Government if the whole project of 1862-3 should not be carried out, and that Her Majesty's Government is not to be involved in any question that may arise between the three provincial Governments with reference to the arrangement now proposed.

Sir F. Rogers, Bart.
&c. &c. &c.

I am, &c.
(signed) *F. Peel.*

Sub-Enclosure.

Grand Trunk Railway of Canada,
21, Old Broad Street, E. C.
15 February 1864.

Sir,

Provisional arrangements were made in 1862 and 1863 between Her Majesty's Treasury and delegates from Nova Scotia and New Brunswick and Canada in reference to the Intercolonial Railway.

The railway, as projected, was composed of two integral portions, one extending from Truro in Nova Scotia to a junction with the St. John and Shediac line at a place below Shediac usually known as the "Bend," and which portion was about 100 miles in length; the other extending from "the Bend," through portions of the Provinces of New Brunswick and Canada, to Riviere du Loup, where it effected a junction with the system of the Grand Trunk Railway, of which I am President, and by means of which system a direct through communication is secured to the extreme western boundary of Canada.

In the papers drawn up under your supervision, I believe, in 1863, it was proposed that the British Government should have the right of laying down the exact course of the line of railway, and that in consideration of this and other matters the Imperial guarantee should be extended to an issue of 3,000,000 *l.* sterling of provincial bonds to be devoted to the construction.

I need not trouble you with further details, with which you are so familiar.

Since the issue of these documents the Provinces of Nova Scotia and New Brunswick have each passed Acts in their Parliament accepting and confirming the arrangement so far as those two Provinces are concerned; but these Acts contain a provision that if within

two years the Province of Canada should not assent and legislate, then that their own legislation should be considered void; therefore their legislation of 1863 will be void in the year 1865.

Unfortunately Canada has not yet made any practical step in advance in the way of legislation, nor is there any great likelihood that the Canadian Parliament, in the Session about to commence, will carry through the needful measures.

Under these circumstances, the Provinces of Nova Scotia and New Brunswick were anxious that Her Majesty's Government should permit the Imperial Guarantee to operate as regards the capital required to be expended on the first link of the railway, viz., that between Truro and "the Bend," but on consulting his Grace the Duke of Newcastle, at the request of Members of the Government of the two Provinces, I find him indisposed to recommend a compliance with the wishes so expressed.

As matters stand, the Parliaments of Nova Scotia and New Brunswick will, in the coming Session, be urged to devote, in other directions, the capital to be set apart for the construction of the Intercolonial.

As regards Nova Scotia, a strong effort will be made to extend their existing railway system, for local purposes, to Pictou; and more than that, both Nova Scotia and New Brunswick are, at this moment, appealed to to join with parties in the State of Maine, in connecting their respective railway systems with the railway system of the United States.

And as the latter proposal involves a much smaller cost and length of railway to construct than the Intercolonial, and as it will give for New Brunswick a short route into districts with which they have a very considerable trade, such a proposal finds many and ardent supporters.

Under these circumstances, I have suggested to his Grace the Duke of Newcastle, in accordance with what I believe to be the wishes of those in the Lower Provinces, who are anxious still for the realization of the Intercolonial project, that Her Majesty's Treasury should protect these two Provinces from damage, in the event of their taking action in the right direction, and not waiting for Canada.

Provided they can be induced to construct, without delay, and out of their own funds, the first link in the Intercolonial system above alluded to, which I consider will cost about 800,000 *l.* sterling, will Her Majesty's Treasury consent that, in the event of the complete construction of the Intercolonial Railway, under the approval of Her Majesty's Government, the fair rateable proportion of capital attributable to this first link shall be then included in the guarantee?

It might be distinctly understood, that some reasonable limit of time should be fixed by Her Majesty's Government, and present guarantee is still contingent upon Imperial Legislation, that no present guarantee is required, and that no guarantee or liability can accrue unless the whole scheme be carried out under the approval of the Treasury, and the confirmation of Parliament.

G. A. Hamilton, Esq.,
Secretary, Treasury, Whitehall.

I have, &c.
(signed) *Edwin W. Watkin.*

Enclosure 3, in No. 13.

Sir,

Downing-street, 19 March 1864. Encl. 3, in No. 13.
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 *l.* shall be raised under the Imperial Guarantee in virtue of the offer contained in the above memoranda, the Lower Provinces 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 *l.* 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 *l.* should be paid over to New Brunswick and Nova Scotia, in consequence of the works effected 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.

E. W. Watkin, Esq.

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

NORTH AMERICA (INTERCOLONIAL
RAILWAY).

COPY of CORRESPONDENCE between the NORTH
AMERICAN PROVINCES and the IMPERIAL
GOVERNMENT, relating to their Application for
Assistance in raising a Loan for an INTER-
COLONIAL Railway (in continuation of Parlia-
mentary Paper, No. 210, of 1863).

(*Mr. Adderley.*)

*Ordered, by The House of Commons, to be Printed,
26 July 1864.*

530.

Under 2 oz.

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