

## Legislative News.

## RAILWAY CORRESPONDENCE.

FREDERICTON, 6th February, 1856.

SIR,—I arrived on Monday evening, and I now have the honour to report, for the information of His Excellency the Lieutenant Governor, the result of my mission to England.

You will remember that the Directors of the European and North American Railway Company, on the twentieth of October last, appointed the Honorable John Robertson a Delegate on the part of the Company to proceed to England to urge upon the Contractors, Messrs. Peto, Brassy and Company, the necessity of the prosecution of the work agreeably to the terms of their Contract; or to make such other arrangements with them as might be deemed expedient, and requested His Excellency to appoint a Government Delegate to co-operate with him.

After much deliberation, His Excellency determined to appoint a member of the Executive Council to co-operate with Mr. Robertson.

Believing from the correspondence which had passed between the Directors of the European and North American Railway Company and the Contractors, that they had no intention of prosecuting the work at present, His Excellency determined to ascertain whether, and on what terms, money could be obtained for the construction of Railways, for the purpose of enabling him to submit to the Legislature a proposition for the gradual introduction into the Province of a system of Railways, to be constructed on the Government account. Late in the afternoon of the 29th of November His Excellency honoured me with his commands to execute this commission.

You are aware that I was not insensible to the great difficulty and responsibility of the mission with which I was charged. Before any general scheme for the introduction of Railways could be devised, it was necessary to make some arrangement with the Contractors of the European and North American line, and also to secure funds at a time when the money market was continually growing more depressed. I knew that the Government was not answerable for either of these difficulties. That if—as was believed by the Directors of the European and North American Railway Company—the Contractors had no intention of completing their Contract, New-Brunswick, already behind the adjoining Provinces and States in the construction of Railways, must either lose another year, or some decided action should be taken to relieve her from her present embarrassment. If these difficulties should prove insurmountable, the Government would at least have discharged its duty; and His Excellency could inform the Legislature that though efforts had been made to improve our condition, they had proved abortive; and that the Province must continue to falter in the course nature and Providence had destined it occupy. I felt that if the result could be attained, it involved the adoption and carrying out of a principle, which I believed was the only true and safe one for a new country—I mean the raising of money, and construction of public works, by the Government on the credit of the Province. My duty to the Queen's Representative, and to my country, required that I should not shrink from the responsibility; and I made immediate arrangements to execute His Excellency's commands.

On the third of December I left Fredericton, for the purpose of taking passage in the Steamer which was to sail for Boston on the fifth. In St. John I saw the President of the European and North American Railway Company, and ascertained his views and opinions upon the various points likely to be discussed with the Contractors I called at the Treasury, and received some valuable suggestions from the Treasurer in regard to the fiscal concerns of the Province.

On the fifth of December I arrived in Halifax and spent that evening and the next day with some of the members of the Government of Nova Scotia and other leading men. On the sixth I had a short interview with the Lieutenant Governor. I was much encouraged to know that I had the sympathy of Sir Gaspard LeMarchant, the Government, and the people of Nova Scotia, in the prosecution of the object of my mission.

At midnight of the 6th I embarked on board the Canada, where I met Mr. Robertson. During the passage we discussed and considered the various questions likely to arise with Messrs. Peto and Company, and also in the raising of funds, in order to be prepared for any emergency.

We arrived in Liverpool on Sunday the 16th of December, and on Monday evening I took the Express train for London, where I arrived that night; Mr. Robertson followed the next evening and from that time until I left Liverpool on my return home, on the morning of the 19th of January, he devoted himself exclusively to the business we had in charge. It is only justice to him to say that I think the Province deeply indebted to him for his services. His cool and mature judgment, combined with his great experience and extensive commercial influence, eminently fitted him for the discharge of this duty; and he was untiring

in his exertions to give effect to both the purposes I had in command from His Excellency. To me it is a pleasing fact, that throughout the whole of these negotiations, involving questions of great complexity and responsibility, we never had the slightest difference of opinion upon any point.

On the 18th of December I called at Messrs. Baring Brothers and Company. From the best informed circles I had learned that if I could induce them to become the Agents of this Province, upon the same terms as for Canada and Nova Scotia, in the raising of funds, the Provincial Debentures could, in ordinary times, be easily floated in the London market;—that, as in the case of every new security, it would require time and great caution, even during the existence of peace, to obtain the par value for six per cent. Bonds; that with the influence and recommendation of their House, the Bonds could be gradually introduced; and so soon as they became known, would command a premium;—that such had been the progress of the Canadian securities, which are now at a large premium, and were for a period, and until they acquired a character, sold at a discount.

I had several interviews with the different members of the firm of Messrs. Baring Brothers and Company, during which I had a very favorable opportunity of giving them a thorough knowledge of the character, condition and resources of New Brunswick, and its ability to discharge any obligations it might incur for the construction of public works. At their instance I then wrote the letter, a copy of which is enclosed, embodying my views. They naturally enquired into the character of our legislation. I informed them that we had not legislated—that an arrangement had been made several years since for the construction of certain Roads, which, for some cause or other, was not likely to be carried out, and that this fact had not become apparent to the Government until very lately;—That if I could have the assurance of their aid, I believed the Legislature the necessary Acts to provide for the security of the loan and the payment of the interest, after which we could complete the arrangement: that His Excellency was aware of the depressed state of the money market, and that it was the most gloomy period to raise funds, but that we only required a moderate sum in 1856, and at all events were determined to proceed cautiously and economically; that unless legislation could be had this winter, we must lose a year. I explained to them the financial condition of the Province—the great falling off of the Revenue of 1855—the probable loss in 1856 from the Prohibitory Law; and the mode by which these deficiencies could be supplied if necessary. That I proposed to charge all the Revenues with the payment of the interest and redemption of the principal of the loan, and to specifically set apart one and a half per cent. of the profits of the Road, and the proceeds of all the Crown Lands and Timber in the Districts it would traverse, as a sinking fund to pay the principal;—That I would be prepared to show them that the security should be undoubted.

It appeared to me unreasonable to suppose that in a time of war a new security could be sold at par; and although I knew that most of the American Railroads had been built by money raised on bonds sold at large discount, I thought it very desirable to secure the disposal of the amount required for the first year at par if possible. I knew that Messrs. Baring Brothers and Company had taken the first issue of the Nova Scotia Government at par, and my pride could not endure that New Brunswick should commence her public works on less favorable terms. I also knew the Nova Scotia loan was effected at a time when money was comparatively abundant, and was the result of a pledge made in still better times. I therefore endeavored to induce them to give us cash for the Bonds for the first year's operations at their par value.

After the lapse of some days they informed me what they were disposed to do, and in company with Mr. Robertson, I fully discussed the matter with Mr. Bates, a member of the firm.

If our legislation is such as I represented to them, they will undertake to negotiate our loans and transact our business upon the same terms, in all respects as for Canada and Nova Scotia, and will give us in cash the par value of all the Bonds required to be issued to provide for this year's operations. They are to have until the thirty-first of March 1857, the option of taking the £200,000 sterling required for the year 1857, or any portion thereof they may prefer, at par. I hope they may be induced to take the whole amount.

After a full discussion of all the points raised by Mr. Robertson, he expressed himself perfectly satisfied with the whole arrangement, and united with me in assuring Mr. Bates that in our opinion they had met us in a generous and liberal spirit.

I agreed that the first loan should be £800,000 sterling, running over a period of years, of which £50,000 would be required this year, and that afterwards the expenditure should not annually exceed the rate of £200,000 sterling; that the Debentures should be redeemable in thirty years, payable with interest at six per cent. semi-annually, in London, all negotiated through their house, as in the case of

Canada and Nova Scotia. I stated that it would be the interest and duty of the Government of New Brunswick to regulate the expenditure from time to time in consistency with the means of the Province and the rate of labor, and that when the first sections of the road were finished, the nature and extent of immediate future operations would depend entirely upon the state of things then existing; that as to more dividend, I did not expect the first lines would pay immediately, though I had no doubt that they would ultimately yield a fair return; that the benefits to be derived by the country from their construction were the great collateral advantages which I believe would result to all its interests; that the wild lands alone, under a good system of colonization would provide means to girdle the Province with iron. I found that great importance was attached to the value of the ten millions of acres of ungranted lands; and that the increase in the value of wild lands in Canada, since the opening of the Railways had been marvellous, and was likely to exercise a most beneficial influence upon our interests.

I can assure His Excellency that while I presented the case of the Province in as strong a point of view as I was capable of doing, I most scrupulously noticed the various financial difficulties to which the state of the trade of 1855 has subjected it. But I endeavored to prove, what I knew to be true, that these things are temporary, and that the great and manifold resources of the country are sufficient to carry it safely through every financial trial.

His Excellency will observe, that this arrangement was effected with Messrs. Baring when a continuance of the war appeared inevitable. If peace be concluded during this winter, and trade return to its usual channels, it is generally believed there will be very little difficulty in raising any amount of money. It must of necessity require some time to give a new security a character; but I think His Excellency may fairly estimate that the loan for the second and third year's operations may be negotiated at an average of par for the two years. In all probability better terms may be obtained after that. Sanguine persons acquainted with such matters, with whom I conversed, appeared to think that as soon as money became abundant the Bonds would command a premium. It appears therefore to be admitted, that New Brunswick will be able to construct her roads upon better terms than has generally been done in America.

In addition to these arrangements, a credit of £50,000 sterling, in any or every year during which the work is progressing, payable with interest on the last day of such year, has been secured; so that with our resources, ample funds are provided for the vigorous prosecution of the work; till mid-summer 1857, without requiring the sale of a Bond, except to Messrs. Baring, unless the interests of the Province clearly warrant it.

On the 19th of December, Mr. Robertson called at the office of Messrs. Jackson and Company, and saw Mr. Betts, one of the firm. He ascertained from him, that they could not at the present time proceed with the fulfilment of their Contract. Mr. Robertson stated to him the object of his mission, and that if they were not prepared to go on with work, he was ready to discuss with them the best mode of cancelling the Contract—that His Excellency had commissioned me to assent to any satisfactory arrangement to which they could agree, subject to the assent of the Legislature,—that I must leave England by the 19th of January, and that if it were not disposed of by that time, no settlement could be made, and that then each party must only stand upon their legal rights. They then agreed that all parties should meet on the 2d of January, which meeting, in consequence of the delay of Mr. Brassy, in Paris, was subsequently at their instance, postponed until the 4th.

At the time agreed upon, I went with Mr. Robertson to their office, and was introduced to the different members of the firm, who were all present. After a long discussion, they made certain propositions, which formed the basis of the arrangement finally made. When we first met the prospect of making any satisfactory arrangement for money, was very doubtful. I had received no answer from Messrs. Baring and the best informed men appeared to think it was unreasonable to expect that a new security could be floated at par, during this year. Every person connected with Colonial interests whom I saw, stated that in his opinion, a year ago, or in a reasonable time after peace was established, money could be obtained at fair rates on Government Debentures; but that with the money market growing more stringent every day, a certainty of another year of war with all its probable political results, and the high value of money for the ordinary wants of trade, I ought not to feel the least discouragement if I failed, as the enquiry would do good, and prepare the way for success at a more favorable period. I knew that if money could not be obtained to construct roads, a settlement with Messrs. Jackson and Company would be of very little practical value. I accordingly proposed to them to agree to complete the road from the Bend to Shediac, and from St. John to Hampton, as soon as could be done consistently with economy; and that contingent upon the completion of these sections within a limited

time, I would agree to a reasonable extension of the time for finishing their contract. Mr. Jackson, who at this interview took the leading part in the negotiation, declined to consider the proposition. I believe that, before we separated, all parties were satisfied of the disposition of each other to settle the whole question upon fair principles, and to agree upon reasonable terms, if the real value of the work could be ascertained. (You are aware that I had an estimate of the work done, for the purpose of comparison.) From that time until the completion of the arrangement, the Contractors afforded Mr. Robertson every facility in their power, through their books, accounts, and agents, to enable him to satisfy his mind as to the value of the work; and they acted throughout in a spirit of great fairness and candour. Mr. Robertson carefully examined the accounts with one of the Engineers, and afterwards with Mr. Betts; and we also had several other interviews which resulted in an agreement executed by Mr. Robertson on the part of the Company, which I assented to for the Government, subject to the assent of the Legislature. The Contractors agree thereby to relinquish their Contract, transfer to the Province all the work done on the Road, and materials therefor in the Province, with the Surveys, Plans, &c. They also relinquish any shares they have in the Company, and the Company's Bonds, the whole for the sum of £90,000 Sterling, including the Debentures already given them; payment to be made on the first day of June next in Debentures redeemable in thirty years. It was also agreed that if this arrangement was not adopted by the Legislature, Messrs. Jackson and Company were to have three months further time to complete their Contract, which in all other respects was to remain in force.

It is very gratifying to me, and I am confident it will be to His Excellency, to know that we succeeded in disposing of this most difficult and perplexing question, without causing the least hard feeling. We concluded the negotiations in the best spirit, and I believe the services and influence of the Contractors can be obtained at any time for the Government, in the furtherance of any Provincial interest.

While in London, I had a conference with a number of the Directors of the Saint Andrews and Quebec Railway Company, at the Company's Office, which I stated to them was had on my own responsibility. I endeavored to ascertain whether any, and what arrangement could be made with that Company for placing that work in a more satisfactory condition. I explained to them that their line would connect with any line leading to Maine or Canada; and that it was desirable to place the affairs of the Company upon such footing, or to make such other arrangements as would secure the completion of the part or the whole of the road which is now partially made. They evidently entertain a high opinion of the value of the land and purpose some new arrangement for future operations, the nature of which they did not explain and perhaps had not clearly defined. I informed them that if they expected any legislative action this year, they must be prepared early in the Session.

I was informed that there were several applications to Her Majesty's Government to guarantee loans to be raised for the construction of public works in the Colonies. Although I knew there was not time during my short stay in London to negotiate such a matter with a fair prospect of success, I yet deemed it my duty to make the application. I had two interviews with Mr. Labouchere, one in company with Mr. Robertson, when we urged the question, and at the instance of the Colonial Secretary I wrote the letter, a copy of which I enclose. I did not receive Mr. Merivale's reply until I was leaving London, and could only acknowledge it at midnight from Liverpool. Notwithstanding that it was unfavourable, yet in the progress of our future operations it should become very desirable to obtain the guarantee of the imperial Government, I do not despair that in a time of peace and by connecting it with a system of colonization it might be obtained. It is only due to myself to state that the letter to the Colonial Secretary was written in great haste, and although I presented the strong points of the case, to do justice to the subjects would require more time, and greater deliberation than I could give to it.

His Excellency will observe, that in several respects I was compelled to assume responsibility. I trust that I have exercised it in such a manner as will meet with his approbation.—To subject such negotiations to delay, or even doubt, would have produced certain failure; and I deemed it to be a primary duty, to attain the great objects he had given me in charge at all hazards, if not inconsistent with the public interest.

It will be for the Legislature now to determine whether New Brunswick shall remain stationary or enter upon that career of improvement to which her position and resources invite her. Any measure which will establish her finances upon a sure and permanent basis, should be adopted; as much of the future well-being of the Province depends upon present action. Her credit can only be maintained by prudence. Her preparations to appear in the money market of the world, as a borrower, must be made with great care; and she will soon acquire a character which will relieve her