

APPENDIX No. 4.

DELEGATION TO ENGLAND CORRESPONDENCE.

EXTRACT FROM THE MINUTES OF THE EXECUTIVE COUNCIL OF THE PROVINCE OF NOVA SCOTIA.

20th June, 1865.

Resolved,—That His Excellency be advised to nominate the Hon. Dr. Tupper, Provincial Secretary, and the Hon. W. A. Henry, Attorney General, to proceed to England as Delegates representing the Government of this Province, and charged with the following duties:—

First,—To confer with the Imperial Government upon the question of the Reciprocity Treaty, and the exactions levied by the Government of Newfoundland upon the fishermen of this Province on the coast of Labrador. On both of these subjects the Delegates are to act in accordance with the Reports of the Committees on Trade and Manufactures and on the Fisheries, adopted by the Assembly during the past session, and in the spirit of the previous Minutes of Council and correspondence of this Government upon these matters.

Second,—The Delegates are also hereby specially authorized to contract, on the part of the Government of Nova Scotia, with any competent parties, for the construction of the lines of Railway from Truro to New Brunswick, and from Windsor to Annapolis, or either of them, in accordance with the act passed at the last session, providing for those works. The Delegates are specially charged to secure, if possible, the construction of both those lines of Railway upon the best terms in their power within the terms of that enactment. Also, to negotiate, upon the most favorable terms, the sale of Provincial Debentures for a sum not exceeding £400,000 stg., to provide for the completion of the line of Railway to Pictou, and the amount of stock to be taken by the Province on the proposed Railway to New Brunswick.

Third,—Also to investigate the amount of Coupons taken up by the Messrs. Baring for accrued interest on the public debt under their management.

Fourth,—Also to obtain the services of a duly qualified person for the office of Inspector of Mines.

Fifth,—Also to promote, as far as they are able, the Immigration of able-bodied laborers and other useful settlers to this Province.

[A correct copy.]

JAS. H. THORNE,
C. E. C.

REPORT.

MAY IT PLEASE YOUR EXCELLENCY:

The undersigned Delegates appointed to proceed to England, and charged with the duties enumerated in the Minute of Council dated 20th June, 1865, have the honor to present the following Report of their mission:—

We arrived in London on the 3rd day of July, and having duly reported ourselves at the Colonial Office, were invited to meet the Right Honorable E. Cardwell, M. P., Secretary of State for the Colonies, on the 8th day of July.

At that interview we stated the deep interest the people of Nova Scotia felt in the renewal of the Reciprocity Treaty, called the attention of Mr. Cardwell to the fact that, notwithstanding the representations made by this Government upon the right to be consulted in relation to any treaty which would deal so largely with the territorial interests of this Province, we observed with surprise

and regret that in the paper recently laid before Parliament, and which we had seen for the first time after our arrival in England, it was stated that Sir Frederick Bruce, the British Minister at Washington, had only been instructed to confer with the Government of Canada upon that subject. Mr. Cardwell replied that the action taken by Her Majesty's Government had been at the instance of a deputation from the Canadian Government, and that they would now be prepared to give the fullest consideration to any representations which we had to offer on the part of the Government of Nova Scotia. We urged the rights which all the Provinces interested had to be consulted in regard to a Reciprocity Treaty affecting the whole, and the increased weight which their joint and coöperative action would give to any proposals which might be submitted, and the greater security which would be afforded that any treaty concurred in by representatives from the different Governments of all the Colonies would be accepted by the various Legislatures by which such treaty would require to be adopted. We also referred to the desirability of an early understanding between the Governments of the different Colonies as to the best means of meeting the altered circumstances in their trade, in case the Reciprocity Treaty were not renewed. At a subsequent interview, Mr. Cardwell did us the honor to submit the draft of a despatch to His Excellency the Governor-General, authorizing His Lordship to summon a Confederate Council upon commercial treaties, to be composed of representatives from the Governments of Canada, Nova Scotia, New Brunswick, Newfoundland, and Prince Edward Island, with which we expressed our cordial satisfaction.

We discussed at length the question of the exactions levied by the Government of Newfoundland upon the salt and other fishing supplies of Nova Scotian fishermen upon the coast of Labrador, and beg to refer your Excellency to the subjoined correspondence upon that subject for the particulars relating thereto, and which, although not yet finally concluded, will, we trust, be brought to a satisfactory issue.

Mr. Cardwell invited our attention to the question of the proposed Union of the British North American Colonies, and fully discussed the same with us, as well as the question of the proposed Union of the Lower Provinces. We explained frankly the present condition of the former question in the same spirit as previously detailed in the correspondence of your Excellency with the Colonial Office, and zealously urged the advantage to be derived from the Legislative Union of the Lower Provinces, and that the larger Union would not be prejudiced, but promoted, by adopting that policy. After much discussion on several occasions, Mr. Cardwell finally informed us that Her Majesty's Government, while entirely approving of the Legislative Union of the Lower Provinces, regarded the early Union of the whole of the British North American Provinces as of such vital importance to the prosperity and security of British North America, that they could not consent to revert to the policy of a Legislative Union of the Maritime Provinces, unless it were taken up as a part of, and ancillary to, the scheme for the consolidation of the whole.

Our attention having been drawn, while in England, to the importance of having graving docks at Halifax capable of taking up the largest ships which visit this port, we applied to the Secretary of State for the Colonies to know whether the act which recently passed the Imperial Parliament, authorizing Her Majesty's Government to aid such works by a loan of money, could be made available here, if desired. We were referred to the Lords Commissioners of the Admiralty, and subsequently had an interview with His Grace the Duke of Somerset, the first Lord of the Admiralty, and Lord Clarence Paget, the Secretary, who readily assented to our proposition, and assured us that parties at Halifax complying with the terms of that act (a copy of which is hereto attached) could rely upon a loan for twenty years, from the Imperial Treasury, at four per cent., to the extent of £20,000 stg.

After two months of continuous and unremitting exertion, in conjunction with the Hon. A. J. Smith, and the Hon. J. C. Allan, the Representatives of the Government of New Brunswick, who cordially coöperated with us, a contract

was made with the International Contract Company, of which a copy is hereto annexed, providing for the construction of a railway from Truro to the border of New Brunswick, upon the route already adopted by the Government upon the recommendation of the Chief Engineer.

A contract was simultaneously entered into between the Representatives of the New Brunswick Government and the same company, for the extension of the line from the border of New Brunswick to Moncton.

Having satisfied ourselves, by careful enquiry, of the ability of the International Contract Company to fulfil their engagements, we were extremely anxious to embrace the line to Annapolis, as well as that to New Brunswick, within the contract; but the obstacle interposed by the clause in our act providing for the construction of those lines, which authorizes the Government at any time forever to assume the ownership of the line, was so great that we were defeated in that object, and but for the combination of interests between the International Contract Company and a company in course of organization, with a large capital, for the purpose of opening the Spring Hill Coal Mines upon an extensive scale, we could not have effected a contract even for the Trunk line; and in the course of those negotiations we found it necessary, for the purpose of promoting the construction of the Railway, and opening the mines, to assure the Hon. Mr. Dickey and J. Levisay, Esq., who represented some ten mining rights of search at Spring Hill, that the Government would give to the holders of those areas the fullest privileges consistent with the law and regulations relating to mines.

As the copy of the contract speaks for itself, we will not refer to it at length, but merely draw the attention of your Excellency to the fact that we have relinquished the right on the part of this Government to capitalize the subvention, unless by mutual consent, and that this Province has been relieved from the obligation to take £80,000 stg. of stock, authorized by the act,—six per cent. interest on that amount for twenty years being accepted as an equivalent therefor. The contract requires the road from Truro to Moncton to be completed within four years from June next.

The subjoined correspondence with Messrs. Baring will shew the success which attended our efforts to secure the funds required to construct the Railway to Pictou. The agreement upon the part of that eminent firm to furnish money as required, in advance of sales, and at a rate which will be equivalent to the sale of bonds at par, must, in the present state of the money market, we conceive, be considered highly satisfactory.

We carefully examined the coupons taken up by the Messrs. Baring, and the annexed account will shew but a very small sum remaining in their hands, which will probably be soon called for.

We were enabled to secure the services of a gentleman as Inspector of Mines, whom, after the most careful inquiry, we believe to be well qualified for the performance of that important work. He possesses the strongest recommendations from Thomas E. Foster, Esq., who stands at the head of the mining department in England.

After making all the investigation in our power in regard to the subject of Immigration, we arrived at the conclusion that to effect any considerable results it would be necessary to have an agent or agents to act in London and other places for the Province, and that some means of cheap and direct transportation from emigrant ports to this Province must be provided.

Finding an opportunity of obtaining on favorable terms some very superior stud horses and brood mares of the best thorough-bred stock, and some superior Leicester sheep, we assumed the responsibility of acting for the Provincial Board of Agriculture in that matter, and we are gratified to find that our selections have met with their sanction, and are approved by many of the best judges of stock in the Province.

All of which is respectfully submitted.

CHARLES TUPPER,
W. A. HENRY.

LABRADOR FISHERIES.

(COPY.)

*London, 14th June, 1864,
8 Broad Street Buildings.*

Sir,—

Our friends in Newfoundland have sent us a newspaper with copies of correspondence between the Government of that Island and Nova Scotia respecting duties attempted to be levied by Newfoundland on fishing necessaries, &c., on the Labrador coast. We, in common with all the English merchants engaged in the Labrador trade and fisheries, consider such duties unjustifiable, if not illegal, and a memorial on this subject was presented to the Colonial office last year. The reply by the office was, that legally Newfoundland had the right to levy such duties, but the memorialists are by no means satisfied that this is the case, and they think that a remonstrance by the various colonies interested, say Nova Scotia, New Brunswick, Canada, and Prince Edward Island, together with the English merchants, will produce the desired effect. If this be the opinion of your Government we shall be happy to coöperate with it. We find on enquiry that the Nova Scotia Government have no agent in London. We shall, however, if wished, be happy to transmit a copy of the correspondence between the English merchants and the Colonial office, as well as of a case which has been submitted to Sir Hugh Cairns on the question of legality, and his opinion, which we are expecting to obtain daily.

We are Respectfully,

Your most obedient servants,

(Signed)

HUNT & HENLEY.

His EXCELLENCY the Governor of Nova Scotia,
Halifax, N. S.

*9 Charles Street, St. James,
17th July, 1865.*

SIR,—

The Minute of Council, a copy of which we had the honor of handing you at the first interview with which you favored us, and the accompanying papers, will have informed you that the collection by the Government of Newfoundland of duties on salt and other necessary supplies belonging to Nova Scotia fishermen, at the coast of Labrador, is viewed by the Legislature and Government of Nova Scotia as unjustifiable, and that we are charged to bring the subject to the notice of Her Majesty's Government. We consider that the practice adopted by the Government of Newfoundland in 1863, and continued since, is illegal and impolitic, and respectfully request your consideration of the objections taken by the Attorney-General of Nova Scotia in his report, a copy of which we beg herewith to hand you; and, in the event of the objections taken by him on abstract constitutional grounds not being sustained, we would most earnestly urge your consideration of the impolicy of levying duties in the manner complained of, and thereby forcing the inhabitants of one Colony to contribute to the maintenance of the Government of another by the means in the present case objected to by the people and Government of Nova Scotia.

We have, &c.,

CHARLES TUPPER,
W. A. HENRY.

The Right Honorable E. CARDWELL, Downing Street.

(COPY.)

*Attorney General's Office,
Halifax, 5th March, 1865.*

Having been directed by His Excellency, the Lieutenant Governor, to consider certain correspondence and documents touching the collection by the Government of Newfoundland of duties on salt and other necessary supplies of Provincial and American fishing vessels at the coast of Labrador, I beg leave to report as follows:—

I have no doubt of the power and right of the Legislature of Newfoundland to impose and collect duties on articles entering into consumption at Labrador. That, however, it appears to me, is not the question at issue; but it refers more particularly to the right of that Colony to collect duties on articles not entering into consumption or intended so to do.

I question the right of that Colony to collect a revenue from articles not landed or consumed, or intended so to be, and being only fishing supplies, in any part of the country under its territorial jurisdiction.

Duties are imposed principally, and in the case in question wholly, for revenue; and the levy of them creates an indirect tax upon the consumption of the country imposing them, for the support of the Government and for the benefit of its people.

It appears to me, however, that on no constitutional or fair principle should the inhabitants of Nova Scotia be taxed to sustain the Government of Newfoundland otherwise than upon articles entering into consumption in the latter Colony.

If, indeed, salt, the article which has been taxed, had been landed at Labrador, or consumed otherwise than for the legitimate purpose of curing of fish, no objection could be raised; but from the report of Mr. Winter, the Collector, I learn the fact that he levied the duty upon the whole quantity of salt found on board each vessel, without reference to any question of consumption at Labrador. I here refer to clauses five and nine of his report to the Newfoundland Government, dated 12th November, 1863.

From that report it may be fairly assumed—

1st, That there was no impression on the part of Mr. Winter or the authorities of Newfoundland that the salt on board Nova Scotia fishing vessels would, in fact, enter into consumption at Labrador, and thus the mere entry of a harbour at Labrador of a Nova Scotia fishing vessel, solely for shelter, has been and now is held sufficient to incur the liability of her owner to pay duty for salt and all other dutiable supplies on board.

2nd, That Mr. Winter finding a number of Nova Scotia fishing vessels at Blanc Sablon and other places where they were using the harbors solely for the purpose of refuge and curing fish,—their right to do which freely cannot under existing circumstances be disputed,—ordered the masters of vessels on board the ship "Volant," to pay duty for the whole quantity of salt on board their vessels; and, that the masters, after much objection and the exercise of a sound discretion, in the presence of an armed vessel, acceded to the demands of Mr. Winter by paying the duties; and thus was initiated the practice since pursued of taxing Nova Scotia fishermen for the salt on board their vessels, and thus they are made to pay duties on salt, portions of which at least they use at sea, and, in many instances, other portions of which not wet are taken back to Nova Scotia.

The question involved is, on principle, a wide one, capable, if sustained, of extensive application.

If Newfoundland can, constitutionally, in this way tax salt on board British fishing vessels of other colonies when using the harbors of Labrador solely for shelter or curing fish on board, Nova Scotia may impose even heavier duties, and could thereby levy contributions on all vessels passing through the Gut of Canso, or entering, for any purpose, the harbors of Nova Scotia, where may

be seen congregated, at some seasons of the year, over three hundred sail of United States fishing vessels, in addition to a large number of Nova Scotia and other Colonial fishermen.

This, it appears, would be resisted by the United States Government (see correspondence between Mr. Seward and Mr. Burnley in January and February last, and accompanying documents), and the same principle being involved between Nova Scotia and Newfoundland, I trust that by a proper representation to the Imperial Government steps may be taken to induce the Government of Newfoundland to discontinue a course from which that Colony derives comparatively little advantage, but is nevertheless one highly calculated to create unpleasant rivalries and feelings, and lead to unwise and irritating complications. Although I would not deny to the Legislature of Newfoundland the right generally to regulate, by enactment, the conduct of the fisheries at Labrador, I think it has not the right by a mere revenue law to tax the fishermen of other countries in the manner complained of.

(Signed)

W. A. HENRY,
Attorney General.

Copy of Mr. Winter's Report forwarded to Nova Scotia along with his printed Report laid before the House of Assembly.

*Custom House, St. John's.
5th May, 1861.*

SIR,—

In reply to the Report of the Committee of the House of Assembly of Nova Scotia relative to my charging duty on salt, &c., I have the honor to state for the information of His Excellency the Governor, that salt was the only article on which any of the Nova Scotia fishing vessels paid duty, and that only on the actual quantity *then on board* and intended for consumption on the Labrador. In doing so I only acted in conformity with the Act 26 Vict., Chap. 1, which says, that salt imported into Newfoundland and its dependencies shall be subject to sixpence per ton, duty. In exacting this duty from the Nova Scotia vessels I considered I was placing them on the same footing with the fisherman of the Labrador and Newfoundland, all of whom had to pay duty.

I have, &c.,

(Signed)

J. WINTER.

The Honorable the RECEIVER GENERAL, &c., St. John's.

(COPY.)

Washington, February 1, 1865.

SIR,—

I have the honour to transmit to your Excellency, copies of a note and of its enclosures which I have received from the Secretary of State of the United States with reference to a tax alleged to be imposed upon American fishermen in Newfoundland.

I have the honor to be, Sir,

Your Excellency's most obedient, humble servant,

(Signed)

T. HUME BURNLEY.

His Excellency Sir RICHARD McDONNELL, K. C. B., &c., &c., &c.

(COPY.)

Dep. State, Washington.

SIR,—

I have the honor to enclose a copy of a communication of the 26th ultimo, addressed to me by Isaac Boardman, Esq., of Newburyport, Mass., complaining of certain exactions of the Revenue officers of Newfoundland upon American fishermen. If, upon examination, the tax complained of is found to have been improperly imposed, it is not doubted that due redress will be afforded.

I have, &c.,

(Signed)

W. H. SEWARD.

T. HUME BURNLEY, Esq.

(COPY.)

Washington, Dec. 26, 1864.

DEAR SIR,

In behalf of citizens of this city engaged in the fisheries, I beg leave to lay before you a statement in regard to duties levied upon our trade by the authorities of Newfoundland and Nova Scotia, in our opinion contrary to the spirit and terms of the two countries.

For the past two years, upon the Labrador Coast a cutter has been sent by the Newfoundland Government, with a Collector who has demanded and received duties on all our salt, barrels, boats, and seines, carried only and solely for our own use on board our vessels, with a force sufficient to enforce their claims. We have submitted in some cases; where the masters have refused to pay, the articles, or sufficient to pay the duties, have been forcibly taken by the Collector. A statement is always given by the Collector there, that upon a Consular Certificate being returned showing that the articles upon which duties were levied had been reloaded in the United States, the duties would be refunded. Accordingly this year our vessels having paid from forty five to sixty-five dollars each, we procured a British Consular Agent's Certificate and forwarded to our agents at St. John's Newfoundland, demanding a drawback, but are refused, as the accompanying documents will show.

In the case of Nova Scotia, a duty is levied and payment by force compelled on empty barrels and other articles sent by us for the use of our mackerel vessels in the Gulf of St. Lawrence, our vessels usually landing their mackerel at the Strait of Canso and returning to the Gulf for other forces.

The fisheries, both cod and mackerel, are important branches of industry in this community, and, as by the Reciprocity Treaty our Provincial neighbors are allowed to bring their products into this country free of duty, we see no good reason why our vessels must be compelled to pay tribute to the Colonies. If, by existing stipulations, we are obliged to pay, of course we must submit; but otherwise we hope to be protected from such petty exactions, although, in the aggregate, they amount yearly to quite a large sum.

With respect, &c.,

(Signed)

ISAAC H. BOARDMAN.

(COPY.)

St. John's, Newfoundland, Dec. 17, 1864.

DEAR SIR,—

Your esteemed favor of the 6th inst., we are duly in receipt of, and we have placed before the Custom Department here the Consular Certificates you had sent us, and claimed thereon drawback or return duty on the articles men-

tioned. To this application there has been sent us in reply, the statement which is now attached to the Consular papers referred to, by which you will see that no return duty will be made. We were advised in due course of Captain Pyn's draft on you having been duly honored, for which we are obliged.

We shall be most happy to be of service to you here at any time, and hope when you come to renew your business arrangements for any operations connected with the fisheries next season, that it may prove more satisfactory than the present year has been.

We remain, &c.,

(Signed)

JOB BROTHERS & CO.

ISAAC H. BOARDMAN, Esq., &c.

(COPY.)

Newburyport, Nov. 8, 1864.

To the Collector of the Port of Lance a Loup, N. F., or whom it may concern :

This is to certify that there has been landed at this port of Newburyport, from brig "Northern Belle" and schooner "Emma V," merchandize as follows, viz:—

From brig "Northern Belle,"
25 tons salt,
400 empty herring barrels,
2 boats.

From schooner "Emma V."
25 tons salt,
175 empty herring barrels,
2 boats.

(Signed)

BENJ. DAVIS, JR.,

H. B. M. Consular Agent,

For the port of Newburyport.

Custom House, St John's, 17th Dec., 1864.

A drawback is claimed for the above articles, on which duty has been paid at the Labrador, and beg to state that by the Customs Management Act, 27th Victoria, chap. 2nd, sec. 62, no drawback can be allowed on herring barrels or boats, because the duty on them is 11 per cent. *ad valorem*; the act only provides that drawback shall be allowed on articles paying duty by tale, guage, weight, or measure. The duty on salt is 6d. per ton; the duty on fifty tons would be 25s. The act only allows drawback where the duty on this article amounts to twelve dollars, hence no drawback can be allowed on the above articles, under the existing laws of this Colony.

(Signed)

T. WINTER,
Collector, Labrador.

ESSEX, SS.

Then personally appeared Wm. Sanborn, master of brig "Northern Belle," and made oath that the above described merchandize was the identical merchandize named in certificates of clearance granted the above named brig "Northern Belle" and schooner "Emma V," at the port of Lance a Loup, N. F., on the 29th day of July, in the year 1864.

Dated at Newburyport, this 28th day of November, in the year 1864.

BENJ. DAVIS, JUNR.,
Justice of the Peace.

Downing Street, 9th August, 1865.

GENTLEMEN,—

I am directed by Mr. Secretary Cardwell to acknowledge the receipt of your letter of the 17th ultimo, bringing under his notice the question of the duties levied by the Government of Newfoundland on salt and other articles used by the fishermen of Nova Scotia in the prosecution of their fisheries on the coast of Labrador.

Mr. Cardwell gathers from your letter, and from the report of the Attorney General which you enclose, that you are prepared to admit the right of the Newfoundland Government to impose duties on goods intended for consumption in Labrador, but that you deny the right in law or in policy of the Newfoundland Legislature to impose duties on goods brought into Newfoundland waters but not intended for consumption, and that you infer from a Report of the Collector of Customs at St. John's, dated 12th of November, 1863, that the tax in question was in fact levied on goods not so intended.

In reply I am to observe to you that it appears unnecessary to discuss the principles laid down by the Attorney General, as it will be observed that the Collector of Customs in a Report dated the 5th of May, 1864, and published in the Newfoundland Gazette of the 17th of May, 1864, that at that time "salt was the only article on which any of the Nova Scotia fishing-vessels paid duty, and that only on the actual quantity *then on board* and intended for consumption on the Labrador."

I enclose a copy of this Report, which appears to have been communicated to the officer administering the Government of Nova Scotia in Sir A. Bannerman's Despatch of 7th May, 1864.

I am gentleman,

Your obedient servant,

FREDERICK ROGERS.

*9 Charles Street, St. James,
10th August, 1865.*

SIR,—

We have the honour to acknowledge the receipt of your letter of the ninth inst., in reply to our communication addressed to the Right Honorable the Principal Secretary of State for the Colonies, on the 17th of last month, touching the duties levied by the Government of Newfoundland on salt and other articles on board of Nova Scotia fishermen on the coast of Labrador.

As we are unable to learn clearly from your letter whether it is the opinion of her Majesty's Government, that duty can be properly collected upon salt on board fishing-vessels of other countries using the waters and harbours of Nova Scotia for the purpose of shelter in the prosecution of their voyages, and not landed or intended to be landed on the shores of that Colony, or enter into consumption, we would feel obliged by a more particular statement upon that point; because, if it be decided that salt on board fishing vessels, intended to be used on board for the purpose of curing fish, and which is not intended to be landed in the Colony or enter into consumption, is liable, while on board, to the imposition of duty, Nova Scotia may collect a large revenue, from United States and other vessels, by merely a change of tariff by which salt will become liable to pay duty.

If salt can be taxed in the way referred to, all other fishing supplies may be also, and the fishermen of Nova Scotia will be free from taxation only by the moderation of the authorities of Newfoundland in the collection of customs duties, the table of which includes or may include seines, nets, and other supplies, duty upon which may be levied by a mere order from the Government of Newfoundland to their officers at Labrador, and which course may also be applied to Newfoundland.

We feel that such immunity from taxation of the fishermen of Nova Scotia should not rest upon a basis so uncertain and equivocal, and therefore deem it our duty respectfully to urge a consideration of the objections heretofore presented to the exaction of the duty in question. Feeling that the subject involves consideration which may and probably will lead to embarrasments and disputes that may now be prevented,

We have the honor to be,

Your most obedient servants,

(Signed)

C. TUPPER,
W. A. HENRY.

Downing Street, 25th August, 1865.

GENTLEMEN,—

I am directed by Mr. Secretary Cardwell to acknowledge the receipt of your letter dated the 10th instant, but which was not received at this Department until the 16th instant.

In order to enable Mr. Cardwell to give the representations which you have made to him, due consideration, more precise information on one or two points is requisite.

I am therefore to request that you will be so good as to state what is the actual practice on the part of the Newfoundland authorities of which you complain; that is, whether you intend to controvert the statement of the Collector of Customs quoted in Sir F. Rogers' letter of the 9th instant, viz., that the duty in question is only levied on salt to be consumed in Labrador. If it should not be your intention to controvert the statement that the claim of the Newfoundland Government is thus limited, Mr. Cardwell would, in that case, wish to be informed whether he is to understand your letter and statement on your part, that, in practice, this claim is exceeded, or, that the claim thus made is illegal in itself.

I am, gentlemen.

Your obedient servant,

(Signed)

FREDERICK ELLIOT.

Honorable CHARLES TUPPER,
Honorable W. A. HENRY.

Halifax, N. S., 22nd November, 1865.

SIR,—

We have to acknowledge the receipt of Mr. Elliot's letter of the 25th of August last to us, by your directions, on the subject of the duties levied at the coast of Labrador, and requesting more precise information on one or two points. We regret that owing to our having been separated before that communication was written we could not consider and reply to it before leaving England, and, that, owing to a similar cause since our return, the reply has been still further delayed. We now, however, take occasion to say, that we, having frankly admitted the right of the Government of Newfoundland to levy and collect duty on salt and other fishing supplies landed for or entered for consumption, at the same time contested the right to collect duty on articles not landed or entered for consumption or intended so to be.

If vessels enter the ports of the Labrador having dutiable fishing supplies, and land or sell them on board without entering, paying duties, and obtaining a permit to land, we would at once say they would be liable to seizure for smuggling. That is not, however, the case presented in the report of the Col-

lector of Customs quoted by Sir F. Rogers. In that report, we respectfully submit that the position originally taken by us is admitted, which was, that duties had been collected on salt not landed or sold on board or intended so to be. "I have the honor to state, for the information of His Excellency the Lieutenant-Governor, that salt was the only article on which any of the Nova Scotia fishing-vessels paid duty, and that only on the actual quantity *then on board* and intended for consumption on the Labrador." This statement of the Collector we admit to be correct, for it is hard to imagine how, by any possibility more could, under any circumstances, be exacted. "Only the quantity *then on board*." This language is calculated highly to mislead. It might, if applied to a vessel intending to land or sell salt, be perfectly right that duty should be paid on the quantity *then on board*, but the charge we make is simply this, that duty was collected and forced from Nova Scotia fishermen, indiscriminately, without inquiry, or any reason to believe it was to enter into consumption, further than the mere wetting it on board in curing fish, the latter not intended to be landed at all in any part of Labrador or Newfoundland. And, on comparing the Collector's report of November 1863 with that of 1864, no doubt need be entertained of the fact that duty was so collected. The Collector admits he collected duty for the whole "quantity *then on board*;" but he, as we claim, disingenuously adds, "and intended for consumption." We deny that in the cases complained of there was any, the slightest intention, that the salt for which duty was exacted should enter into consumption, directly or indirectly, at Labrador, and can confidently state that Mr. Winter had no reason to suppose either that the salt or the fish cured by it would either be landed or go into consumption at the Labrador, as suggested. We would direct attention to the concluding clause of the last report: "In exacting this duty from the Nova Scotia vessels I considered I was placing them on the same footing with the fishermen of Labrador and Newfoundland, all of whom had to pay duty." Because, therefore, the Labrador and Newfoundland fishermen paid duty on salt regularly imported, landed, and sold, and the fish cured therewith landed and subsequently exported from those places, Mr. Winter assumes the right of sending officers on board all Nova Scotia fishing-vessels entering the harbours of the Labrador solely for shelter, and prosecuting their fishing voyages, and levying duty on salt never to go into consumption there, so as to put "Nova Scotia vessels on a footing with the fishermen of Labrador and Newfoundland, because the former got their salt in Nova Scotia, duty free." The Revenue officers at Labrador have the right and means to ascertain from the master of every vessel entering their port, whether any of his supplies are intended to be landed or sold. If not, but solely for his legitimate voyage as a Nova Scotia fisherman, the whole fruits of which are to be brought back to this Province without either salt or fish touching land at Labrador or Newfoundland, or going into consumption at either place, then we respectfully submit that it is both illegal and unjust to tax his salt. If, however, smuggling or attempt at evasion of duty is found, we wish not to interpose any obstacles to the adoption of measures necessary to prevent such, but you will fail to discover in either report the slightest suggestion that the measures adopted were caused by any attempt at smuggling on the part of Nova Scotia vessels.

We have every reason to believe that our previous and present statements and positions taken as to the exactions at Labrador will not be attempted to be denied. If they are, abundant proof can be afforded that they are correct.

Respectfully asking your consideration of the foregoing statements,

We remain,

Your most obedient servants,

C. TUPPER,
W. A. HENRY.

The Right Honorable E. CARDWELL, Colonial Secretary, &c., &c.
Downing Street, London.

CAP. CVI.—*An Act to authorize Loans in aid of the Construction of Docks in British Possessions.*

5th July, 1865.

Whereas, with a view to secure accommodation for vessels of the Royal Navy in British possessions abroad, it is expedient to authorize loans in aid of the formation there of docks of dimensions greater than would be requisite for commercial or other private purposes only:—

Be it therefore enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords, spiritual and temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:

1. This act may be cited as The Colonial Docks Loans Act, 1865.

2. In this act the term "the Admiralty" means the Lord High Admiral of the United Kingdom, or the Commissioners for executing the office of Lord High Admiral:

The term "Dock" includes Basin or other work for the reception of vessels:

The term "Colony" includes any plantation, Island, or other possession within Her Majesty's Dominions, exclusive of the United Kingdom and its immediate dependencies, and exclusive of India, as defined by the act of Parliament of 1858 "for the better Government of India:"

The term "Person" includes any authority, and any body, corporate or unincorporate.

3. For the purposes of loans under this act, the Commissioners of Her Majesty's treasury may from time to time, by warrant under the hands of any two or more of them, cause to be issued out of the consolidated fund of the United Kingdom or the growing produce thereof, to the account of the Admiralty, any sums of money not exceeding in the whole the sum of three hundred thousand pounds.

4. The Governor and Company of the Bank of England shall open in their books an account with the Admiralty, under the title of "The Lord High Admiral or Commissioners of the Admiralty for the time being on account of Colonial Docks."

5. All money from time to time issued under this act out of the consolidated fund shall be carried to the credit of the said account.

6. Out of the money for the time being standing to the credit of the said account, the Admiralty may from time to time, if and as it seems fit, with the previous approval in each instance of the Commissioners of Her Majesty's Treasury, lend such sums of money as may be required to any person forming or enlarging any dock in any Colony, and being willing to make the same of dimensions sufficient to meet the requirements of Her Majesty's Naval Service, on such terms and conditions as may be agreed on between the Admiralty and the borrower, subject nevertheless and according to the following provisions:

(1.) The money lent shall not exceed the sum of twenty thousand pounds, nor shall it exceed the estimated cost of increasing the dimensions of the dock beyond those required for commercial or other private purposes.

(2.) The amount agreed to be lent shall be made payable by instalments as the works connected with the formation or enlargement of the dock progress.

(3.) The money lent shall bear interest at not less than four pounds per centum per annum.

(4.) All and every part of the money lent shall be made repayable by instalments within a period not exceeding twenty-one years from the respective dates of the payments on account of the loan.

(5.) The borrower shall give security to the satisfaction of the Admiralty and of the Commissioners of Her Majesty's Treasury, by mortgage of the dock where practicable, or otherwise, for payment of interest and repayment of principal.

7. By virtue of this act, any loan may be made, and any security may be given, by way of mortgage or otherwise, on any dues, rates, tolls, revenues, or property of the borrower, notwithstanding the absence of any power in the

borrower so to borrow or give security, except by virtue of this act, and notwithstanding any limitation of the amount authorized to be raised under any borrowing power.

8. Every mortgage or other security in respect of a loan under this act shall have priority to all other securities and charges whatever on or affecting the dues, rates, tolls, revenues, or property comprised in such mortgage or other security, except to a security or charge of prior date and execution, securing money actually lent before the date of the agreement for the loan under this act.

9. In any agreement, deed, or instrument made or executed under this act, the Admiralty may be styled "The Lord High Admiral of the United Kingdom, or the Commissioners for executing the office of Lord High Admiral," without any name being expressed.

10. Any such agreement, deed, or instrument signed or executed by two of the Commissioners of the Admiralty shall be as valid and effectual as if signed or executed by the Commissioners for the time being.

11. All the estate, interest, rights, and powers of the Admiralty under any mortgage or other security in respect of a loan under this act, shall, by virtue of this act, go to and vest in the Lord High Admiral or Commissioners of the Admiralty for the time being in succession.

12. All interest from time to time payable, and all principal money from time to time repayable, in respect of any loan under this act, shall be paid, under the direction of the Admiralty, to the Cashiers of the Governor and Company of the Bank of England, and when so paid shall be carried to the credit of the account kept by them with Her Majesty's Exchequer.

13. Any money for the time being standing to the credit of the account opened with the Admiralty may from time to time, under the direction of the Commissioners of Her Majesty's Treasury, be transferred by the Governor and Company of the Bank of England to the account kept by them with Her Majesty's Exchequer, and when so transferred shall be carried to and made part of the consolidated fund of the United Kingdom.

14. Every agreement for a loan under this act shall be laid before both Houses of Parliament within thirty days after the making thereof, if Parliament is then sitting, and if not then within thirty days after the next meeting of Parliament.

15. Any agreement made before the passing of this act by the Admiralty, and approved by the Commissioners of Her Majesty's Treasury, for a loan for such a purpose as aforesaid, is hereby confirmed; and any money may be lent, and all interest agreed for shall be paid, and all instalments of principal money agreed for shall be repaid, as nearly as may be in all respects as if the agreement were made under this act.

(COPY.)

Memorandum of Agreement made and entered into this Fifteenth day of August, One Thousand Eight Hundred and Sixty-five, between the Chief Commissioner of Railways of the Province of Nova Scotia, by direction and authority of the Governor and Council, acting by the undersigned Charles Tupper, Provincial Secretary, and William Alexander Henry, Attorney General of the said Province of Nova Scotia, hereinafter called "the Representatives," of the one part, and the International Contract Company, limited, of 85 Cannon street, West, in the city of London, hereinafter called "the said Company," of the other part:

Whereas, an act of the Provincial Legislature of Nova Scotia was passed on or about the second day of May, 1865, intituled, "An Act to provide for the construction of two other sections of the Provincial Railways," and by such act provisions were made for the construction of a certain Railway from Truro to the boundary line of New Brunswick, and from Windsor to Annapolis. And whereas, in pursuance of the provisions of the said act, a negotiation has been

entered into between the said Representatives and the said Company, having for its object an arrangement by which the said Company shall undertake the construction of the section of the said Railway from Truro to the boundary line of New Brunswick, under the provisions of the said act, and subject to the terms and conditions hereinafter mentioned:—

Now this agreement witnesseth, and it is agreed by and between the said parties hereto, as follows:

1. The before recited act shall be the basis of this agreement, so far as it relates hereto, except as the same may by this agreement be agreed to be modified.

2. The said Company, in consideration of the premises and of the agreement on the part of the said Representatives hereinafter contained, hereby agrees to construct the said Railroad under the provisions of the said act, and subject to the terms and conditions hereinafter mentioned, on the central route which has been recommended by the Government Engineer, and approved by the Governor in Council, and the said Company shall commence the surveying not later than the month of November next, and prosecute the same until completion, and shall commence the works *bona fide* at a period not later than the month of June, 1866, and shall complete and open the line for traffic within four years from the first day of November next. And further, that in respect to section 19 of the said act, no steeper gradient or curve of a smaller radius shall be admitted on the said Railroad than on the present Railway line from Halifax to Truro, and the said Railroad shall in all other respects be equal in point of construction and efficiency to the said Railroad from Halifax to Truro. The rails to weigh sixty pounds to the yard, and to be joined together with fish plates; and it is also understood and agreed that, by mutual consent, alterations may be made in the provisions of the said 19th section, and of this clause.

3. The said Company shall be bound to provide such conveyance for the officers and soldiers of Her Majesty's forces, ordnance corps, marines, militia, or police forces, at such time or times (whether the same shall be the usual hours for starting trains or not) as shall be required or appointed by any officer duly authorized by the Governor for that purpose, and with the whole resources of such Company or body corporate at fares not exceeding two cents per mile for each officer, soldier, marine, or private of such forces, respectively, and also for each wife, widow, or child above twelve years of age, of a soldier entitled by act of Parliament or other competent authority, to be sent to their destination at the public expense,—children under three years of age so entitled to be taken free of charge, and children of three years and upwards, but under twelve years, so entitled, being taken at half price of an adult, provided that every officer conveyed shall be entitled to take with him one hundred weight of personal luggage without extra charge, and every soldier, marine, private, wife, or widow shall be entitled to take with him or her half a hundred weight of personal luggage without extra charge,—all the excess of the above weights of personal luggage being paid for at the rate of not more than eighty cents per 100 weight per 100 miles, and all public luggage, stores, arms, ammunitions, and other necessary things (except gunpowder and other combustible matters) shall be conveyed at charges not exceeding four cents per ton per mile, the assistance of the military or others being given in loading or unloading such goods.

4. The said Company shall be bound to convey Her Majesty's mails at the same rate of charge as now paid for the same service to the Railway Department in Nova Scotia.

5. And the said Representatives for and on behalf of the said Province of Nova Scotia, under the authority hereinbefore mentioned, in consideration of the premises, hereby agree to and with the said Company, as follows:—

6. That the amount of the subvention mentioned in section 2 of the said act shall be reckoned on 70 miles, or £22,400 stg. per annum.

7. That in consideration of the Provincial Government taking no stock in the said Railway, as provided in section 2 of the said act, the said Representatives agree to increase the annual subvention to the sum of £2400 stg.

8. That after the first payment of the subvention, as mentioned in section 4 of the said act, all future payments shall be made half yearly, in the city of London.

9. That in case the subvention shall not be capitalized as provided in section 4 of the said act, or in clause 16 of this agreement, the subvention shall only be paid in proportion to the progress of the works, and in the event of less than one quarter of the entire works being completed during the first year, or of one one-eighth during any subsequent half-year, the Provincial Government shall be entitled to retain a proportionate deduction from such subvention until such proportionate part is completed, and on the completion of the same the whole of the said amount so retained shall be paid to the Company.

10. That the powers comprised in section 5 of the said act shall not be put in force without the consent in writing under the common seal of the Company.

11. That all lands required for the Railway track and appurtenances shall be provided gratis to the said Company, with the right of entering on all ungranted lands belonging to the Government and taking free of cost all materials required for the Railway, as under the provisions of section 11, chapter 70, referred to in the said act.

12. That the said Company shall be entitled to make and enforce a tariff of charges for fares and frights equal to, but not exceeding (except by mutual arrangement) the tariff now in force on the Government lines, copies of which are this day signed by the said Representatives,—such limitation not to apply to the charges for conveyance of horses and waggons, which shall be determined by mutual agreement.

13. That the provisions of section 9 of the said act, as far as regards the possession and ownership of the Railway by Government shall only be put in force subject to the prior payment or tender to the Company of the value thereof, as mentioned in section 7 of the said act, such value to be ascertained by arbitration, either under the provisions of section 8 of the said act or of this agreement.

14. That should the said Provincial Government exercise the powers given them under the provisions of section 7 of the said act prior to the opening of the said Railway for traffic, the amount to be paid to the said Company as the value of the said Railway, shall not be less than the capital expended, including the subvention and all liabilities *bona fide* incurred, with six per cent. per annum interest thereon, exclusive of the subvention; and should the said Government exercise such powers after the opening of the said Railway for traffic, the amount to be paid to the said Company as the value of the Railway shall not be less than the capital expended, including subvention and all liabilities *bona fide* incurred, together with an amount which with the nett earnings of the said Railway, shall be equal to six per cent. per annum interest on the amount expended, exclusive of the subvention.

15. That if Provincial Debentures be paid in pursuance of the provisions of section 7 of the said act, the same shall be reckoned at a price which shall make them equivalent to cash, and in case any difference of opinion shall arise as to the value of the Debentures to be paid, the same shall be determined by arbitration, either under the provision of section 8 of the said act or of this agreement.

16. That in case the said Company shall determine to capitalize for itself the said subvention, or any part thereof, the Provincial Government shall render every assistance in their power to accomplish this object, and shall, if necessary, enter into a direct obligation with all proper parties for the payment for the future of the said subvention to such parties direct, instead of to the said Company. Provided that all monies raised under the provisions of this clause shall be deposited in the joint names of the parties hereto, or such other names as both shall agree upon, in the National Bank, or some other Bank in London, to be approved of by the parties, and to be drawn out by both parties, and applied only for the construction of the Railway pro rata with the progress of the works until the said Railway shall be fully completed and opened for traffic, after which the balance, if any, shall be paid to the Company.

17. That the said Company shall, for the purpose of carrying out this agreement, have the power to form a joint stock Company, under the provisions of the English Companies Act, 1862, with such amount of capital and with borrowing powers and such articles of association as the said Company may think proper, and when such Company is formed and capital placed to the satisfaction of the parties hereto of the first part, the said intended Company so to be formed shall be accepted in lieu of the said Company for the purposes of this agreement.

18. That an Act of Incorporation for such intended Railway Company shall be submitted to the Legislature of Nova Scotia, and upon such incorporation being made, the Government for the time being shall have the power of nominating two Directors to the Board of such Company.

19. That all materials and stores required for the construction and working of the Railway shall be entitled to a drawback of the amount of import duties paid thereon by the said Company, and that the Provincial Government shall grant the free use of the landing stage and Railway Stations at Halifax, Bedford, and Truro, and transit over the Government Railways,—the said Company paying all expenses incurred in landing and for haulage and handling of such materials and stores, and also the cost transit thereof.

20. That should any Legislative alterations be required for the purpose of carrying the terms of this agreement into effect, the said parties of the first part hereby undertake and agree to use all proper means in their power to obtain the same.

21. And it is further mutually agreed that prior to the opening of the Railroad a traffic arrangement shall be made between the said Company and the Provincial Government for the mutual use and employment of their respective lines of Railway, or for the joint operation thereof on equitable terms.

22. That the third arbitrator proposed to be appointed under section 8 of the said act by the Principal Secretary of State for the Colonies, shall act only as Umpire in the event of disagreement between the other two arbitrators therein named.

23. That by mutual consent the appointment of an arbitrator under the provisions of section 8 of the said act, by the Principal Secretary of State for the Colonies, may be dispensed with, and the same may be appointed in such manner as the parties hereto may agree upon.

24. That in every arbitration required under this agreement or under the said act, in case the Government or the said Company shall fail to appoint an arbitrator and to notify such appointment to the other party within three calendar months after request in writing, the Principal Secretary of State for the Colonies shall nominate and appoint the arbitrator for the party so refusing, and such arbitrator shall have the same power and authority as if he had been nominated and appointed by the said Government or the said Company respectively. In witness whereof, the said Representatives have hereto set their hands, and the said Company their seal, the day and year first above written.

(Signed) CHARLES TUPPER,
(Signed) W. A. HENRY.

(Signed) E. PICKERING,
Managing Director.

(L.S.)

(Signed)
(Signed)

JOHN GRAY, and }
J. HOARE. } Directors.

(Signed)

W. S. HOPLEY,
Secretary.

9 Charles Street, St. James,
July 11th, 1865.

GENTLEMEN,—

Referring to the conversation we had with you on Tuesday last, we have the honor to inform you that the Government of Nova Scotia will require to sell Bonds in England, for the purpose of Railway Extension, to the extent of from £300,000 to £400,000 stg. No part of this money will be required before the commencement of next year, as we shall be enabled to sell within the Province all that will be needed up to that time. The whole sum required is not expected to exceed £500,000 stg. You are already aware, from the papers placed in your hands, of the very satisfactory financial condition of the Province, whose rapidly developing resources and increasing commerce have enabled us for years, with the low tariff of 10 per cent., not only to meet all charges upon the revenue, but also to expend a large and annually increasing surplus upon the general improvement of the country.

Under these circumstances, we beg to inquire upon what terms you will negotiate the sale of whatever amount we may require of Debentures of the same character as those sold hitherto by you for our Government, and whether and upon what terms you would be disposed to take £150,000 of such Bonds on your own account, to be placed to our credit in sums of £50,000 each, at three, six, and nine months, from the 1st day of January, 1866.

We have, &c.,

(Signed)

C. TUPPER,

(Signed)

W. A. HENRY.

To MESSRS. BARING BROS. & Co.

London, 19th July, 1865.

GENTLEMEN,—

We have the honor to acknowledge the receipt of your letter of 14th instant, in which you repeat what was already mentioned in conversation, that it is the intention of the Government of Nova Scotia, for Railway wants, to sell to the extent here of £300,000 to £400,000 Bonds of the Province similar to those already negotiated, and desire to know the terms on which we would take charge of such sales.

It would be necessary, of course, to deposit a certified copy of the Act of Parliament, the Order in Council, and of the authority to negotiate this operation; but supposing, as would no doubt be the case, that these preliminaries were satisfactorily arranged, our terms would be as heretofore—one quarter of one per cent. brokerage, and one per cent. commission when we are not in cash advance, and two per cent. commission after advances. There would likewise be the cost of stamps actually paid for to be charged.

For cash advances we should charge interest at the Bank of England rate, but never under five per cent. per annum, and we should allow interest at the rate of four per cent. on funds in our hands.

When we are acquainted with your views as to the price for sale, it will be matter of consideration whether we should attempt the sale by a subscription for the whole amount, or sell gradually as opportunities offered. We regret to say that there is at present so little demand for these Bonds that unless they are offered at a considerable reduction from the actual quotations, we fear that sales will be very slow and difficult, and on that account we do not believe, even if it suited us, that it would be for the interest of the Province to sell us bonds for £150,000 at the price which we could afford to give; but we are willing, if sales to that extent are not made before the beginning of next year, to advance to the Government of Nova Scotia, on the above-mentioned terms, £50,000 on 1st

January 1866, £50,000 on 1st April following, and £50,000 on 1st July next, against deposit with us of Bonds to cover our advances, and with authority to realize the same for that purpose.

We trust that these observations will be satisfactory to you, and that you will perceive in them another proof of our constant desire to meet the views and to promote the welfare of the Government of Nova Scotia.

We have, &c.,

BARING BROTHERS & CO.

Hon. CHARLES TOPPER, Provincial Secretary.
Hon. W. A. HENRY, Attorney General,
London.

August 4th, 1865.

GENTLEMEN,—

We regret to find by your letter of the 19th July, that you are not disposed to take, as before, £150,000 of our bonds at par,—the lowest price at which we would feel at liberty to sell. We are much obliged by your offer to place that amount to the credit of the Province as advance of sales, should it be desired; but in order that the Government may know the precise sum required to be provided annually, for interest, we would much prefer to have the rate fixed on any advances which may be made, as also upon any money which may at any time be to our credit. You will also oblige us by stating how long you would be willing to hold any bonds, placed as security in your hands, if we are indisposed to sell at the rates which could be realized. Fully sensible of the anxiety you have ever evinced to promote the interests of our Province,

We remain, &c.,

(Signed,)

(Signed.)

C. TUPPER,
W. A. HENRY.

Messrs. BARING BROS. & Co.

London, 10th Aug., 1865.

GENTLEMEN,—

We have the honor to acknowledge receipt of your letter of 4th inst., and, in conformity with its contents as well as with the conversation with which you have favored us, we will shortly recapitulate the conditions upon which we are agreed to negotiate the further issue of the bonds of the Province of Nova Scotia, with those alterations in the terms of our letter of 19th July as to which we are agreed.

It is therefore understood that we will exert ourselves, as heretofore, to realize the new bonds to the amount of £300,000 to £400,000, on the most advantageous rates for the Province, and according to the limits which will be given to us, either by subscription or by sales in the market, for which the Provincial Government will pay one quarter of one per cent. brokerage, the stamp duty, with other incidental charges incurred, and one per cent. commission, which we beg to repeat is a lower charge than Governments are in the habit of paying for the negotiation of a loan. In case we are unable to attain the limits given by the Government, and thus to effect prompt sales in time for the Provincial wants, we consent to advance, if wanted, on deposit of these bonds, £50,000 on 1st January, 1866, £50,000 on 1st April, and £50,000 on 1st July of the same year, with the charge of an additional one per cent. commission. The interest

we shall charge on such advances will be at the rate of five per cent. per annum, whilst we shall allow interest at the rate of four per cent. on any money which the Province may have in our possession. These advances will be for the period of one year from the periods above named, subject to any agreement which may be subsequently and mutually made for the continuance of the loans if required, and it will thus be obvious to you that the Province will only pay six per cent. per annum for these loans, or the equivalent of the interest which the bonds bear. The Commission for the payment of dividends and for the redemption of the bonds will, as in former cases, be one per cent.

We should recommend that the new bonds should be similar to those already known in this country, should be all dated on the same day, with thirty years to run before redemption; and that the dividend warrants should all be payable at our office on 1st January and 1st July of each year, as any difference in dates, term of years to run, and payment of interest, are difficulties in the way of a satisfactory sale. We should also advise that the new issue should be in bonds of £500 and of £100 each in equal proportions.

In reference to your verbal expression of surprise that now, when the credit of the Province of Nova Scotia is well established, we should be unwilling to purchase at once £150,000 of these bonds for our own account at par, and that the market-price of such bonds should be lower than it was when the first bonds were issued, we may venture to observe that the present quotations will sufficiently explain our reluctance in the first respect, and that various circumstances have tended to check the demand for the Provincial bonds. The occurrences on the Continent of America during the last four years could hardly fail to inspire in the public mind some anxiety as to the future position and expenditure of the British Possessions in the neighborhood of the United States, and thus to throw some doubt (whether justified or not), as to the eligibility of the Provincial debt, as a security for investment, whilst the most casual glance at any stock-list will convince you of the fall in prices which has occurred in most of the funds since the last ten years, as well as of the variations in popular taste, and the desire of the public to obtain high interest in new loans, shares and schemes, without perhaps a due regard to the security offered. Against such changes of taste and fashion it is impossible to guard; but although we do not entertain at present the expectation of obtaining the par price for Nova-Scotia bonds, we hope that the increasing resources of the Province, its constant financial regularity, and the maintenance of peace, will ere long recommend them to the favorable notice of those who wish to unite solid security with ample interest.

We remain, &c.,

BARING BROTHERS & CO.

The Honorable CHARLES TUPPER,
The Honorable W. A. HENRY,
9 Charles Street, St. James.

9 Charles Street, St. James,
August 11th, 1865.

GENTLEMEN,—

We have the honor to acknowledge the receipt of your letter of yesterday, and to accept the terms upon which you state your willingness to negotiate the further sale of bonds for the Government of Nova Scotia, and to advance £150,000 on those bonds if required. We beg to thank you for the information given as to the present condition of the money market here, as also for the valuable advice tendered touching the best form of bonds to be issued. The act of

the Legislature passed in 1864, authorizing this further issue of bonds, which we have the honor to place in your hands, fixes the time of redemption at twenty years, the same as those previously issued; but if you think that any extension of the time of repayment to thirty years would enable us to realize a larger price for them, the Legislature would no doubt amend the Act in that way at the ensuing session. With many thanks for your uniform kindness to ourselves, and consideration for the interests of the Province,

We remain, &c.,

(Signed,
(Signed,)

C. TUPPER,
W. A. HENRY.

Messrs. BARING BROS. & Co.

London, 17th August, 1865.

GENTLEMEN,—

We have the honor to acknowledge the receipt of your letter of the 11th inst., by which we observe that the Act authorizing the further issue of Provincial debentures fixes a period of twenty years for their redemption, but that the Legislature would probably extend the term to thirty years, if it were advantageous to do so.

The advantage of the longer period depends upon the market value of the debentures when sales are made: whilst the price is below par, a term of twenty years is more favorable for purchasers; but if you think it probable that the price will rise above par, then the longer period of thirty years will be more advantageous, as the premium, which is an eventual loss to the investor, is divided over a longer term; and, in this case, debentures having thirty years to run would be preferred in the market to those reimbursable in twenty years.

From these observations you will be able to judge of the expediency of asking the Legislature to fix the redemption of the debentures at thirty instead of twenty years.

We have, &c.,

(Signed,)

BARING BROS. & CO.

The Honorable CHARLES TUPPER,
The Honorable W. A. HENRY.

9 Charles Street, St. James.