

assume the pecuniary responsibility and offer the security which the Province cannot furnish of the permanency of its Government. Let it not rest as a mere matter of opinion amongst money lenders, but upon the broad basis of British guarantee. The sum which would be required to liquidate the whole public debt of the Province is small in comparison with the interests which would be secured and promoted by that liquidation; and the British Treasury might negotiate a loan upon its own security in London at little more than half the rate paid at present by the Province. The benefits accruing to the Province from such a measure would be incalculable. The public works in progress might be completed and made productive; all doubts respecting the intentions of the Mother Country would be removed; and when peace was restored, the immigration of men of property to Upper Canada would recommence instead of contributing to swell the resources of a foreign and an unfriendly country. Nor should we then see, as now, the labouring population of the Province drawn into the United States, to be there employed with money raised in England.

My Lord, I have good reason to know that many thousands of Her Majesty's subjects have merely passed through this Province, and crossed into the United States, because *English* capital, which was to afford them the means of profitable employment, was to be found *there* instead of *here*. While such is the case, it is unjust to eulogize the United States, as being so excellent a market for British manufactures; for, were the facts reversed, in proportion as we had British capital, so should we employ it profitably to ourselves and to the advantage of those investing it. By means such as these, the country would rapidly increase in value and importance to England, and perhaps at some future period prevent the loss of the American trade from being felt, when by the employment of British capital and British artisans the United States shall have been enabled to establish rival manufactures within her own territory.

To be effectual, such a measure of relief as is here suggested, should, in my opinion, be immediate; for if it be delayed until the general settlement of other matters relating to the Colonies, the time I fear will be gone by when its application would prove most salutary.

The payment of one or two years' interest from the capital advanced would not, I trust, be considered sufficiently objectionable to warrant the rejection of a plan whereby so much good may be accomplished; and I can assure Your Lordship that by causing it to be promptly and decidedly carried into effect, Her Majesty's Government would acquire the lasting gratitude of a whole people, whose happiness and prosperity they would have been, in such case, so instrumental in promoting.

I have been the more induced to enter into these details in proportion as I have become sensible of the importance of the matter to which they have reference.

Anticipating a stormy and unsatisfactory session, scarcely any thing could give me greater satisfaction, when I meet the Legislature, than the power to offer from Her Majesty's Government the great boon to Upper Canada which I have here ventured to solicit on her behalf.

By granting it, many of my difficulties would be materially overcome, and whilst thus affording to the community so great an earnest of the desire of Her Majesty's Government, to promote as well their present, as their future welfare, I should look forward with confidence to the speedy restoration of public tranquillity and security.

I have, &c.,

(Signed) GEO. ARTHUR.

The Right Honourable

The LORD GLENELG, &c. &c. &c.

Enclosure No. 1. Despatch No. 91. 20th November, 1838.

Copy.

Receiver General's Office,
Toronto, 31st July, 1838.

Sir:

I have the honor to enclose to you a letter, dated the 14th June, from Messrs. Baring, Brothers, & Co., just received by me, for the particular information of His Excellency the Lieutenant Governor; and beg leave to state that their communication, dated the 20th October last, was transmitted by me to the Government here on its receipt.

I have the honor, &c.,

(Signed) JOHN H. DUNN,
Receiver General.

The Honourable

JOHN MACAULAY,

Private Secretary,

&c., &c., &c.

Copy.

London, 14th June, 1838.

Sir:

We have been duly favored with your esteemed letters of 7, 20 March, 3 April, and 1 ultimo, the former advising your drafts, together £10,000, Nos. 199 & 204, on account of the Government, which we enter accordingly. By the two last you inform us of a fresh issue of Debentures to the amount of £5,000 and £10,000, the Nos. &c. of which are duly noted.

In referring you to what we had the honor of communicating to you in our letter of 20th October last, (of which we enclose copy, as you do not seem to have acknowledged receipt) with regard to the sale of Bonds with you which do not pass through our hands, but have the dividend warrants made payable at our counting house, we must again repeat our objections to that course, which we believe to be as prejudicial to the interests and credit of the Colonial Government, as it is contrary to our system and European usage. On our part we object to having our names inserted on Stock, the issue of which has not had our previous knowledge and consent. We have every confidence in the resources and good government of the Province of Upper Canada, but we do not wish our names to be connected with loans of which neither the amount nor the periods of negotiation are previously communicated to us.

On the other hand the credit of the Government is injured by parcels of Bonds finding their way to this market (where they must all ultimately come) through different channels and being offered by different parties whilst the public is not officially informed whether any and what limit is to be put to this irregular system of borrowing. The interest of the Province is likewise injured, because the sale of these casual parcels interferes with the realization of what we hold for the Govt., depresses the price and discourages buyers. We are convinced that by adopting a more regular system for these operations, the finances of the Province would be materially benefited; but should you, Sir, and the Govt. continue to think differently, we must most respectfully repeat that we beg the name of our house may not be inserted in the dividend warrants of any Bonds that are not sold to us or through us.

We have, &c.

(Signed) BARING, BROTHERS, & Co.

The Hon.

J. H. DUNN,

H. M. Sec'r General,

Toronto, Upper Canada.