

## CANADA.

for the protection of a colony now well able to do much towards protecting itself.

In adopting this principle, I need hardly observe to you that Her Majesty's Government would merely be reverting to the former colonial policy of this country. You are well aware that up to the period of the war of the American Revolution, the then British colonies which now form the United States, as well as the West Indian colonies, were required to take upon themselves the principal share of the burthen of their own protection, and even to contribute to the military operations undertaken to extend the colonial possessions of the British Crown. The North American colonies defended themselves almost entirely from the fierce Indian tribes by which these infant communities were frequently imperilled, and furnished no inconsiderable proportion of the force by which the contest of British power with that of France was maintained on the continent of America; and the West Indian colonies did not, in proportion to their means, make less exertions.

7. Her Majesty's Government would have thought it right at an earlier period to revert to this former policy of the empire, and to extend to Canada measures of the same description with those which have already been adopted as respects the Australian colonies, had it not been that till lately there were circumstances connected with the commercial and general condition of Canada which seemed to render the time unfavourable for effecting so important a change. The difficulties under which commerce and industry laboured were of a very aggravated description, and produced their usual consequences of political excitement and discontent; nor ought it to be concealed that much of the prevailing distress was attributable to the changes which had taken place in British legislation. The combined effect of the stimulus given by the Act of 1843 to the investment of capital in preparations for supplying this country with flour from Canada, and of the subsequent general repeal of all restrictions on the importation of corn and flour into the United Kingdom, had undoubtedly been to cause very heavy losses in Canada, and till these had been recovered, it would have been inexpedient to add to the burthens of the province.

8. But the season of commercial depression in Canada has now passed away, the repeal of the Navigation Laws, and the opening of the St. Lawrence Canals, which the province has been enabled to construct by a loan raised on highly favourable terms on the credit of the British Treasury, has given a great impulse to its trade, and the remarkable increase of the customs' revenue which you have lately reported to me, affords a clear and striking proof of the return of prosperity.\* Under these circumstances, it appears to Her Majesty's Government, that no more favourable opportunity could be found for placing the fiscal relations of the mother-country and the colony on a permanent and equitable footing. They are the more induced to adopt this view of the subject, because they are prepared to recommend to Parliament that assistance of the same kind with that which has proved so eminently useful to Canada in the construction of the St. Lawrence Canals, should be extended to her in respect of another public work, calculated to be hardly less beneficial to her than these canals. In another despatch I will explain to your Lordship the views of Her Majesty's Government with regard to the means by which it is hoped that the construction of the Quebec and Halifax Railway may be accomplished. I only advert to this subject at present for the purpose of observing, that while the credit of this country is exerted to enable Canada to extend her public works and to develop her resources, I feel confident that the Parliament of Canada will readily co-operate with Her Majesty's Government in adopting measures for diminishing the charge on the British Treasury for the defence of the province.

9. Having thus explained to your Lordship the principles of the policy which Her Majesty's Government propose to adopt, I will now proceed to state more particularly the measures by which it is contemplated that this policy should be carried into effect. In the first place, it is intended, that in future, with the exception of a certain number of enrolled pensioners, for whose location in the province arrangements are in progress, the troops maintained in Canada should be confined to the garrisons of two or three fortified posts of importance, probably only Quebec and Kingston. The terms of amity upon which

\* See Lord Elgin's despatch No. 2, January 1, 1851, on the increasing prosperity of the province, page 99, Appendix to this paper.