

There is another subject connected with the question, to which it is necessary that I should advert.

In 1839, measures were taken to prevent the cutting of timber in the Disputed Territory, and an act was passed under which the Warden was commissioned to seize any such timber which might be cut by British subjects. The American posse was also stationed there with the same ostensible object. Applications were subsequently made to the Government for the admission of timber which had been previously cut in 1838 and 1839, which was allowed; and a limited permission was also granted to the settlers at the Madawaska to cut timber in the lands occupied by them. Under these regulations, large quantities of timber were introduced in 1839 and 1840, bonds being taken for a duty of 4s. per ton upon it. My letter of the 9th instant will have apprized your Lordship that the American land-agent had levied a duty of 5s. per ton upon timber so cut at Madawaska; and from a subsequent application made to me, I have reason to believe that a similar duty has been levied upon all the timber introduced, on the alleged ground that it was cut in the winter of 1838 and 1839.

Mr. Mc Lauchlan is of opinion, that the quantity of timber from the Disputed Territory now floating to St. John's amounts to 10,000 tons; and as there is no practicable means of distinguishing timber cut in those years and subsequently, it is obvious that the restriction imposed on the cutting of the timber is practically evaded by the Americans, who derive a large revenue from it. Mr. Mc. Lauchlan adds, that he has no reason to think that the English lumberers have been engaged in these operations.

I have no doubt that the great demand for this timber at St. John's, and the apparent hardship of excluding that which had already been cut, led to the regulation; and as the timber has been purchased by persons within the province, it will be necessary that notice should be given of the enforcement of the restriction.

I have appointed the Council to assemble on Monday, the 28th instant, when the necessary measures will be taken.

The effect of excluding the timber will, I hope, lead the Americans to seek an early adjustment of the questions at issue; and if the claims to the respective portions of the territory were settled, or even a line defining the jurisdiction, I should see no objection to the readmission of the timber, on payment of a moderate duty, it being understood that the subjects of either Government should have permission to cut timber within their respective limits.

Till the regulations can be rescinded in Council, and a proclamation issued, I have required, in justice to our lumberers who have cut timber in the provinces subject to duty, that bond for the whole amount of the duties should be taken, without regard to the charges imposed by the Americans, and a declaration from the owners that the timber was cut in 1838 and 1839 previous to the agreement of the 25th of March. It may be proper to remark, that it had been the practice till then to levy equal duties on the timber cut in the Disputed Territory and within the province, and to carry the amount of the former, when recovered on the bonds, to the account of a separate fund hereafter to be rendered when the Boundary Question should be settled.

The restriction on the importation of timber will be inconvenient to the merchants, but its admission is unjust to the British lumberers, and impolitic pending the negotiations.

It only remains for me to add to these lengthened details, that I will endeavour, as far as possible in the execution of the trust confided to me, to guard against collisions on the one hand, and the compromise of the rights of Her Majesty's subjects on the other.

In doing this, I am unable to foresee the occasions which may require that I should act, or abstain from acting. Your Lordship has observed, that the settlement of the Americans at the Fish River ought not to have been admitted, but that, under existing circumstances, it would not be advisable to disturb them. There can be no doubt that, according to the laws of this province, they are legally within its jurisdiction, and that,