

—No. 2.—

(No. 57.)

COPY of a DESPATCH from Lord *Sydenham* to the Right honourable
Lord *John Russell*.

My Lord,

Government House, Montreal, 6 May 1841.

No. 2.

I HAVE the honour to acknowledge the receipt of your Lordship's despatch of the 26th March, No. 344, enclosing a memorial addressed to you by the three Canadian land companies, and by other persons connected with Canada, respecting the advancement of agriculture and commerce, and the completion of the great public works in this province. Your Lordship adds a statement of the views entertained by the memorialists on these subjects, as explained to you at an interview.

Lord Sydenham to
Lord John Russell,
6 May 1841.

The proposition of the memorialists seems to be (so far as it is possible to affix a meaning to words so extremely vague and indistinct) to raise and advance as a loan the money necessary for the completion of various works, and for the introduction and settlement of emigrants on the faith of the revenue arising from the sale of land and timber, the execution of the works being as heretofore left with the local government, but due security being provided by law for their speedy completion, and for the appropriation of the land revenue to the payment of the interest on the loan.

Passing over the legal objections to this proposition, which at once occur, and which were stated by your Lordship to the memorialists, I must observe that, even with the explanation contained in your despatch, the scheme is presented in so intangible a shape, that it is difficult to know in what manner to reply to it.

There can be no question about the importance to this country of obtaining a very considerable loan, and in so far I approve of the memorialists' views; but in every other respect they appear to me impracticable. The land revenue of both Canadas, deducting the payments of the Canada Company, which will cease next year, and those from the British American Company, which will never be renewed, is very inconsiderable, and is already pledged as part of the consolidated fund towards the existing debt. If, as the memorialists assume, the consolidated fund will pay the charges on it, leaving a surplus to the amount of the land revenue, the province will be able, and no doubt will be disposed, to borrow in the London money market to the full amount which can be obtained by such surplus; and in that case the security of the consolidated fund, including the land revenue, will be far better and more easily negotiable than the security of the land revenue without the consolidated fund. If the consolidated fund be not adequate to the charges on it without the land revenue, it would be a breach of faith to withdraw that revenue from the security of the present creditors, and the scheme must consequently fall to the ground. In this view, therefore, I think the proposition impracticable.

Again, the memorialists, while they would leave to the executive government the execution of the public works, propose to stipulate for some legal provision for their completion, &c. What is the nature of this provision does not appear; but if it be intended, as I suppose it must be, to prescribe any particular manner in which, or any particular time within which, the works in question should be completed, I think it decidedly objectionable.

The local government and legislature are far more intimately acquainted with and interested in the works in question than any set of gentlemen residing in London, the majority of whom, probably, have never crossed the Atlantic. Errors were no doubt committed some years ago, in the commencement of one or two of the principal public works; but those very errors will be the safeguard against similar mistakes hereafter, more especially since the establishment of the Board of Works, and since the Union Act has placed in the hands of the government the initiation of money votes. It is my intention to submit to the legislature, at their next meeting, a plan for the promotion of all the principal works in this country; and the decision on the measures to be adopted may properly be left to them without the interference of the companies in question. And there is this further and conclusive objection to their proposal: that, were a loan raised on the understanding that legal provision should be made for the completion