

General of Canada to the Colonial Secretary, wherein the claims of the Canadian line to Imperial consideration are thus stated :

“ I may perhaps be allowed to add, that there is a point of view, in which a Canadian may look at the whole question somewhat different from that in which it has presented itself to the authorities at the General Post Office.

“ A Canadian may ask, ‘ Why are we in Canada obliged to pay a subsidy at all for a line of steamers running into the St. Lawrence to a British port by a route which we hold to be the most advantageous route ? The merits of the route itself might make our subsidy unnecessary, were it not that Her Majesty’s Government give a large bounty to a line running to foreign parts.’

“ It may be admitted that Canada was benefited by the rapid transmission of the mails through the United States, but she was no party to the arrangement as one which could never be revoked. Canada now thinks that she can arrange for the conveyance of her own mails to and fro by way of Quebec in summer, and Portland in winter, more rapidly and advantageously than by Boston and New York. Why should Her Majesty’s Government discourage this new enterprise on the part of Her Majesty’s subjects, and, by a large subsidy, drive the business only to the United States ports ?

“ As a matter of course, we cannot ask for any breach of faith towards the present contractors. We cannot ask for a sudden termination to an arrangement of which we have had the full benefit ; but we may surely ask that no renewal of that arrangement should be made without hearing what Canada has to say, when the opportunity occurs. We may hope that no course will be pursued adverse to the principles of free trade by the continuance of a large bounty to the Boston and New York lines.

“ Leave the natural advantages of the St. Lawrence and Portland route to find their own level in the market, and in the meantime do not use all the influence of the British Post Office, and the assumed meaning of the existing arrangement respecting the 6 *d.* and 5 *d.* postage, so as to bear as hardly as possible on the first effort of this Colony to open the St. Lawrence to a regular line of British steamers.”

In reply to this Despatch, the then Colonial Secretary informed the Government of Canada, on the 3d December 1856, that, after communication with the Lords Commissioners of the Treasury, he was apprised by their Lordships that the existing arrangements with respect to the Canadian mail service would be continued until the expiration of Mr. Cunard’s contract, when they hoped that an arrangement more in conformity with what they would “ regard as an equitable consideration for the finances of this country might be effected.”

After these communications, and knowing that the Imperial Government had been made aware of the continued existence and successful working of the Colonial line, Canada had a full reliance that no new arrangement with the Cunard line, or any other, would be made, and that no extension of existing contracts would be granted for the continued conveyance of the mails to Boston and New York without previous intimation to the Provincial Government, and then only after a full discussion of the relative advantages of the different routes, and of the important national considerations which were inseparable from the service.

It was therefore with surprise and regret that the Canadian Government became aware, through certain members of it who were in England on public business in November last, that it had pleased Her Majesty’s Government to renew the Cunard contract several years in anticipation of its expiring, without any intimation whatever to Canada, or giving her any opportunity of showing not only that the American and Canadian mail service could have been performed more expeditiously, and far more cheaply, by the St. Lawrence in summer, and by Portland in winter, but that a serious and lasting injury would be inflicted on the commerce and revenue of the Colony to the advantage of a foreign country. One of the objects which are stated to be aimed at in the extended arrangement is thus defined in a communication, dated the 19th June 1858, from the Secretary of the Admiralty to the Secretary of the Treasury :

“ My Lords have to observe, that the present contracts by which the weekly communication with North America is maintained, are not terminable (excepting on default) till the 1st of January 1862, and that the ostensible object of the contractors in their application at this early date for an extension of the period