

Her Majesty was pleased to receive this Address very graciously, but she commands me to state that she is not aware of any monies falling within the terms of it, excepting those produced by the sale of Clergy Reserves, and of Lands belonging to the Six Nation Indians.

The question of transferring the latter monies to Provincial securities, was first brought under the consideration of Her Majesty's Government, in the course of last year, by Mr. Dunn, but the Lords Commissioners of the Treasury, to whom it was referred, have considered that they are not in possession of sufficient information as to the nature and particulars of the investments on this account, or of the terms of the trust under which the Fund is administered by Mr. Dunn and his co-trustees, to enable them to decide on the propriety or expediency of transferring the investments to the Provincial Debentures, I have therefore to desire that you will transmit to me, for the consideration of their Lordships, a full report on this subject.

With respect to the proceeds of the Sales of Clergy Reserves:—The Queen commands me to state, that without the consent of Parliament, Her Majesty could not alter the investment which has been made in pursuance of the Act 7 & 8 Geo. 4, ch. 62.

But adverting to the Provisions of that Act, and of the sections of the Statute 31 Geo. 3, c. 34, which relates to the Clergy Reserves, and having reference also to the object and intentions with which those Reserves were created, it appears to Her Majesty that it would be inexpedient to apply to Parliament for the necessary powers to alter the investment of the proceeds of the Sales of those Reserves effected under the Act 7, and 8, Geo. 4, c. 62.

I have the honor to be,

&c. &c. &c.

(Signed.)

GLENELG.

Major-General

SIR GEORGE ARTHUR,

&c. &c. &c.

(COPY) No. 118.

Downing Street,

5th October, 1838.

SIR:

I have received your Despatch No. 53, of the 8th August, reporting the arrangements in progress for the early return to cash payments by the Chartered Banks of Upper Canada, which had been under the necessity of suspending Specie Payments.

I have communicated your Despatch to the Board of Trade and to the Lords of the Treasury. The latter have informed me that, as those establishments were, at the date of your Despatch, about to take measures for the resumption of cash payments, and as their Lordships feel assured that you will not assent to any renewal of the enactments by which the Banks are empowered to suspend the redemption of their notes in Specie—without due provision being made for the observance of the condition that no dividend shall be issued to the Shareholders during the period of such suspension, their Lordships do not consider it necessary at present to suggest any further instructions to you on the subject.

I have the honor to be,

&c. &c. &c.

(Signed.)

GLENELG.

Major-General

SIR GEORGE ARTHUR, K. C. H.

&c. &c. &c.

(COPY) No. 122.

Downing Street,

13th December, 1838.

SIR:

Amongst the Acts passed by the Legislature of Upper Canada during their last Session, on which the pleasure of Her Majesty has not yet been signified is, the "Act to repeal and amend part of an Act passed in the last Session, entitled an Act to authorise the chartered Banks in this Province to suspend the redemption of their notes in specie, under certain regulations for a limited time, and for other purposes therein mentioned."

I have referred this Act for the consideration of the Lords Commissioners of the Treasury, and the Lords of the Committee of Privy Council for Trade. Their Lordships observe that although the peculiar financial position of the North American Continent in the year 1837, and above all the example of the United States, may have afforded some ground for the Act passed in that year, no sufficient cause appears to them to have existed in 1838, for the renewal of that Act, and still less for the removal of the restrictions which were imposed by it. The legalizing of a system of inconvertible paper money, is, in their Lordships' opinion, strongly to be deprecated. Plausible grounds, they remark, may easily be found, for renewing Bills of this kind year after year, and it accordingly becomes necessary at once to refuse the sanction of Her Majesty's Government to such measures. Their Lordships therefore cannot assent to the principle of the Act under consideration, when provision is not made for preventing any distribution by the Banks of profits during the period of the suspensions of specie payment. As, however, the Act will shortly expire, Her Majesty's Government do not consider it necessary to advise the disallowance of it, but I have to desire that if any similar Bill shall be hereafter introduced into the Legislature, you will make it generally known, that unless it should contain the restriction to which I have just adverted, you will be compelled to withhold your assent from it.