

No. 7.  
Sir G. Arthur to  
the Marquis of  
Normanby,  
8 June 1839.

Looking forward a few years, and estimating the effect of the ordinary process of payments on purchases, and corresponding investments of the sums received in the public funds of the United Kingdom or of the province, I think much is to be expected from the accumulation of interest upon the principal to be realized from sales, which at the present time amount, as stated in the eighth column of the statement marked (C.), to nearly 200,000 *l*.

The income from this source will progressively improve, and bear a proportion to the amount of the unpaid principal created by the sales of the land and the degree of punctuality observed by the purchasers in fulfilling their engagements; while it will at the same time occur, that as fast as instalments of the principal are collected and invested in public stock, a more regular and steady income will be provided in another form.

But while time is required for the due development of the resources which the reserves are capable of yielding, and which, under the most favourable circumstances, cannot satisfy all claimants, your Lordship will remark, that there is no immediate prospect of extending that additional degree of aid to the ministers of various religious denominations which, in consideration of the spiritual destitution of the province under the circumstances of an increasing population, your Lordship will naturally be most solicitous to afford.

There is a mode of increasing the annual revenues which yet remains to be noticed; viz. the sale of the national stock, and the investment of the proceeds thereof in provincial securities, by which measure the interest obtained would be increased from three per cent. payable in London, to six per cent. payable here.

The propriety of such a transfer of the investment from national to provincial securities will depend much upon the view which Her Majesty's Government may take of the state of the finances of this country. Into this subject I have fully entered in another Despatch (No. 131).

Assuming, however, that all the means of improving the income from the reserves have been resorted to, I find that there will be a deficiency, which, if the Bill relating to the casual and territorial revenue should be assented to in its present shape, can be supplied from no other disposable fund.

It is true that, to meet the exigencies of the day, the capital constituting the endowment may be trenched upon; but I hold this point as, at the present moment, suitable only for discussion by Her Majesty's Ministers and the Imperial Parliament, since it involves a question in which future generations are peculiarly interested, viz. whether or not there shall be a permanent provision for the inculcation of the Christian faith among the people of this province in all time to come.

Although I have bestowed much time upon this important subject, I think it proper to inform your Lordship that much still remains for me to do in the investigation of many details connected with the clergy reserves; for although I have thought it most prudent to keep within bounds in estimating their proceeds, I shall be much disappointed if they cannot be made, at a very early period, far more productive.

In my Despatch of 14th ultimo, I expressed my belief that meetings would be called for the purpose of prolonging the agitation which has existed in this country respecting the clergy reserves, and of influencing the proceedings in England upon the Bill authorizing their disposal; I am, however, happy to say that my anticipations upon this point have not been realized. No public meetings, that I am aware of, have been held in any part of the country, and the agitation that I expected seems confined to the columns of some of the newspapers.

I have, &c.  
(signed) *George Arthur.*

No. 110.