

England, would be diminished, and the general prosperity of the province would be so materially affected, as to reduce its revenue derived from commerce, thus rendering it a possible case, that the guarantee given to the public creditors would have to be resorted to by them, for the satisfaction of their claims.

The larger portion, nearly all of the surplus produce of Canada, is grown in the western part of it, and if an enactment similar in principle to the Duties Drawback Law should pass Congress, permitting Canadian produce to pass through the United States for shipment, and the English market was open to produce shipped from American ports on as favourable terms as if shipped from Canadian ports, the larger portion of the exports of Upper Canada would find its way through the canals of the state of New York, instead of those of Canada, rendering the St. Lawrence canals comparatively valueless. The effect of the Duties Drawback Law has been to transfer the purchase of sugar, tea, and many other goods to New York, from whence nearly all of these articles for the supply of Upper Canada are now imported.

Should such a change in the export of Canadian produce take place, it will not only injure the Canadian canals, and forwarding trade, but also the shipping interest engaged in carrying these articles from Montreal.

A change in the Corn Laws, which would diminish the price Canadian farmers can now obtain, would greatly affect the consumption of British manufactures in the province, which must depend on the means of the farmers to pay for them. An increased demand and consumption has been very perceptible for the last two years, and is mainly attributable to the flourishing condition of the agricultural population of Upper Canada.

Even if a relaxation of the system of protection to the colonies is to be adopted, it is of infinite consequence that it should not be sudden. The ruin that such a proceeding would cause is incalculable.

The political consequences as to the Government of the colony involved in the foregoing suggestions are sufficiently obvious, as also must be those arising from the trade of Upper Canada, being as it were transferred from Montreal to New York. This latter consideration belongs, however, less to the operation of the Corn Laws, though partially connected with that branch of the subject.

I trust the importance of these observations will form a sufficient apology for my intruding them upon you at this time, but as the subject to which they refer will in all probability engage the early attention of the British Parliament, I have thought it right that you should have some previous knowledge of the bearing any such measure would have on the interests of this colony.

I have, &c.
(signed) CATHCART.

No. 3.

(No. 32.)

Copy of a DESPATCH from the Right Honourable W. E. GLADSTONE to Governor the Earl CATHCART, K. C. B.

My Lord,

Downing-street, 3 March 1846.

I HAVE to acknowledge the receipt of your Despatch of the 28th of January (No. 7), relating to the expected changes in the British Corn Law, deprecating such changes generally in the interest of Canada and at the same time urging, that if there be a determination on the part of Parliament to adopt them, it is much to be desired that they should not take immediate effect.

The interests of Canada have occupied the place to which they are justly entitled in the deliberations of Her Majesty's Government upon this important subject, and upon others which are akin to it. At the same time, I need hardly point out to your Lordship that there are matters in which considerations, immediately connected with the supply of food for the people of this country, and with the employment of its population, must be paramount.

Both in respect to corn and in respect to timber, Her Majesty's Government have determined to propose and to use whatever influence they may possess for the purpose of carrying through Parliament the proposal that the alterations

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No. 3.

Mr. Secretary
Gladstone to
Governor Earl
Cathcart,
3 March 1846.