

the Colony, without the exaction of any dues on shipping for their support. There is likewise maintained, by the payment of a large provincial subsidy, a line of powerful iron tug steamers in the Gulf of St. Lawrence, which are available at almost nominal rates for the towage of vessels trading to Canadian ports. It may fairly be asserted that the province possesses the most extensive system of inland water communication in the world.

In these enterprises nearly the whole direct public debt of Canada, amounting to about 7,000,000 £., has been expended.

There have also been constructed lines of railway extending from the Atlantic sea-board as far west as Sarnia, on Lake Huron, by means of which, on the completion of the Victoria Bridge, in November of the present year, an unbroken communication by the Grand Trunk Railway alone, of nearly 1,100 miles, to the interior of the country, will exist. Other lines, extending to all important sections of the province, have likewise been built, and these Canadian roads, at their westerly extremities, connect with the United States lines leading north as far as Minnesota on the one hand, and south to New Orleans on the other. Provincial aid has been largely extended towards their construction, and many millions of British capital are invested in them.

The magnitude and importance of the trade of the regions lying to the west of Canada, which seek an outlet to Europe for their products, are well known to your Grace, and will be admitted fully to have warranted this large outlay to secure it.

It has been conclusively shown that these Canadian channels of communication afford the nearest and most direct route from Europe to the western States of America, and it was confidently anticipated that, on completion of her canals and railways, the province would obtain a share of this commerce, which might alike render her own provincial works productive, and the private enterprises adverted to, remunerative to the projectors.

In endeavouring to attract this western trade, she had to incur not only the competition of the American cities of Boston and New York, and of the powerful interests connected with the railways leading to them, but also the direct rivalry of the State of New York itself, by which the Erie Canal from the lake of that name to the navigable waters of the Hudson River, had been constructed as a Government undertaking.

The large subsidy paid by the British Government to the Cunard steam-ships, has, it is well known, operated as a direct bounty to the ports of New York and Boston, and, as was shown by evidence laid before the Canadian Legislature, the effect was greatly to draw the trade into the American channels leading to those cities, thus defeating the object which Canada sought to accomplish in the construction of her public works.

So painfully adverse to the interests of the Colony was the course of trade becoming, that Canada felt herself compelled to undertake a direct mail steam-ship service with Liverpool from the St. Lawrence fortnightly in summer, and monthly in winter, to Portland, in the State of Maine, the Atlantic terminus of the Grand Trunk Railway.

The establishment of this even occasional communication so abundantly showed the advantages of the St. Lawrence route, and the provincial objects to be attained were so important, that the Government increased the service to a weekly line, by granting a subsidy of 55,000 £. currency, or about 45,000 £. sterling a year, and this line has been in successful operation since April last. It is composed of eight first-class screw steamers, of the burden of from 1,786 to 2,200 tons, and from 350 to 450 nominal horse power. These ships have been built expressly for the service, at a cost of nearly 650,000 £. sterling, including the necessary tenders; and their voyages for regularity and speed can compare most favourably with those of any other company. The average length of their voyages has, I am informed by the contractor, been 10 days and 23 hours eastward, and 11 days and 17 hours westward; while that of the Cunard ships was, westward to Boston, 12 days 21 hours, and to New York 12 days and 15 hours; and eastward, from Boston, 11 days and 4 hours, and from New York 10 days and 21 hours. During the present year, since the new ships have been placed on the line, the contrast is presumed to be still more in favour of the Canadian ships, one of them in the "Hungarian" having performed three consecutive voyages across the Atlantic in 27 days and 23 hours. The eminent success of this line has clearly demonstrated the superior advantages which the route offers, as well for emigration and commerce, as for the transmission of mail matter to all parts of America.

When the experiment was entered upon by Canada, these considerations were placed before Her Majesty's advisers, and I would take leave to direct the attention of your Grace to a Despatch, dated the 2d September 1856, from the Governor General of Canada to the Colonial Secretary, wherein the claims of the Canadian line to Imperial consideration are thus stated:

"2. 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.

"3. 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.

"4. 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