

UPPER CANADA.

RETURN to an ADDRESS of the Honourable The House of Commons,
dated 14 June 1839;—for,

COPIES of DESPATCHES from Sir *George Arthur*, and Lord *Glenelg*, dated
20 November 1838, and 31 January 1839, relating to the Financial State
of the Province of UPPER CANADA.

(No. 91.)

COPY of a DESPATCH from Major-General Sir *George Arthur*, K.C.H.; to
Lord *Glenelg*.

Government House, Toronto,
20 November 1838.

My Lord,

IN my despatch to your Lordship, No. 56, of the 11th of August last, I had the honour to transmit, for your Lordship's perusal, a copy of a communication which I had addressed to the Earl of Durham on the 30th of June preceding, on the subject of Crown Lands and Emigration, wherein, in connexion with it, I took occasion to advert to the causes which had tended to produce derangement in the finances of this Province, and stated that its resources had been anticipated to an extent that was felt to be embarrassing.

Occupied as I am upon matters of the most urgent nature, it is of the greatest importance that I should without delay bring this matter under your Lordship's notice in a more special manner, as, in the ensuing meeting of the Provincial Legislature, the question of how the pressing pecuniary demands of the Province shall be satisfied, will require to be discussed; and, in anticipation of such discussion, I would wish to receive your Lordship's instructions on the point which I beg leave to submit to your consideration.

In your Lordship's circular despatch to Sir Francis Head, of the 31st of August 1836, your Lordship states, after some preliminary observations, "With this view, I have to desire that you will not permit any Act or Ordinance, or Proclamation or Regulation to come into operation in the colony under your government, relating to the local currency and circulating medium, or to the rates at which coins shall pass current or be a legal tender, or to the circulation of promissory notes or other paper, either by the local government or by any corporate bodies or individuals, without having first received His Majesty's sanction, conveyed to you by the Secretary of State."

This despatch, having been submitted to the House of Assembly by my predecessor, formed the subject of an Address to him from that body, inquiring "if he would be prevented from giving the Royal Assent to any Bank Bill in future;" which Address, together with his reply to it, Sir Francis Head transmitted to your Lordship, in his despatch, No. 10, of the 5th of February 1837, the receipt thereof being acknowledged in terms of approbation in your Lordship's despatch, No. 162, of the 19th of April following.

6 January 1837.

16 January 1837.

Fully concurring in the view taken by Sir Francis Head respecting your Lordship's instructions, as stated in his reply to the Address referred to, I am desirous of adhering to them as strictly as I am able; but, as the very peculiar circumstances of the Province may render unavoidable some departure from them, I wish to be prepared to meet possible contingencies.

I venture, therefore, to suggest to your Lordship, that in the event of such a measure being proposed in the Legislature, I should be provisionally authorized to give the Royal Assent to any provincial enactment, having for its object to allow the Receiver-general to issue on the credit of the Government bills or notes payable in Toronto, at 12 months after date, to the extent of 100,000*l.*, to be used as a circulating medium, and made chargeable on the prospective revenue of the Province.

That such, or a similar measure, may be rendered necessary by events, I consider highly probable; and it appears to me, as far as I can judge at this moment,