

6. In the despatch to which I have already alluded, Lord Monck was informed that if the Province of Canada undertook the primary liability for certain works of defence there indicated, Her Majesty's Government would apply to Parliament for a guarantee of the sum required for that purpose; but that the desire and decision of the Provincial Legislature ought to be pronounced before any such application should be made.

7. At the wish of the Canadian Ministers the matter was reserved for the Parliament of the Dominion, which has now passed an Act authorizing the Governor to raise a sum of £1,100,000 for the proposed purposes, and under the Imperial guarantee.

8. Without anticipating any arrangements of detail which may prove necessary, I will only here say that the present Government are prepared to redeem the pledge of their predecessors, and will introduce into Parliament a Bill authorizing the contemplated guarantee.

9. But they are also of opinion that the military and naval assistance hitherto given to Canada under circumstances which they hope are now passing away must at once be very largely reduced. The conclusions at which Her Majesty's Government have arrived, you will find in the annexed extract from a letter which I have received from the Secretary of State for War.

10. In the course of the summer, therefore, it is intended to withdraw from Ontario and Quebec, one Regiment of Cavalry, three Batteries of Field, and three Batteries of Garrison Artillery, and three Battalions of Infantry, and from Nova Scotia and New Brunswick two Battalions of Infantry and one Field Battery.

11. Halifax will be considered as an Imperial station, and for its defence about 2,000 men will for the present be left in Nova Scotia.

12. About 4,000 men will for the present be left in Ontario, Quebec, and New Brunswick. But this must be considered a temporary arrangement; and I am disposed to concur with Mr. Caldwell in the opinion that it will soon become unnecessary to maintain any British force in those Provinces, beyond what may be required for the training of the Militia and Volunteers, and the maintenance of Schools of Instruction.

The terms on which any of Her Majesty's Regiments can be retained in the Colony for this or any other purpose will be a matter of future consideration. Meantime the Secretary of State for War, informs me that Colonial Governments will receive all possible assistance in obtaining at their own charge the services of such commissioned and non-commissioned officers as they may desire to employ for the organization or instruction of any local force, for the construction, inspection or maintenance of fortifications or for any other matter connected with military defence. The War Department will also be ready when practicable to furnish them at cost price with such arms, ammunition and military stores as they may need; and though the matter may be of less interest to Canada than to some other Colonies, I enclose a copy of regulations under which well conducted privates will be allowed to take service as policemen, or otherwise if required, in the Colonies in which they have been stationed.

13. I have further to point out to you that in the opinion of the Secretary of State for War, any body of men who are to be a charge upon the Imperial Exchequer ought to be a body raised for the general service of Her Majesty, and not limited either by the conditions of enlistment or by practical necessity to a particular Colony. The Canadian Rifles do not, as you are aware, satisfy this condition, and Mr. Cardwell is accordingly about to reduce four companies of that corps, and to take measures to relieve the Imperial treasury from the cost of supporting it. It becomes matter for the consideration of the Local Government, whether that corps, or any part of it, useful as I believe it to be local purposes, shall be maintained at the expense of the colony.

14. Lastly, I have to refer to the naval force to be maintained during the ensuing summer on the Canadian lakes, and on the St. Lawrence.

15. In the despatch of the 17th of June, which I have already cited, and to which Lord Monck's Executive Council refer, Mr. Cardwell observed that "apart from any question of expediency the convention subsisting between this country and the United States rendered it impossible for either nation to place more than the specified number of armed vessels on the lakes in time of peace."

16. The number of armed British vessels on the lakes, with the concurrence of the Government of the United States, has as you are aware, been in excess of the number allowed by the arrangement of 1817. Her Majesty's Government are of opinion that the time has arrived, or may very shortly arrive, when there would be no sufficient reason for expecting the