

No. 1.

Lord John Russell
to Lord Sydenham,
26 March 1841.

responsible had first been provided for, and paid from that fund. To whatever extent the consolidated fund might be inadequate in any year to satisfy its existing obligations without the aid of the land revenue, to that extent they admit that the land revenue must be liable for the deficiency. But they maintain that if, without resorting to the land revenue, the consolidated fund can from year to year be made to provide for the debts charged on it by Parliament, the land revenue might, without any breach of faith or of law, be set apart as a security to them.

The memorialists further urge that, with the concurrence of the Canadian legislature, the land fund might be still more surely and effectually converted into an available security for their proposed advances. They are of opinion that the legislature would be willing to substitute some new tax or duty for this source of public income, so that the substituted revenue, being not less in amount than the average of the land revenue, might be pledged as an indemnity to the consolidated fund, and to all claimants on it, for the loss which the consolidated fund might sustain by the subtraction of the land revenue for the purposes already mentioned.

To the inquiry how the proposed financial operation could be reconciled with the terms of the Union Act, it is answered, that a Bill might be passed by the legislative council and assembly, and reserved for the signification of the Royal pleasure, and that an Act of Parliament might then be obtained, authorizing the Queen in Council to assent to such a Bill.

Having advanced thus far in the explanation of their views, the memorialists were reminded of the effect which, at some future time, might be produced on negotiations for a renewal of the civil list by the proposed mortgage of the land revenue. That objection was met by reasoning which, whether well-founded or otherwise, it is needless for my immediate purpose to repeat. Supposing any such inconvenience to arise hereafter, it is assumed that it might be obviated now, by obtaining the settlement on the Crown of the revenue to be substituted for the land revenue, in such a manner as to indemnify the Crown against any such remote consequence of the present surrender of its future territorial rights.

Your Lordship will observe that I strictly confine myself to an exposition of what I understand to be the views of the memorialists, without hazarding any opinion of my own on the practicability or the wisdom of those views. That is a question which you have far better means than any which I possess of estimating aright. If such a project as this could be rendered feasible, and could be actually reduced to practice, there can be no reason to doubt that the command of a large capital for the prompt execution of public works in Canada would be an advantage of the greatest moment to that province, and therefore to this kingdom. The difficulties which would seem to oppose the execution of this project are at once numerous and formidable; but I have not thought myself at liberty, as certainly I have not felt disposed, to discourage on that account the experiment which the memorialists are anxious to make for expediting the development of the great natural resources of Canada. Without attempting to anticipate your Lordship's judgment as to the practicability of this scheme, still less to fetter in the slightest degree your discretion as to the adoption or rejection of it, I would only commend the subject to your attention. No final measure pledging the land revenue must of course be taken without the previous sanction of Her Majesty's Government, and probably of Parliament; nor could The Queen be advised to make a surrender of the interests of the Crown contingent on the expiration of the existing civil list, unless some adequate indemnity for that sacrifice were provided. But, subject to these qualifications, your Lordship is at perfect liberty to lend whatever sanction or assistance you may deem it prudent to give to the project of the memorialists, as I understand and have explained it.

I am informed that the memorialists propose to despatch some person as their agent to communicate with your Lordship on this subject. Of course such agent is not to be regarded as accredited by Her Majesty's Government. He will appear in Canada simply as the agent of his employers, and in no public or official capacity.

I ought to observe, that I have no distinct information as to the ulterior views of the memorialists, in the event of their success in obtaining the adoption of their general plan by your Lordship and the Legislative Council and Assembly.

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