

Lower Canada the great Majority were inimical to British Connexion. In the Upper Province, though the Majority were sincerely loyal, there were a sufficient Number opposed to the Views of the Government to afford a Hope of the successful Termination of a Revolt, with the Aid of American Sympathy for the Insurgents.

The Rebellion accordingly took place in both Provinces, and, although it was speedily crushed, Events occurred during its Continuance and afterwards which demonstrated that the Expectation of Foreign Interference was not unfounded, and that the discontented and disaffected in the Provinces might always look for Encouragement and Aid from their Republican Neighbours.

The main Point which gave rise to the armed Resistance to the Government, namely, the asserted Supremacy of the Majority of the Assembly, might have been considered as settled by the expressed Opinions of the Government, the Result of the Elections, the Suppression of the Rebellion, and the Expulsion of American Invaders. But to carry on the Government with the Aid of the Assembly still continued impracticable in Lower Canada; and in Upper Canada there remained some very essential Questions, upon which the Minds of the People were divided.

The most important of these Questions related to the Disposal of the Clergy Reserves. From the Time that religious Differences and sectarian Interests were brought to bear upon this Point, it was evident to many reflecting Persons in the Province that a satisfactory Settlement of the Matter could scarcely be expected in the Colony. The Decision of a Majority in favour of any Plan, difficult and almost impossible as it has ever been found to procure it, left so many discontented Complainants that nothing effectual was done to set the Question at rest; and Session after Session was spent in vain Disputations, every Day producing some new Proposition to be introduced, discussed, and rejected.

The Imperial Government having, however, left the whole Question to be settled in the Province by the Legislature, the local Government, since the Arrival of Sir Francis Head, stood aloof and neutral, refraining from making any Change in the Disposition already made, and awaited the Decision of the Legislature without any Expression of Opinion.

The various Claimants to a Participation in the Clergy Reserves, as well as those who asserted a strictly legal Right to the whole, continually urged the Executive Government to a Recognition of their respective Claims, but they have been always referred to the legislative Settlement expected to take place.

It is to be presumed that the present Assembly of Upper Canada, from the Circumstances under which it was elected, would make more strenuous Efforts than any other to bring about an Arrangement satisfactory to all Parties. They attempted this with equal Earnestness, but in vain, for Three Sessions; and at last, finding it absolutely impracticable, they agreed to refer the whole Matter to Her Majesty's Government and the Imperial Parliament.

It is true that this Reference was consented to by the smallest Majority, and at the Close of a Parliamentary Session; but it is to be considered that the Subject had been debated to Exhaustion during the greater Part of the Session, and that this was the first Approach to a practicable Solution of the Difficulty.

The Desire of the Imperial Government that the Clergy Reserve Question should be disposed of in a Manner satisfactory to the Colonists caused it to be submitted to the local Legislature. The same Desire has probably made Her Majesty's Ministers reluctant to accept a Reference on a Question which they wished the Inhabitants of the Province to settle through their own Representatives in Parliament, particularly when the Reference back to England seemed so late and so hesitatingly agreed to. At all events the Matter remains unsettled; the Decision of Her Majesty's Government is not yet known. Complaints have been made on the one Side of undue Means taken to produce the Majority upon which the Bill passed; these have been indignantly repelled on the other hand; and the Clergy Reserve Question continues, by those who wish it still to remain a Source of Agitation, to be used to raise popular Prejudice and influence religious Zeal against those who took what appeared to be the only Mode of bringing the Dispute to a Conclusion.

The present Parliament commenced during a Time of high commercial Credit, and when great Enterprizes in the way of public Improvements were undertaken with Avidity in all Parts of the American Continent; Events, not arising in the Province, have since that Time produced Two great Crises in the Money Affairs of this Continent. The Undertakings commenced in Upper Canada, which were forwarded by the present Assembly to the utmost Stretch of the Provincial Credit, have come to a full Stop for Want of Means, before their Utility or Practicability has been tested by the Completion of any Work of Importance. The public Finances are exhausted; most earnest Applications for Assistance have been made to Her Majesty's Government, but no Answer has been received; the financial Difficulties of the Province; the public Works remaining at a stand, or going to ruin; Canals and Roads lying half completed, but useless; Labourers previously employed in their Construction driven to seek Employment in the United States; the apparent Waste of the Energies and Resources of the Province; the Difficulties of meeting the Interest upon the public Debt; the Want of a Prospect of immediate Relief, and the Apprehension that no substantial Relief will be obtained; all these have a most depressing Influence upon and produce Impressions unfavourable to the present House of Assembly.

(198.)

Your

No. 1.
Sir G. Arthur
to
Lord J. Russell,
22d Oct. 1839.

Enclosure.