By the completion of the canals along the River St. Lawrence, the produce of these lake countries now finds its way to the markets of Montreal and Quebec.

Large cargoes, consisting of upwards of 3000 barrels of flour can now pass from their ports down to Quebec without once breaking bulk.

Already produce which found its way to New York by the circuitous route of the Mississippi and New Orleans has been diverted to the channel of the St. Lawrence.

The extent to which this will take place it is not possible yet to calculate; but there is no doubt that large quantities of produce which formerly found its way to the Atlantic ports of New York and Boston will be diverted to the St. Lawrence.

Of the enormous exports of provisions from the United States, the following will give some idea :—

	In 1846.	In 1847.
Flour, barrels . . .	2,289,476	4,382,496
Wheat, bushels . . .	1,613,795	4,399,951
Corn, bushels. . . .	1,826,068	16,326,050
Meal, barrels. . . .	293,720	918,066

The greatest portion, if not nearly all this immense produce, of which the above forms only a few items in the great account, was received at the Atlantic ports from the Far West. And it is for this most important and still increasing trade that Montreal and Quebec will now, by means of the St. Lawrence canals, have the most favourable chance of a successful competition with New York and Boston.

It has been calculated that the cost of transport for a barrel of flour from the Lakes to New York was 5*s.* 1*d.* sterling; to Boston 6*s.*, exclusive of charges for transshipment.

By the Quebec and Halifax line it is estimated, now that the canals are open, a barrel of flour may be delivered at Quebec for 2*s.* sterling, and carried to Halifax for 2*s.* 2*d.*; total 4*s.* 2*d.*

By the Montreal and Portland, 1*s.* 8*d.* has been estimated as the price per the railway, to which, if 2*s.* more be added as freight to Montreal, the price by that line will probably be only 3*s.* 8*d.* sterling per barrel. The Montreal and Portland will have, therefore, an apparent advantage over the Quebec and Halifax line, arising from its much shorter distance. But there are some drawbacks attending it, which may cause the preference to be given to the latter notwithstanding. The line passes through the United States.

A transit duty of 2½ per cent. *ad valorem* has to be levied upon all foreign produce, and introduces the inconvenience of custom-houses and custom-house officers.

Portland is a foreign port, and is 400 miles by sea farther from England than Halifax.

It has been seen in a former part of this report, when speaking of the Utica and Syracuse railroad, how inadequate that line was to take all the traffic which was required to be forwarded by it, at the time the Erie Canal is closed.

The growing population and produce of the Western States are so gigantic, that it is probable there will be more than sufficient to employ fully both the Montreal and Portland and the Quebec and Halifax railroads.

From the foregoing remarks it will appear, then, that although no very good or precise estimate of the returns for the expenditure of five millions sterling can be given, yet that there are very good general grounds upon which to form an opinion that ultimately, if not at once, the line will, in a commercial point of view, be a very productive one.

The Montreal and Portland, which will be the great competitor with that of the Quebec and Halifax line, is an enterprise of a purely commercial and local nature. As such, it is not likely shareholders will be contented unless they receive what they have every right to expect, a high rate of interest for the expenditure they have incurred and the risk they have encountered in the undertaking.

But with the Quebec and Halifax it is very different; the enterprise is of general interest. It concerns the prosperity and the welfare of each of the three provinces, and the honour as well as the interests of the whole British empire may be affected by it. It is the *one* great means by which alone the power of the mother-country can be brought to bear on this side of the Atlantic, and restore the balance of power now fast turning to the side of the United States.

Every new line of railway made in that country adds to their power, enabling them to concentrate their forces almost wherever they please, and by the lines, of which there are already some and there will soon be more, reaching to their northern frontier, they can choose at their own time any one point of attack on the long-extended Canadian frontier, and direct their whole strength against it.

The provinces, therefore, and the empire having such interest in the formation of the Halifax and Quebec line, it should be undertaken by them in common as a great public work for the public weal.

If so undertaken, the provinces supported by the credit of the mother-country could raise capital at a rate of interest which could not be done by any company of shareholders. And if to this advantage be added the disposal for the exclusive benefit of the railway of a portion of the wild lands along the line, and in the immediate country which it would be the means of opening to settlement and cultivation, then it is highly probable that it would be constructed for three millions sterling.

In a former part of this report it has been estimated that there are in the counties through which this line will pass fourteen millions of acres of land yet ungranted, and therefore remaining at the disposal of the Provincial Government.

The ordinary price of an acre of wild or uncleared land is about 2*s.* 6*d.* to 3*s.* per acre; but