

Bill was reserved for the signification of Her Majesty's pleasure, and has been confirmed by the Queen in Council.

The second financial measure of the year, was the enactment of a Bill authorizing the issue of Treasury Notes, to the amount of £250,000 sterling, for £1 each. This Bill has also been reserved for the signification of Her Majesty's pleasure. I regret to state, that Her Majesty cannot be advised to confirm it. The issue of such an amount of small inconvertible paper money, as a resource for sustaining the Public Credit, is not to be justified, even by the present exigency of Public affairs. The effect of the measure on the currency and monetary transactions of *Upper Canada*, and on the value of private property throughout the Province, must be such, as to counterbalance any advantage which could be obtained from this temporary relief. If the credit of the country can be made available to sustain, for a time, the transactions of the local Treasury, in a less hazardous and objectionable form, you will accede to any plan of that nature. It is only as a temporary expedient that any such recourse will be requisite ; and it is of great importance to the future welfare, of the Province, that the scheme devised to meet the pressure of the passing day, should not be such as to preclude the early return to a more salutary course of financial operations.

A third measure, of the same general character, has been adopted by the local Legislature, to provide for the indemnity of the sufferers by hostile incursions from the *United States*. The Bill for this purpose, intituled "*An Act to ascertain and provide for the payment of all just claims arising from the late Rebellion and Invasions of this Province*," has also been reserved for the signification of Her Majesty's pleasure. I fear that Her Majesty's Assent to this Bill, in its present form, cannot be given. The objection is not to the measure itself, in the propriety of which Her Majesty's Government entirely concur. But we think it impossible to advise the Queen to assent to an Act, which, if so sanctioned, would, by the terms of the preamble, convey a pledge from Her Majesty, that the charge of this indemnity, should be ultimately borne by the *British Treasury*. The principle involved in this declaration is of too much importance to be thus incidentally recognized, even supposing it to be right that it should be admitted at all. Neither could Her Majesty properly affirm, in so solemn a manner, Her acquiescence in this claim on the Revenue of this country, unless it had been previously sanctioned by Parliament—a sanction which has not been, and which could not hitherto have been obtained, if a similar Bill should be passed, with the omission of the preamble, you will readily concur in the enactment of it.

The Legislature of *Upper Canada* has also passed a Bill which has, in like manner, been reserved, for settling a civil list on Her Majesty, in exchange for the Crown Revenues of the Province. It is with sincere regret that I am compelled to announce, that this is also a measure from which, in its present form, the assent of the Crown must be withheld.—The effect of it is to exclude from the protection of the grant, the Clergy who at present derive their maintenance from the Crown Revenue, and of whom the great majority resorted to *Upper Canada* on the assurance that their stipends would be thus secured to them. Now as this charge has been lawfully fixed upon the Crown Revenue, and as the Crown has no other resource from which it could be paid, it is impossible to accept the proposed civil list on such terms. Anxious as Her Majesty's Government are to defer to the Representatives of the People of *Upper Canada*, in all matters connected with the internal Government of that Province, they cannot consent to a measure which would practically involve a violation of the pledged faith of the Crown. We cannot decline the obligation of maintaining the rights of the Clergy in question ; and I can only express

Despatch conveying to His Excellency Her Majesty's Instructions on his assumption of the Government of Br. N. America.