

— No. 1. —

(No. 344.)

COPY of a DESPATCH from Lord *John Russell* to Lord *Sydenham*.

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Lord John Russell
to Lord Sydenham,
26 March 1841.

My Lord,

Downing-street, 26 March 1841.

I TRANSMIT for your Lordship's information the copy of a memorial addressed to me by the three companies in this country, who have been incorporated for the settlement of lands in Canada, and by several other persons "having an interest in the prosperity of Canada," suggesting a plan for the advancement of agriculture and commerce, and for the completion of public works in that province. Having entered into personal communication with the memorialists, I am able to explain more distinctly than the memorial itself has explained, the precise nature of the measures they contemplate. I understand them to be as follows :—

The memorialists, amongst whom are some persons of considerable wealth and commercial eminence, propose to raise and to advance as a loan large sums of money, to be applied, first, to the improvement of the navigation of the St. Lawrence, and to other similar works ; and in the next place in the introduction of emigrants into Canada and their settlement there. I do not understand them to ask for themselves any participation in the actual execution of the works in question, or any voice in deciding as to the manner in which they should be effected. They would, as I apprehend, stipulate merely that due provision should be made by law for the completion of these undertakings, with the best practicable guarantees for the skill and promptitude with which they should be carried on and superintended. As a security for the repayment of their advances, the memorialists look to the land revenue of Canada. For this purpose they propose that there should be some important changes in the law.

First. It is represented, that the land revenue of Canada could not be made an available security for money, unless the law should determine the general principles and rules according to which the land itself should be alienated to purchasers, and managed while yet unsold. Of the regulations so to be established, precedents would, it is said, be found in the statute books of Upper Canada and New Brunswick, which, with some variations, might be adapted to the present case. The main object would be to secure a consistent and steady adherence to a system, of which the basis would be the alienation of the lands by sale only, on fair and reasonable terms ; the effectual protection and sale of the timber growing on the unsold lands ; the management of these duties by competent and trustworthy officers ; the superintendence of the proceedings of those officers by the executive government upon some plan which would render that superintendence vigilant, prompt and effectual ; the annual publication of reports of the proceedings of the land department in such a form as to supply the most complete and exact information, with some security for the punctual appearance of such reports.

Secondly. It is proposed that the law should direct accounts to be kept of the gross and net revenue arising from the sale of lands and timber, separate from the general accounts of the consolidated fund of Canada.

Thirdly. The project supposes that the net land revenue should be pledged by law as a security for the repayment of the principal and interest of the advances to be made for the purposes already mentioned. To this last proposal, an obvious and, at the first view, a conclusive objection presents itself in the terms of the Act of Union. Under that Act, the land revenue is merged in the consolidated fund of Canada, and that fund is liable to various charges for the security of public creditors, and for the payment of the civil list. It is, therefore, necessary to inquire closely how it would be possible to extricate from that fund one of its component parts as a special security for new loans yet to be made. To this objection, the memorialists, as I understand them, reply as follows :

They admit that the land revenue could not be rendered available as a specific security for their proposed advances, except on the condition that all the charges for which, in the course of each financial year, the consolidated fund is now

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