

FINANCIAL STATE OF UPPER CANADA.

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— No. 3. —

Sir,

Receiver-General's Office,
Toronto, 29 September 1838.

IN reply to your letter of the 28th instant, with its enclosures, I have the honour to state, for the information of his Excellency the Lieutenant-governor, in relation to the means of raising money for the various public improvements now in progress,

The debentures at 6 per cent., authorized to be raised in this country, are unsaleable. I have advertised and made myself satisfied that, under existing circumstances, these debentures cannot be sold. The debentures payable in London, at five per cent. per annum, I think can be disposed of here at about par. These debentures must, of course, be made payable on the face of them, at some house or firm in the City of London; and I am not aware, or am I authorized by any offer of their services to the Government of Upper Canada, for such an undertaking. It appears by Messrs. Baring Brothers & Co's. letter, under date the 4th June last, that they decline being made agents for debentures sold in Upper Canada under these circumstances; and it appears to me that the Government cannot issue any more until Messrs. Baring's permission be obtained, or some arrangement can be made with some other house in London to act as agents in these transactions, which will require a full and complete investigation into the finances of the Province before I could expect to obtain the consent of an agent.

I lament to observe, that I can see no way by which money can be procured for the public works until Messrs. Barings either consent to permit their house to be the agents, or some other agent be appointed, which will take time; and, as it is now late in the season, perhaps the Legislature will devise other resources for meeting the demands of the province.

I have, &c.

(signed) *John H. Dunn*, H. M. R. G.

The Hon. John Macaulay, Civil Secretary,
&c. &c. &c.

— No. 4 —

Executive Council-chamber at Toronto,
Thursday, 9 August 1838.

Present:—The Hon. Robert Baldwin Sullivan, Presiding Councillor.

The Hon. William Allan.

The Hon. John Elmsley.

— Augustus Baldwin.

— William Henry Draper.

To His Excellency Sir *George Arthur*, К. С. Н., Lieutenant-Governor of the Province of Upper Canada, and Major-General commanding Her Majesty's Forces therein, &c. &c. &c.

May it please Your Excellency,

THE Executive Council have perused with much concern the report of the Receiver-general on the subject of loans negotiated in this Province, payable in London.

The Council are not disposed to dispute in any particular the statements and arguments used by the Receiver-general, and by the house of Messrs. Baring Brothers & Co., in the letters accompanying that officer's report, as to the injurious tendency of forcing a negotiation of loans, under unfavourable circumstances in the money market, and of negotiating these loans without the knowledge of the agents by whom the interest had to be paid; or of the negotiation of loans at any depreciation, to the injury of the holders of debentures formerly issued.

The Executive Council feel bound, however, to state circumstances which appeared of paramount necessity, and which will, it is hoped, excuse the measure adopted by this Government in your Excellency's mind, as well as the house of Messrs. Baring Brothers & Co., whose complaints appear not to be without foundation.

Upon the commencement of the crisis in the mercantile affairs of the United States, reports injurious to the credit of the London houses connected with American trade found their way into this Province, and serious apprehensions were entertained by this Government as to the safety of balances belonging to the Province in the hands of the London houses.

These reports induced his Excellency Sir Francis B. Head to direct Mr. Draper to proceed to England, to cause the adoption of some measure of security, and to prevent the dishonour of bills of exchange drawn upon London by Government.

The Receiver-general applied for leave of absence, and proceeded to England at the same time.

Debentures payable in the Province were found unsaleable, in consequence of the scarcity of money throughout America.

The greatest distress in the mercantile affairs of the Province arose, and there was every prospect of its being aggravated to a great and dangerous extent by the stoppage of the public works, undertaken under Acts of Parliament previously passed.

Advices from England continued to be discouraging; and from these it appeared that there was no prospect of the immediate sale of debentures in the London market, where American securities appeared to be peculiarly unacceptable.

The house of Thomas Wilson & Company suspended.

It was represented to the Government that extensive losses would accrue from the decay of the works undertaken, and from the breach of contracts with undertakers of public works and delay in their accomplishment.