

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

point out to you that there is no mode in which local affairs can be so properly administered, and that they form, at the same time, the most appropriate and effectual means, of training the great body of the people to the higher branches of Legislation.

The promotion of education among all classes of the people, will also engage your earnest attention. On this subject, I can add nothing to the information afforded by the Reports of the Earl of *Gosford*, and his colleagues, and of the Earl of *Durham*. It will afford Her Majesty's Government the most sincere satisfaction, to co-operate with you, in any measures which you may adopt, for the furtherance of this important object.

In any view which can now be taken of the affairs of *British North America*, it is obvious that those of *Upper Canada* must occupy a very prominent place. I am persuaded that the zeal for the public good, and the superiority to considerations of a nature merely personal, by which the present Lieutenant Governor has been distinguished during his long career of public service, will obviate the risk of any dissatisfaction being entertained by him, if you should find it necessary, for a time, to assume, in person, the administration of the Government of *Upper Canada*, and during that period to supersede him in the discharge of his functions. In the prosecution, therefore, of your endeavor to obtain as much agreement as possible, in the plan to be hereafter submitted to the Imperial Parliament, you will not hesitate to repair to *Toronto*. When there, you will, of course, avail yourself of the experience which Sir *George Arthur* has acquired, and of the assistance which he will have both the ability and the disposition to afford you.

The first topic which will engage your attention in *Upper Canada* is the present financial state of the Province. This has been most elaborately explained in the Lieutenant Governor's recent despatches. Embarrassing as the immediate state of the question is, it is yet gratifying to learn from those communications, that the difficulties in which the Provincial Treasury is involved, originate in causes which do not affect the wealth, or the ultimate resources of the Province. Having undertaken great internal improvements, especially those of the *Welland* and *Rideau* Canals, with inadequate resources, the works have been very imperfectly completed, and the Returns are absorbed in a succession of repairs, which would not have been required if the Canals had been originally formed with a greater command of Capital. These works having also been effected by borrowed money, the loans have been raised at a higher rate of interest than would have been required, if the credit of the Province had not been diminished by the absorption of its Revenue in such undertakings. Further, it appears that the Provincial Treasury might have been recruited, with no perceptible addition to the public burthens, if it had been possible to increase, to a moderate extent, the duties of import on goods introduced for consumption. But under the combined influence of these causes, the expenditure has, at length, far exceeded the receipt; and some measure for re-instating the Provincial Treasury in a secure condition, have become indispensable.

Her Majesty's Government willingly acknowledge the great advantage which will arise from extending to *Upper Canada* such aid as the Revenue of *Great Britain* could afford, consistently with a due regard to the interest of this Kingdom, and of the other members of the Empire at large. This is, however, a subject for distinct consideration. For the present, I shall confine my attention to the remedial measures adopted by the local Legislature in their last Session.

Of these, the first was the raising a loan by Government Debentures, which was sanctioned by a Bill intituled "*An Act to afford further facilities to negotiate Debentures for the completion of certain works.*" This