

2dly. Such a modification of the British Navigation Laws as will leave us free to employ, at our option, the cheapest vessels we can procure, whether they be British or foreign, and

Lastly. The removal of all restrictions that now operate against the free navigation of the St. Lawrence.

All which is respectfully submitted.

(signed) *G. Moffatt*,
President of the Montreal Board of Trade.

26 August 1846.

-- No. 5. --

(No. 117.)

COPY of a DESPATCH from Governor the Earl *Cathcart*, K.C.B. to Earl *Grey*.

Government House, Montreal,
27 August 1846.

My Lord,

No. 5.
Governor Earl
Cathcart to Earl
Grey.
27 August 1846.

No. 51, p. 3.

My despatches to your Lordship's predecessor have already invited the attention of Her Majesty's Government to some changes which the financial and commercial interests of Canada will require, in consequence of the alterations in the Corn Laws, and the gradual depression in the trade of the province.

I have adverted, in a former despatch, to one particular case, in which an alteration in the Navigation Laws would draw a part of the American trade through Canadian waters, and thereby increase the tolls on the canals of the province.

A fuller consideration of this subject, in connexion with various representations which have been made to me, induce me earnestly to intreat your Lordship's consideration to a more extensive change in the Navigation Laws, as being really necessary under existing circumstances.

The revenue of the great canals to be derived from transporting the produce of the western country, as well American as Canadian, must be hereafter looked to as the principal, if not only source, for paying the debt incurred by Canada in their construction.

Sound policy will, of course, dictate the keeping down the tolls to the lowest possible rate consistent with the proposed object. It becomes, therefore, important to endeavour to reduce the cost of transporting such produce to the market of consumption as much as possible, in order to maintain the tolls, and yet make this route preferable, in point of cheapness, to any by the United States.

But while the carrying trade from the ports of Quebec and Montreal is confined exclusively to British shipping, there will not be, judging from past experience, a sufficient supply of vessels to create competition, and to keep down freights to reasonable prices. I am informed that the difference between freights at these Canadian ports and at American sea-ports is very great; and that at the former, there exists frequently the greatest difficulty in getting vessels at all to carry the products of this country to market.

If foreign vessels were allowed the free navigation of the St. Lawrence, this evil, it is apprehended, would be greatly diminished; and though, from the danger of the river navigation, freights may not become as low as at American ports, they would certainly be very greatly reduced.

The business of the canals would also be greatly increased, if the Americans could employ their own vessels to bring cargoes down from the inland waters, and in their option proceed with them to sea. I have little doubt that a trade down the St. Lawrence would be thus created, of immense value to the Canadian revenue.

It is unnecessary for me to point out to your Lordship more distinctly those restrictions on the navigation of the St. Lawrence, the removal of which appears to me important, I might also say indispensable, to the financial prosperity of Canada.

I would also avail myself of this opportunity to invite your Lordship's attention to the state of the law imposing duties on imports into this province.

These duties are regulated by colonial as well as by Imperial statutes. The latter have doubtless been passed, less with a view to the creation of a revenue for the province, than for the purpose of maintaining the commercial policy of the mother country.