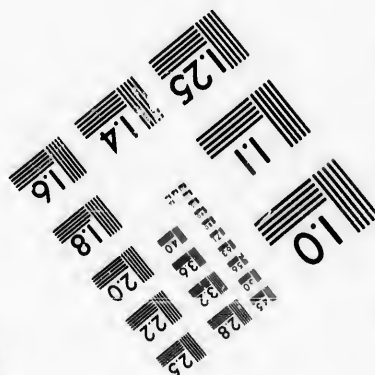
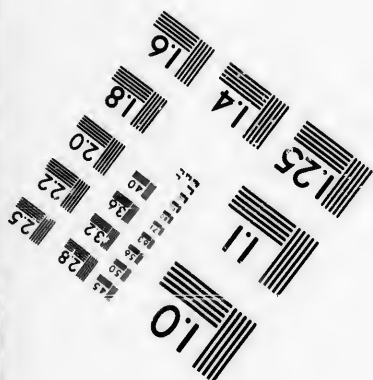
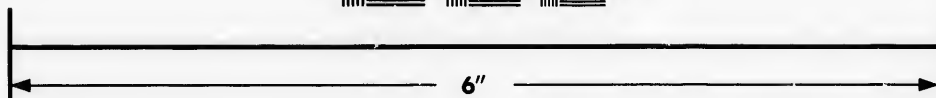
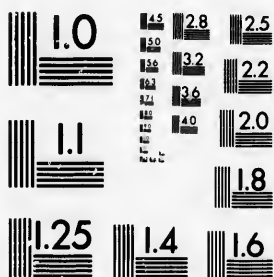


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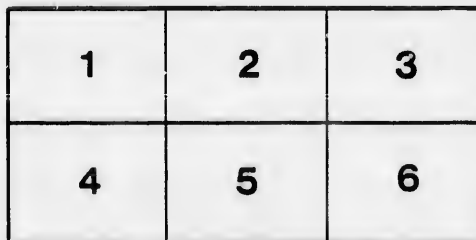
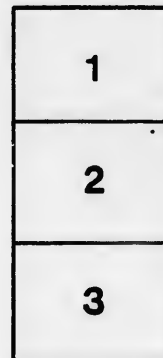
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TO
THE SHAREHOLDERS
OF
THE CANADA COMPANY.

OBSERVATIONS

AND

DOCUMENTARY EVIDENCE

RELATIVE TO THE

ADDRESS BY MR. SMITH,

LATE ACCOUNTANT AND CASHIER TO THE COMPANY.

LONDON:

PRINTED BY A. & R. SPOTTISWOODE,
NEW-STREET-SQUARE.

1829.

The first of these is the fact that the operations of the firm are not only a means of producing goods and services, but also a means of providing employment for its workers. The second is that the operations of the firm are not only a means of producing goods and services, but also a means of providing employment for its workers. The third is that the operations of the firm are not only a means of producing goods and services, but also a means of providing employment for its workers. The fourth is that the operations of the firm are not only a means of producing goods and services, but also a means of providing employment for its workers. The fifth is that the operations of the firm are not only a means of producing goods and services, but also a means of providing employment for its workers. The sixth is that the operations of the firm are not only a means of producing goods and services, but also a means of providing employment for its workers. The seventh is that the operations of the firm are not only a means of producing goods and services, but also a means of providing employment for its workers. The eighth is that the operations of the firm are not only a means of producing goods and services, but also a means of providing employment for its workers. The ninth is that the operations of the firm are not only a means of producing goods and services, but also a means of providing employment for its workers. The tenth is that the operations of the firm are not only a means of producing goods and services, but also a means of providing employment for its workers.

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OBSERVATIONS, &c.

MR. SMITH, late accountant and cashier to the Canada Company, has published an address to the shareholders, for the purpose of showing that he is a very clever individual; and that he has, like all who obtrude such notions of themselves, been very ill used. In the endeavour, he has thought fit to make a number of accusations against Mr. Galt (who was the superintendent of the Company's affairs in Canada), of a kind which cannot be treated with silent contempt. It is necessary, therefore, to show what faith is due to Mr. Smith's statements; and the most satisfactory mode of doing so will be to contrast them with official documents, which have passed through his own hands, and with letters of his own writing. A few explanatory remarks are also requisite; but these will be made as brief as possible, for the intemperate and deceptive character of his assertions renders it exceedingly difficult to reply to them without the hazard of losing that consideration for the reader, which must always be maintained to secure any degree of attention to a thing so repulsive as a personal controversy.

“ He (Mr. Galt, says Mr. Smith,) had obtained from the Managers of the Pulteney Estate, in the State of New York, a complicated plan for the disposal of land, which he adopted for the sale of the scattered Crown Reserves, without commu-

nicating with the Court of Directors, or obtaining their sanction; and without considering the difference in the situation of the lands, which rendered this plan, as used without modifications, for the Canada Company, very injudicious and inapplicable; and, what was worse, it never was fairly put into practice, so that a confusion ensued on which I shall have occasion to remark hereafter."

Mr. Galt examined all the forms, books, and details of management in the office of the Pulteney estate. He was permitted to do the same in the office of the Holland Company; and, being furnished by the managers of both with every particular requisite to enable him to avail himself of the experience acquired by them during a long period of years, he formed from those materials a system of management applicable to the Canada Company. He communicated the results to the Court of Directors, in a despatch dated the 26th of December, 1826.

The despatch is voluminous; but the proprietors can judge of its tenour by the following extracts: and it is in the Canada House, open, of course, to their inspection. — "Circumstances unexpectedly favourable having afforded me an opportunity of acquiring the information contemplated in the 8th and 9th articles of my instructions of the 4th of September, 1826, I proceed to lay the result before you, being persuaded that I shall not be able to procure better information on that subject, or have it in my power to suggest any system of management superior to the COMBINATION I WOULD MAKE OF THOSE IN THE OFFICES of the Pulteney Estate and the Holland Company.*

* The Pulteney and Johnstone Estates, and the Holland purchase, are the two greatest of the land speculations in America, since the breaking-up of those of which they were originally parts. The two former consist of about one million

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“With respect to the 8th article, I refer to the subjoined notes, bearing the respective titles of ‘THE PULTENEY ESTATE’ and ‘THE HOLLAND COMPANY;’ and, with respect to the 9th article, I beg leave to state the following points for the immediate consideration of the Court.” Mr. G. then proceeded to give his opinion in detail as to what the Company’s establishment should be, with the respective allowances to the servants, &c. In being subsequently appointed to carry his plan into effect, he conceived that no stronger sanction or approval of the plan could have been given; nor was request for further information made to him.

The systems in the Pulteney and Holland Company’s offices not being exactly applicable to the circumstances of the Canada Company, especially in what respected the Crown Reserves, Mr. Galt, in consequence, framed a plan for them, which has been not merely “put in practice,” but constantly acted upon, and with such entire success, that until the office was thrown into confusion by the ignorance

and a half of acres, and the latter of three millions; the one less, and the other more, than the Canada Company’s purchase. The Pulteney and Johnstone estates belong to the family of the late Sir William Pulteney; and the proceeds of the sales come to this country. Mr. Williams, of the banking-house of Messrs. Ransom and Co., is the receiver. The Proprietors of the Canada Company may obtain from him some assurance of their ultimate prospects, though time is requisite to realise them. The Holland purchase belongs to an association in Amsterdam and other parts of the Netherlands: above 200,000 industrious inhabitants occupy the lands of the Holland Company: when the purchase was made they contained only a few wild Indians.

of Mr. Smith, not one error had occurred. Moreover, before Mr. G. had finally adopted his plan, he invited the principal clerk of the Pulteney office to examine his arrangements and to revise his official forms. The question on this point for the proprietors to determine is, Did Mr. G. rightly consider his trust and their interests in adopting so much of a system of management, which experience had matured, as was applicable to the Company, or would it have been wiser in him to have tried some theoretical scheme never attempted before?

“Upon receiving leave to lay out 4000*l.* in improvements, he commenced upon the largest block, which he named Guelph, that extravagant expenditure, which was continued until it amounted to four times the original grant.”

It is natural that Mr. Smith should persist in misrepresenting every thing connected with the Guelph settlement. In an early stage he had pronounced an opinion, both respecting it and the gentleman whom Mr. Gait had appointed overseer of the settlement, which he cannot retract without acknowledging himself guilty of a gross libel. He conceals the fact, that this settlement had proceeded with unexampled rapidity; and that, in consequence, the outlay became of necessity greater than was previously expected. When it was undertaken, the land in the contiguous township was, by the magistrates in quarter session, valued thus:—

ERMOSA:—Price of lands on a credit of four or five years, paying an instalment down, rest bearing interest, 9*s.* 9*d.* per acre. Ready money price, if there have been any such sales within six years,

2s. 6d. per acre. Fair average price for the vacant lands in such townships, 1s. 3d. per acre."

Adjoining to the block which is now the township of GUELPH lay a large wild tract of the clergy reserves, and, with GUELPH, as both were vacant, could not be valued above the lowest rate — one shilling and three-pence. When Mr. Galt left Guelph, the lowest price of the Company's land there was three dollars, or fifteen shillings, per acre; and sales had been made at higher rates. But, as in due time the whole accounts of the Guelph settlement will probably be laid before the proprietors, it is only necessary at present to quote here a letter, the result of an inspection instituted in anticipation of the misrepresentations which it was expected Mr. Smith would make: — when his character began to show itself, — an expectation largely fulfilled.

"To the Governor and Deputy-Governor of the Canada Company.

"Guelph, Upper Canada, Feb. 4, 1829.

"GENTLEMEN,

"AT the request of John Galt, Esq., superintendent of the concerns of the Canada Company, I have visited this place, viewed the improvements in the village, and examined the roads contiguous to it, made under his orders.

"Considering the short period of time that has elapsed since the village was founded, and that it is only about eighteen months since it was an entire forest, the number of buildings, and the population, are proof of uncommon industry and enterprise.

"I have perused with attention a report made to Mr. Galt by Mr. Charles Prior, of the different improvements made by him on the lands of the Company, under the direction of Mr. Galt, and I have the pleasure of expressing to you my most

"I understand from Mr. Galt, that his sales are on a credit of five years, one fifth of the purchase-money being paid down. The credit of sales of the Pulteney estates is from seven to ten years; and, I am informed, the latter period is the usual credit granted on sales of the crown lands in Canada by the King's Commissioner. By extending the credit from five to ten years, and, in particular cases, by accepting small sums as first payments, the sales may be considerably increased, much to the advantage of the Company.

"The execution of contracts and other writings in triplicate, to the end that one of the copies may be transmitted to the Company in London, will, in my judgment, be attended with much labour and expense, without any adequate advantage. The transmission of an annual return, — to exhibit the sales of land, the cash collections and expenditure, the lands remaining unsold, the amount of debt due to the Company on sales, and other necessary particulars, would, — by being thrown into a condensed form, furnish all the information necessary to a proper understanding of the operations of the concern. If the Company should require the transmission to England of original vouchers, it would be necessary to take them in duplicate, a measure which will prove to be very troublesome in so large a business; and I should recommend the verifications of the accounts by oath, in preference to the transmission of vouchers. The trustees of the Johnstone estate at one time required triplicate contracts to be sent to them; but the arrangement proved to be so inconvenient, that they have long since abandoned the requisition, and accepted returns similar to those above mentioned.

"I would recommend, as an improvement of the form of licence granted to a purchaser to take possession of a lot of land on making the first payment, the addition of a clause binding him to dispense with notice to quit, in case it should become necessary, by failure of payment or other cause, to remove him from the land by legal process.

"I think the present office of the Company, in the village of Guelph, is quite insufficient for the convenient and proper execution of so extensive a concern, and that it will be necessary that a larger and more convenient building should be

erected. The present occupancy of several different buildings for offices is extremely inconvenient, as it is attended with much loss of time in going from one office to another.

“Upon the whole, I beg leave most respectfully to state to the Company my decided opinion that Mr. Galt’s agency has been conducted with sound judgment, a proper regard to economy and the interests of the Company; that his proceedings have promoted their best interests: and, I believe, the Company cannot more effectually promote their own views than by delegating to him the most ample discretionary powers.

“I am, Gentlemen, your humble servant,

“ (Signed) JOSEPH FELLOWS.

“Sub-agent to the Pulteney and Johnstone Estates, residing at Geneva, in the County of Ontario, and State of New York.”

What the Directors thought of Mr. Fellows’s Report is of course not known, but it might have been communicated to the proprietors, to whom it would doubtless have been satisfactory to know the opinion of a disinterested gentleman, of the greatest experience in the business of any person in all the United States, as to the expenditure which has taken place, and of the probable effects of it. In the Appendix will be found a letter from Mr. Troup, the principal agent of the Pulteney and Johnstone trust, respecting the general management of Mr. Galt. There are also, in the Appendix, two statements of ALL Mr. Galt’s expenditure for nearly two years. He has not materials in this country to show how much of the Guelfh expenditure is for saleable and productive buildings, and how much of it debt due by settlers for assistance to them. Mr. Smith states, that the expenditure was four times 4000*l*., and of course lost money.

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The Proprietors must have seen, by what has already been said, that some difference of opinion existed between the Superintendent and the Directors as to the expenditure at Guelph. The despatch of the 31st January, 1829, in the Appendix, will explain in what that difference consisted; or, at least, will exhibit the Superintendent's view of the subject, and answer Mr. Smith's charge of extravagant expenditure somewhat more specially than Mr. Fellows's Report.

"By this time the Directors had become very much dissatisfied with Mr. Galt for not having sent home regular accounts of his receipts and expenditure, nor even any satisfactory narrative of his proceedings, nor of the operations he intended to undertake; and, as he had made an application for an accountant to be sent out to his assistance, it was proposed that I should be appointed to that situation. After a very considerable delay, I was at last, in May, 1828, appointed cashier and accountant to the Company in Canada, with a salary of 500*l.* sterling per annum, payable in London, and 250*l.* currency for my expenses in the colony."

As soon as it was determined that Mr. Galt was to remain in Canada, he applied for an accountant, the details of that branch of the business having become too multifarious for him to undertake, with his other duties, and none of his clerks being qualified for the office. It is for the Directors to explain how it happened that he was allowed to be so long without one, with a business the details of which were daily increasing. There was no confusion up to the period of Mr. Smith's arrival, nor has there been any since he "absconded;" but in the interval during which he attempted to manage the office, the greatest confusion

was created in every branch of the business he touched, and it will be long before it can be remedied.

Mr. Galt not only from time to time stated, in his correspondence with the Directors, the amount of his receipts, but actually, as directed, remitted the whole of the first year's receipts, 3340*l.* *ss.* 7*d.* And here it is necessary to mention a remarkable fact, upon which the Proprietors will make their own comments: — By the same mail which brought the order for the remittance, Mr. Galt received a letter from Mr. Smith, advising him not to remit until he should arrive. It is true, that the order for remitting at a very disadvantageous exchange, was a questionable proceeding; but it was the pleasure of the court; and it is for Mr. Smith to explain how he could presume to countermand the order of the Directors, and how he could reconcile it with candour to advise Mr. Galt to disregard his instructions, at a time when, as he says, the Directors were so much dissatisfied.

It is not easy to understand what is meant by a "satisfactory narrative" of proceedings; but the Superintendent, in his communications to the Court, which were generally monthly, and frequently much oftener, informed the Directors of every thing that was either proposed to be done or was doing. Since the appearance of "The Address," the whole of his correspondence has been read over; and he does not see that any one thing which he undertook has not been regularly communicated, while there are several proposed and sanctioned not yet carried into effect.

The idea of a narrative is quite ridiculous under such circumstances; but, in point of fact, he did begin to prepare a general report of his proceedings to send home. Before, however, completing it, he found it would be unnecessary, as it had been anticipated

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by the fulness of his despatches. This Report, in triplicate, is now in London; and he challenges any one thing to be named or described that he has done which has not been regularly submitted to the Directors, or which has not risen out of sanctioned undertakings, with the single exception of converting a shell of a building at Guelph into a dwelling-house, and that was under circumstances not admitting of delay, and a sufficient rent was secured for it before the repairs were commenced.

At the expiry of the first eight months allowed for Mr. Galt's mission, an account of his expenditure was transmitted to London; and, at the expiry of the first year, a statement of the expenditure at Guelph was also transmitted. Had Mr. Galt gone home at that period, according to the original intention, he would naturally have taken all vouchers and documents with him; for he had no clerks qualified to make up accounts properly, — a fact of which the Directors were well aware, for on the 14th September, 1827 (before the expiry of the year), Mr. Smith himself, in a demi-official letter to Mr. Galt, says: — “M^r. Gillivray and I had agreed that he would recommend sending you a principal clerk, in addition to the two gone, as a superior one is what you seem in want of most.” — “It appears to be the feeling of the others [Directors] that it would be better to wait until you wrote again.” — Mr. Galt afterwards wrote for an accountant, and Mr. Smith was appointed, but he did not reach Canada till the beginning of July, 1828, ten months after the Court were so sensible that Mr. Galt was suffering the greatest inconvenience for the want of an accountant. It also appears, by a letter from Mr. Smith, dated 22d January, 1828, that the grievance of conducting so complicated a business without suf-

ficient clerks was duly appreciated, but yet nothing was done to supply the deficiency. His words are:—"I trust all will go on well in future, and that you will get such assistance as will make you comparatively easy."—The leaving Mr. Galt without that assistance was the sole cause of any arrears being in the office; and, without quoting the letters to which these extracts were replies, it must be evident to the Proprietors, that the blame can with no justice be imputed to the Superintendent.

"Upon my arrival in Canada, I found matters in much greater confusion than I could have supposed; and had Mr. Galt been a stranger to me, and a man in whom I was no ways interested, I do not think I should have acted; at all events I should have first written home for fresh instructions; &c."

When Mr. Smith arrived, the desks and books were then just moved from York to Guelph—part of them were actually on the road. It is not usual to find a fitting otherwise than a confusion. That the business itself was in any other confusion than that occasioned by the removal, the Proprietors have the authority of Mr. Smith's veracity for believing. The best answer which can be given to Mr. Smith's complaint of the personal treatment he received from Mr. G., is to quote from the evidence, which constitutes the Appendix, to a narrative of facts and circumstances respecting Mr. Smith's conduct in Canada, transmitted to the Directors of the Company on the 16th November, 1828. He does not see himself as others see him.

Mr. Dunlop states, 11th November, 1828:—"When I returned from Lake Huron, in September last, I found that there had been differences between you, and that you conceived that he interfered in your department. I was of opinion at the time,

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that the interference, though teasing, was well meant. I certainly felt that his conduct was annoying, but, not having at that time seen his instructions, I thought him sent out more as a coadjutor than a mere accountant. I can only say, that, in any thing connected with my own department on which I was consulted, he was consulted also; and in one particular, viz. when you ordered me to write Fullarton's instructions, you prevented me sending them off; until I had consulted Mr. Smith. On the general business of the Company he was consulted as often as I was; and I am aware of no instance of any thing undertaken or projected in which he had not a voice. I thought him waspish rather, and impressed with an idea that every man who came into the office did so with the determination to rob the Company; and I often accused him of misanthropy for so doing."

Mr. Wright states, 12th November, 1828:—
 "On entering the room where Mr. Smith was sitting with the record-box, my impression was, that that gentleman was not in the best of humours, and that he had complained of the manner in which the records were kept; but on your showing him the books, and explaining their use, he tacitly admitted that a better system could not have been followed."

EXAMINATION.

Guelph, 11th Nov. 1828.

THOMAS B. HUSBAND, the Clerk of the Guelph Settlement, examined.

1. What is the state of the accounts at this day which Mr. Smith has been investigating, and in which investigation you have been assisting him?
 The accounts, with the exception of a few, were balanced up to 27th September, and Mr. Smith took the balance-sheet with him when he left Guelph.

2. In what have you been engaged since he left Guelph?
 In bringing down the balances in the ledger, and making up the entries between the 27th September and this day.

3. Then, in point of fact, you have not been doing any thing connected with the previous accounts, but only in prospective relation between what has been done and what may be done. Mr. Smith's investigation, I infer from what you say, was closed as to his part when he took away with him the balance-sheet?

Yes: his investigation was closed.

4. But although the accounts were closed, doubtless prior claims upon them may have come in, which, though belonging to the previous transactions, will fall to be considered in the subsequent?

Yes.

5. It would seem, then, that when Mr. Smith left Guelph, his enquiries, with the exception of such claims, were concluded?

Yes; I so considered.

6. Do you consider that he had then finished his enquiries according to the scope of his obvious intentions? I do not mean to ask whether you were informed of his intentions or not, but only as to what you understood them to be from the tenour of his proceedings?

I think he finished what he intended.

7. If he had done so, could he ascribe to you, or to any party in the office, that documents and vouchers had been withheld from him by you or them?

No documents that I am aware of were withheld.

8. Did you ever refuse to produce to him any account, document, or voucher for which he enquired?

No; I never did.

9. Did you withhold from him any account, document, or voucher for which, although he did not enquire, his enquiries by it might yet have been facilitated?

I withheld from him nothing which I thought he required: in fact, there was nothing withheld from his observation if he chose to look into it.

10. Were you directly or indirectly influenced to oppose his enquiries?

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11. If, then, his enquiries have been defective, will you consider yourself, fairly and candidly speaking, responsible for any deficiency?

I could not have helped him more than I did.

12. Then he did not seem to you to desire more explanation, vouchers, or facts than you freely furnished?

I consider that the vouchers and papers answered his purpose, although he sometimes gave a damn, and said they were in a state of confusion.

13. But, allowing for his damning, what would you think if he has charged you with withholding information from him?

I would think he was telling a gross falsehood. I withheld none that I could give.

14. Was he not entire master of the office, free to call for every clerk and every species of information which it was in their power to give?

Undoubtedly.

15. Did he intimate to you, that he found every thing in such confusion that he did not know how to act?

Yes; in a blowing-up sort of a way; which I did not heed much, as it was so frequent.

16. Did he intimate that he could not make up his accounts?

No; he did not intimate to me that he could not make up his accounts, for he did make up my accounts.

17. Did he intimate that obstacles were put to his enquiries?

Not that I recollect of.

18. Did he intimate that it would be necessary for him to go to London to complain, not only of the state of things, but of the disrespect with which he was treated?

No; he did not intimate to me that it would be necessary for him to go to London to complain, but he spoke of Thompson treating him disrespectfully.

19. Did he express any opinion as to indications of disrespectful conduct towards him, in particular by Mr. Prior?

Never.

20. Did he express any thing of the same kind by Mr. Reid?

Never.

21. Did he express any thing of the same kind by any officers of the Company?

No; only he said I did not do right in stopping away a fortnight, when he gave me a few days' leave of absence.

22. How did it happen that he gave you leave of absence at all at that time?

Because I had been kept pretty close at business before, and he thought he could go on for some time without me.

23. Do you understand how he was employed during your absence?

He, I understood from what I saw when I came back, occupied the time in going over the farm-register and the town-lots record, in paying different small accounts, and in going over accounts with people having claims.

24. In what manner generally has his time been occupied in the office?

In making a formal register to go by in bringing up accounts and balancing them; in paying off accounts; in charging instalments; in altering the map of the township; in comparing payments for town-lots, instalments of farm-lots, and inserting them in the register.

25. From what sources of information did he derive the facts of the payments alluded to as to farm and town-lots?

In my cash account and the location ticket-book.

26. Then the means existed in your possession, regularly entered, by which he was enabled to ascertain the facts?

Yes; every thing was before him. I did nothing after he came until I had rendered my cash account.

27. Did he occupy himself in the office here with the general business of the Company, or only with what related to Guelph?

He went through very little else than what came through my hands since I came here.

28. You know he has been very industriously employed: do you think he had time to attend to more business than he did?

No.

29. Are you aware that he has gone to London?

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30. Did you hear of any intention of his going?

No.

31. Are you surprised to hear that he has gone?

I certainly am.

32. Do you think he has carried with him sufficient accounts, documents, and vouchers to enable him to furnish a correct view of the progress and settlement of this township?

I hardly think he has.

(Signed) T. B. HUSBAND.

Guelph, 19th October, 1828.

At an examination of the clerks which took place this evening, relative to charges of dishonesty against them and the other servants of the Company, preferred by Mr. Grant, who had been dismissed for something of that sort himself, some observations were made, which led to the following examination of Mr. Hodgert, an occasional assistant in the office:—

1. It has been communicated to me that you have expressed yourself as being in possession of information, derived from Mr. Smith, relative to the concerns of the Company, touching the management as in my hands: is this true or not?

In conversation with Mr. Thompson, I mentioned to him that Mr. Smith had come to this country invested with more power than he was aware of.

2. Was this said in the way of caution or of admonition?

By way of friendship and caution.

3. Then I suppose you had some reason to know that there was a difference between Mr. Smith and Mr. Thompson?

I have already said that Mr. Smith expressed an unfavourable opinion of Mr. Thompson to me.

4. How came you to know of any powers with which Mr. Smith was invested?

Mr. Smith had given me to understand.

5. How long have you been acquainted with Mr. Smith?

Since Mr. Smith first came up to Guelph.

6. Did you consider what Mr. Smith said as common talk or as a confidential communication?

I certainly was bound to believe what the gentleman said.

7. What was the general purport of his communication on that subject?

To the effect that he was the master of the office.

8. In point of fact, do you think that Mr. Smith said to yourself, or was likely to have said to others, any thing implying a right to suspend or dismiss any of the clerks, or change the system of the Company, beyond what might arise in the spurts and ebullitions of temper?

I believe he was likely to do it, and may have done it.

9. Now I ask of you a special favour: did he ever express any thing to you respecting his opinion of me and my proceedings?

I beg you will excuse this question.

Queries and Answers — Mr. PRION, the Overseer of the Guelph Settlement.

1. In what way have you observed Mr. Smith generally or on particular occasions conduct himself towards me?

With respect, but with the *familiarity* of long acquaintance.

2. In what way have you observed generally or on particular occasions my conduct towards him?

Always with great courtesy.

3. When have you observed any backwardness on my part to afford him information, or to consult him on the affairs of the Company?

I thought that on all occasions you evinced much solicitude to make Mr. Smith acquainted with and take his opinion on matters of general interest to the Company, and which had no reference to the accounts.

4. In what way have you observed him treat the settlers and others in the employment of the Company?

Sometimes, certainly, with a manner approaching to roughness: but this applies to labourers and tradesmen, and on occasions of convicted or supposed idleness or knavery. This I attributed to his unacquaintance with the manners of the people, and acting upon a temper naturally quick. But, generally, he appeared to treat the settlers with liberality, and sometimes with kindness.

5. Do you think his general manner towards the settlers calculated to bespeak their good-will and confidence in the officers of the Company?

I can only answer this question by stating, that the impression on my mind is, that his general conduct has been more calculated to inspire the settlers with respect than attachment; for his liberality and kindness will most likely be forgotten or not mentioned, his economy will be called parsimony, and his roughness, whether acting under a true or false impression, will undoubtedly go forth to the public, and, proceeding from the head of a department, may have an unfavourable effect.

6. Did you observe that I interfered with him in the management of his accounts, considering that his duties were limited to those of an accountant and cashier?

In no instance.

7. Did it ever fall within your observation that he interfered, while I was on the spot, with those duties which immediately belong to my office?

I do not know in what manner Mr. Smith has interfered, but I presume he had so done; for, on my entering the office one day, I heard you say to him that you would not allow him to interfere with duties belonging exclusively to your office.

8. Did ever Mr. Smith intimate to you that he was possessed of more authority than that of accountant and cashier?

Never. Farther, I have heard him say to many people that he could not answer their questions or grant their requests: they must apply to Mr. Galt, for that his duties were confined to those of accountant and cashier.

9. Did he not intimate to you that he had found things in such a state here, that it would be necessary for him to go home immediately?

No. On the contrary, just before I set off for the Lake, he told me that he was getting on well with the accounts, and should soon reduce them to the form he wished; certainly, giving me to understand that he had found them better than he expected; and, from all he said, I received the impression that his anticipations were agreeably disappointed as to the state of things in general.

10. In point of fact, did he ever intimate to you that he was going home?

From every thing I had heard him say, I had formed a different opinion.

(Signed) C. PRIOR.

Guelph, Nov. 11. 1828.

The following letter is from a respectable old Dutch gentleman, Colonel Van Egmond, formerly in the service of Holland. He is a settler under the Canada Company, and although he does not write very pure English, he is yet a man of a clear head, and well accomplished.

“John Galt, Esq., Superintendent for the Canada Company,
Guelph.

“SIR, Guelph, March 26. 1829.

“The report in circulation, that are going to leave your charge as superintendent, and this country, makes and entitles me to address you these lines.

“You know that I have been one of the best soldiers for the good of the Company; that I have always, at my own expense, and often by attracting enmity against me, fought its battels; that I have frequently opened my purse, and employed my credit, for to prevent the Company’s cattle from starvation, and the people in its employ from suffering, likewise, without one farthing of profit for me. All that, because the Company’s credit had fallen so low, that the ignorant class of people (who are just those who allone have such articles for sale), and brought to Zero by the deceptif *fanfaronnados* of Thomas Schmith, Esq.,—by having often a little pile of silver dollars, and a few gold peaces, laying on the writing-table in his office; telling stories, as if he had all the treasures of the East at his command; and paying but a very few, or none at all; and by giving orders, who made laugh all the men of sense who heard of them, and made the Company to a set of — I wont say what.

“Further, that I have done work for the Company, at the most moderate prices, and honourably done; and had, and have to wait yet for my pay, which, after I had emptied my own purse, forced me to go in debt by borrowing money, and buy uncredit to my great loss; and I was (what never had happened before during my lifetime of fifty years) shewed, and drag before courts of justice as a male pagant, and had to pay cost.

“If you take in consideration the payment of all the hands and voiturage I have employed, of all the provisions, provender, and furnitures, &c. &c., the time I lost now already mounting to 82 days, by running after my pay from the Company, and the expenses during the same, you will — you can not be surprised, when I tell you here, that I have already nowe lost above 100%. by not getting my pay when due. Certainly but a trifling sum for a healthy man, but a very great one for an old crippel, who lost millions by the French Revolution, and spende the rest during a service of 25 years against its maxims, and who has eight uneducated children to provide for.

“Pray, Sir, dont take this as a personal reproche made to you. No, Sir, your gentlemanlike behaviour, and your reputation all over this country, has only and alone hindered me and many others to employ the law for to obtain our due.

“Nowe, further, Sir; if you go away without investing other gentlemen with the necessary power for to carry on the works this spring, chiefly on the Huron Tract, and without they are provided with the pecuniary meane for that purpose, then good night for ever to the Company's undertakings, and I am ruined.

“Sir,
“Your most humble and most devoted servant,

“ANTHONY J. W. G. VAN EGMOND.”

With respect to the considerable sums due at Guelph, for which the workmen were clamorous, Mr. Galt, in reply to this charge, which was made originally by Mr. Smith on the 15th of November

last from New York, explained to the Directors, on the 8th of December, the reason, in these words:—
 “It has been a principle with me to pay as little money as possible to the workmen in summer, knowing they would require all their earnings to keep them in winter, while working on their own lands. One of the evils which I am now suffering from Mr. Smith’s ignorance of the business, and of the mode of managing the sort of people with whom he had to deal, is that some of those who were paid by him in full, having spent their money, are already besetting me for necessaries for their families.”

As to what Mr. Smith deemed for the honour and character of the Company about joining Mr. Galt in drawing bills, &c. — On the 8th of September, Mr. G. drew Mr. Smith’s attention to certain articles of his instructions, begging to know “what arrangements had been made for supplying them with money, as the remittance to London* had left him bare, and the locking up† of the receipts took it out of his power to make use of them.” This application for information was made so formal, in consequence of a letter, dated the 3d of July, direct from the Court of Directors to the Bank of Upper Canada, ordering that institution to keep all money received by it on account of the Canada Company at the disposal of the Directors only, without explaining to the Superintendent in what way the current disbursements, even such as salaries and official expenses, were to be paid. It was a singular oversight to stop all means of supply, and yet suppose the Company could go on.

Mr. Smith says he stipulated, as the condition of

* Mr. G. had remitted the whole of the past year’s collection to London.

† Fourth article of Mr. Smith’s instruction.

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joining Mr. G. in drawing on England, "that all further expenditure should cease, and nothing new be undertaken but what was absolutely necessary." The proprietors are requested to notice, that this was on the 10th of September, — a period of the year when, in Canada, so far from new works upon roads and bridges being undertaken, the inhabitants begin to prepare for the suspension of such out-of-door labours, and the Canada Company had none other at that time. The stipulation could be regarded as nothing else but an instance of that absurd pretension with which Mr. Smith, as the Yankees would say, had made himself "ridiculous bad," from the time of his arrival. (Mr. G. joined the Company about the 10th of September, 1793.)

However unauthorised that expenditure had been, still, having been done by their agent, the Directors had become liable for it, not having made public the restrictions they had put upon him. I therefore deemed it much more for the honour and character of the Company, at once to join him in drawing the bills necessary to procure the funds to pay them, than to throw the place into complete confusion, and leave the people to starve until we received fresh directions from England. I stipulated, however, with him, that all further expenditure should cease, and nothing now be undertaken but what was absolutely necessary, and on which I should be consulted; and that he should immediately make up all his accounts, and hand them to me, in order to enable me to draw up a complete state of the Company's affairs in Canada, to be sent home in time for the meeting of Proprietors in December. To all this he gave an apparently full and free consent; but, unfortunately for himself and for me, he was not sincere: his self-consequence and vanity were hurt by the feeling of any control being put upon his actions; and he had adopted the very erroneous idea that I had gone out with a determination to find fault, in order to have him superseded. Had any such idea entered my head, my conduct would have been very dif-

ferent, and it would have been better for me; for the fact is, I have sacrificed myself in endeavouring to save him. Never did a man labour more for another than I did for him, and I have been very *handsomely* rewarded for it."

"Upon my return to England, I certainly did not meet with the reception I might have expected. Instead of being personally heard, I was directed to put whatever I had to state in writing; and accordingly I addressed both the Committee of Correspondence and the Court of Directors, giving the causes which had induced me to return."

Mr. Galt conceived that the fairest course he could take towards Mr. Smith (believing that person engaged in making up the accounts), was to have his own accounts classified in his own way, and to send them to London without the vouchers, furnishing Mr. Smith, however, with a copy of them. By this means, it must be evident, the interests of the Company were best consulted, as it rendered the task which Smith had to perform easier than if he had been left to wade through a mass of unarranged papers and documents. But it now turns out that Mr. Smith, instead of attending to his instructions and to preparing the accounts and arranging the vouchers, was doing every thing else. In the letter of the 15th of November, from New York, he states, under the head of Guelph, "That no regular map, or, indeed, complete or perfect survey of the township, had ever been made, — two different surveyors having been employed on different parts, — their work joined badly, and their divisions were quite confused. Besides, there was nothing but a paltry sketch of a map on a small scale, filled in many places with imaginary names, and blotted so as to be unreadable. In consequence, the first thing I had to do, was to commence, along with one of the surveyors, a complete

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revisal of the map, in order to the formation of a new one upon a proper scale, and new divisions, to which was added a regular register, the old one being very imperfect."

The proprietors can judge if this was the sort of work his instructions enjoined, or if this was arranging accounts and vouchers. Mr. Galt's observations on this, dated 8th of December, are as addressed to the Directors: —

"It was perfectly well known to Mr. Smith, from my correspondence with the Court, that the settlement and survey of the Guelph township proceeded simultaneously. I am really not sure if the survey be yet completed, for the river; I believe, is only partly scaled; nothing, therefore can be more vile than this libel. But it makes Mr. Smith's ignorance the more apparent. THE MAP OR DIAGRAM WAS OF THE SIZE PRESCRIBED BY LAW, OR BY THE SURVEYOR-GENERAL'S ORDERS. As the survey proceeded, new diagrams were from time to time made, all of that legal size, and the names of parties engaging lots transferred from the one to the other. The diagram to which Mr. Smith alludes, the latest, could only be regarded as a minute of the lots engaged. It is an old remark, that fools and children should never see unfinished work; and Mr. Smith's observations on this subject verify the proverb. The map having been blotted, was owing to its being necessarily laid on the counter for the inspection of every one; and the hands of some were not of the cleanest. As to 'imaginary names,' the Directors cannot but feel that I might call on the Court for a disavowal of believing that I could be guilty of such a shallow and useless trick. The names, I presume, to which Mr. Smith refers, must be those of parties who had engaged lots, but who have not yet

fulfilled their engagements. He was present when a number of such were declared to have forfeited their right to the lots, and when their engagements were cancelled; and he was aware that the time is near when a number more shall probably share the same fate. The Court was early informed that this would, in all likelihood, come to pass. The first hundred of those who engaged town-lots had the privilege of drawing 25, or 50, or 100 acres farm-lots, so soon as their houses were erected. A number of these have of course lost the right, and there are parties of the second hundred in the same state. Besides these, there were two-and-twenty persons who engaged lots in what is called the Trafalgar Block, to be taken up, if they could sell their improved farms in the township of Trafalgar within twelve months: some of these have changed their mind, and others have asked indulgence.

“But there was another cause which occasioned constant alterations in the diagram (or map, as Mr. Smith calls it), and changes in the landmarks, — the subdividing of lots to suit the circumstances of settlers. It has been with me a principle to give to such settlers as we have no more land than they could within the time limited (five years) be expected to pay for,” &c. — “But I fully confess I can neither appreciate the value of Mr. Smith’s science in the diagram, nor discern in what way it was in consonance to his instructions. As to his new register, the form is not found to be applicable to the purpose. Moreover, all he has done will soon require to be done again; the extent of the lots will still continue to be changed to suit purchasers; and, by use, Mr. Smith’s fine diagram will soon become as dirty and blotted as the one which so affected his professional taste for

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clean paper." — This has already taken place; his diagram, with the one of which he complained, is at the Company's office, with a report from one of the surveyors, stating that Mr. Smith's alterations having been made without reference to the land-marks, a considerable portion of the survey will require to be revised.

Mr. Galt never once entertained the idea that Mr. Smith had come to Canada, "in order to have him superseded." — A few persons slightly acquainted with Mr. Smith have supposed he was actuated by some such sinister intention; nor are there wanting circumstances which might be so construed as to show a design on his part to embroil Mr. Galt with the Directors. — Mr. G., however, knew very well that Mr. Smith never would be appointed to the superintendency of the Company's affairs. The fact is, that he had received reason from Mr. Smith himself to expect he was to be superseded by Mr. M'Gillivray. In a letter, dated the 22d March, 1827, speaking of that gentleman's appointment to the management at home, he says: — "It is proposed that he shall reside in the house, and take the whole charge until you return, when he is to go out and take charge in your place." And the impression of this was confirmed by an expression of Mr. M'Gillivray's, about being in Canada in the course of two years, but which, it seems, had relation to other matters. Mr. G., in accepting the superintendency, adverted to this circumstance, conceiving that there was a degree of injustice in laying all the fatigue of the first operations on him, merely to make an easier berth for another.

"It is true, he had previously sent most voluminous lists, under the titles of 'Lists of Offers received for Land,' 'List

of Offers for Land accepted,' and 'List of Offers accepted and settled for;' but these were so confused, that there was no understanding them; and he himself confounded the List of Offers accepted with the List of Offers settled for, and, in consequence, wrote to the Directors, in April, 1828, that he had sold and settled for 70,000 acres; whereas the fact was, that, at that period, little more than 30,000 had been settled for. Thus betraying a complete ignorance of *his own incomparable system*, the effect of which was to mislead the Directors, and, through them, the Proprietors, to whom the statement was communicated in June, 1828, and was believed by both parties until my return; when I showed, by a regular account I had taken in Canada (and which has been corroborated since), that up to the 1st October, 1828, only 40,000 acres altogether of Crown reserves, independent of Guelph, which had been sold and settled for."

The titles of the lists, and each list being made from separate and distinct books, shows that there could not possibly have been any confusion with respect to them; nor do they show any ignorance on the part of Mr. Galt, or even irregular working in "*his incomparable system*." The fact of the case is this: settlers desirous of securing for themselves or their friends particular lots, apply for them, and if their offers come within the table of prices, they are of course accepted. But after receiving the acceptance, such applicants are not often in any haste to settle; besides many of them are squatters, who never think of settling at all, but take this mode of securing a preference under an apprehension of ejection. It was not until experience had explained this, that the fallacy was discovered of supposing the acceptance of an offer was a determined sale. No doubt the sale was valid in law; but what use would it have served to go to law with pauper emigrants, or persons in the needy circumstances of new settlers in general? It was latterly,

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but before Mr. Smith came to Canada, a rule of Mr. Galt's system, to hold unsettled acceptances open in two ways, —first, till another person offered the same or a better price than the offer which had been accepted, when notice was given to the first party, that unless he came forward and completed the sale, the lot would be disposed of; second, from time to time the unfulfilled acceptances were examined, when notice was sent to the parties, that if a settlement did not take place within a specified period, the acceptance would be cancelled. Besides, it was a rule also, in all cases, to allow one month for parties, whose offers had been accepted, to fulfil their contract. Mr. Smith, on “absconding” from Canada, was as ignorant of the routine of the Company's business as on the day on which he unfortunately left London.

“Almost from his arrival in Canada a correspondence had taken place betwixt the Directors and him in regard to the situation of the Company's principal office. At first he was strongly in favour of York; so much so, that he pressed the Directors to allow him to lay out 4000*l.* upon building a grand house there, a plan of which he sent home. In reply, he was informed, that although the Court were fully convinced that York was the proper place for the principal office of the Company, yet they thought it better to delay laying out money in building there until they had further reports on the subject, but that he might rent a house. A short time after this, he got into disputes with some of the authorities at York; and he then discovered that York was the very worst place in the whole province for the Company's principal office; and, as he had begun operations at Guelph, and had taken it into his head that it might be made, not merely a village or town, but a grand city, that might vie with York, and become, some time or other, the seat of government, he determined that the Company's office should be there, and there alone, as having one at York at all would only be a useless expense. He laboured

very hard to convince the Directors of this, but could not succeed: rather unfortunately, however, they had given him a sort of interim liberty to have the office where he pleased, until it should be finally fixed. The delay in sending me out gave him an opportunity of taking advantage of this permission, and when I arrived there, I found he had, at a considerable expense, removed to Guelph all the books, papers, and the clerks, except one, who was left at York. Before I went out, I had adopted the opinion that York was the proper place for the Company's office, and every thing I saw there convinced me of the correctness of that opinion. Indeed, I never met with any one at all acquainted with the subject who thought otherwise, except the Superintendent himself, and his friend the Warden of the Forest. On this point, therefore, we were likely to disagree; but on my first arrival a compromise was made betwixt us, that if he thought proper to live at Guelph he might, but that I should reside and conduct the business at York. Knowing the feeling of the Court, and, therefore, trusting to its ultimate decision in favour of York, I took a house there, and was at some expense in fitting it up and furnishing it, to all which he was privy. I only got into this house on the 1st of November, and, two days afterwards, he wrote me a letter, stating, that he found he had done wrong in giving his consent to my residing at York, and, therefore, now recalled it; and as my agreement bore that I was to reside where the principal office of the Company was, and as he had fixed the principal office at Guelph, he therefore insisted that I should repair there, and remain at all events until the final determination of the Directors was received."

Mr. Smith has stated, with what truth has been shown, that Mr. Galt had not communicated to the Court of Directors, or obtained their sanction to, the plan of business he had adopted. The despatch of the 26th December, 1826, exposes that untruth. Mr. G. in the same despatch, states, in the eight clause relative to his plan, thus:—"EIGHTH, An office and a residence for the chief Commissioner,

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together with a tavern fitted up with proper apartments for the other officers and clerks, and to accommodate applicants and purchasers, are absolutely indispensable, and the construction of them ought to be immediately authorised. The office should be fire-proof, and the house for the Commissioner respectable. The buildings of the Pulteney estate for these purposes, and those of the Holland Company at Batavia, furnish satisfactory models, and do not perhaps admit of much improvement either in the scale or in the arrangements."

"NINTH, According to the best advice which I have been able to obtain, and according, also, to my own opinion, the Company's office should be somewhere in the district of Gore, and conveniently situated with reference to the blocks, and to the territory in the London and Western districts. There is a declared wish here (York), that the office should be in York; but I do not clearly discover any other reason for the preference recommended, than a desire to augment the metropolitan pretensions of the place."

These two clauses are demonstrative of the uncandid and untrue assertions of Mr. Smith. — The date of 26th of December is exactly eight days AFTER the alleged "disputes with some of the authorities at York." It is to be regretted that allusion was made to these disputes; for they did not concern the Company. But the bad taste of that allusion is not greater than the bad feeling, which ascribes to Mr. Galt the sacrifice of an important public trust to private spleen. Mr. Smith, however, is so far a Christian, that he judges of others by himself. These clauses demonstrate, also, from the very terms in which they are expressed, that there was some understanding between the Directors and Mr. Galt,

before he left London, that the office was to be in some central situation on the Company's land, and in the wilderness; else why so explicit a statement with respect to a tavern, which would not have been wanted at York. Besides this, on the 1st of January, 1827, Mr. Galt, in a private letter to Mr. Hulft, says, "Last night the Chief Justice intimated to me that he was desirous of disposing of his house. It would do very well as a residence for the agent; but an office would still be wanted. What I have stated in my official letter as to this point ought to be seriously considered; nevertheless, I shall see what value the Chief Justice really puts upon his house. At present he mentions 4000*l.* sterling, in which the value of two acres of ground is included. My own opinion is, that for something like that sum, both an office and a house, the office fire-proof, may be erected. I enclose, however, his note, which may, in the mean time, be laid before the Directors."

On the same day, (1st of January, 1827,) Mr. Galt wrote to the Directors, with the plan of which Mr. Smith speaks: "I have at last," says he, "succeeded in moderating the ideas of the architect to a plan which, I conceive, will suit all the purposes of the Company. I send, enclosed, a sketch of the design, but an estimate will take some time to prepare. The Court will probably see the expediency of coming to some resolution on the subject, as to the amount which should be expended."

All this was previous to Guelph being thought of; and it is proper to state, that Mr. Galt was at no time of opinion that Guelph was the fittest place for the central office. It is, however, of no consequence now what his opinion was or is. As to the idea of a grand city, — the epithet city originated in jocu-

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larity with another party, — it was no more than a jest, on which it would be idle to waste a word; but when Mr. Smith says he had no predetermined opinions, he forgets that on this point, one of the most important to the rightly conducting of the Company's business, he has declared, "Before I went out, I had adopted the opinion, that York was the proper place for the Company's office."

How far Mr. Galt did Mr. Smith any wrong as to this matter, the proprietors are enabled to judge by the following letters.

"PRIVATE" note to Mr. Smith, with the subjoined official:—

"DEAR SMITH: York, 3d November, 1828,
 "I send you an official, to which you will give the best answer you can. In the mean time, I beg your serious attention to your instructions. You are proceeding too fast in a course, to which the epithet of disregard might be applied. Some of them are certainly not framed with sufficient reference to the circumstances in which we are placed; but there is an absoluteness in the tone that claims the most grave attention.

"The 3d article, in which I am declared equally responsible with yourself for the application of money, is one that you cannot too soon refer to; for you have not yet furnished me with any account, by which I can know in what has been done the extent of my responsibility. This has, no doubt, been owing to the hurry you have been in, preparing the accounts; but still some attention should have been paid to it. I am no drill-sergeant; but there is a method and subordination required in all public business, which must be observed; and I am sure,

unless our business is more systematically conducted, it can never work agreeably, and we shall fall into misunderstandings prejudicial to our friendship and trust. "Yours truly,

"J. G."

Official letter sent with the foregoing:—

"Sir,

"After the best attention I have been able to give to your agreement and instructions, I cannot discover in either that you are authorised to form a separate establishment; but, on the contrary, that your doing so will be in direct opposition to the strict injunctions of the Court to avoid expense.

"Your agreement simply states, that you are to reside permanently at such place in Upper Canada as shall be selected for the principal office of the Company, unless the Court of Directors direct the contrary. It is true that, by the 8th article of your instructions, it is stated, that the prevailing opinion of the Court was, that the principal office should be in York; but at the same time it is also said, that the matter has been left to my direction for the present, and you are only instructed to confer with me, and to report to the Court your opinion of the permanent location of the principal office, with your reasons for recommending the same.

"When you spoke to me on the subject, you will recollect how strongly I expressed my conviction of the inconvenience of fixing the principal office at York, so far (being little, if any, less than eighty miles) from the borders of the scene of our chief operations. Considering, however, that both the Pulteney and Holland managers have found it expedient to divide their business among several offices,

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it did not then strike me, as it has since done, that much incongruity would result from your assuming the management of a secondary office; although my objection to the location of any office at York must, so long as I can persuade myself that I understand any thing of the interests of the Company, remain unaltered.

“ This I state plainly and frankly as the reason for my now receding from any assent which I may have given to your desire to establish yourself here: I acknowledge my error in giving such assent, even although at the time I believed the subject to be contingent on the approbation of the Directors; and I do confess that I had not then sufficiently reflected on the inconvenience which I see daily arising from the attempt to conduct the cashier and accountant's business at a distance of two days' journey from the nearest scene of expenditure. Nor can I devise any plan by which the 2d clause of the 2d article of your instructions can be carried into effect, if you are not resident where the vouchers are to be taken. In a word, by establishing yourself elsewhere than on the spot, the express purpose for which you were appointed must be defeated.

“ If it is the will and pleasure of the Court that an office shall be at York, it is very obvious it ought not to be yours; and therefore, until we shall have received definitive orders on the subject, I must require, according to your agreement and instructions, that your residence be at Guelph, whither the principal office was removed before your arrival in this country.

“ I have further to require, that you will, with all convenient expedition, frame a report on the location of the principal office, with the reasons of your

opinion, that, in obedience to the direct command of the Court, it may be sent home; and I shall be most happy to concur in your reasons if I can.

"In the mean time, no appointment of clerks* which you may make can, without the special orders of the Court, be sanctioned.

"I have, &c.

"J. G."

* On the 28th January, the General Meeting of Proprietors was held, when a report was read, stating that my mission to Canada had failed, in consequence of disputes with Mr. Galt, and that I had returned to London, and, therefore, no account of their affairs in that country could be given; that Mr. Galt had been recalled, and another gentleman appointed to go out to take charge, and that it was not their intention to send me back immediately; but nothing was said of my being positively dismissed.

It must be obvious to the Proprietors, that in exposing the misrepresentations respecting Mr. Galt in Mr. Smith's "Address," all allusion to any difference between him and the Directors is studiously avoided; but this particular statement obliges Mr. Galt to make a slight deviation from the rule he had laid down. — The conduct of Mr. Smith had become so intolerable, that Mr. Galt had resolved to return to England, just

* He had BROUGHT OUT A GENTLEMAN FROM ENGLAND WITH HIM, whom he placed in his office at York, at a salary of 200*l.* per annum, without consulting the Superintendent. He had the hardihood, however, to state to Mr. G., in the letter acquainting him of his intended "FLIGHT" from the province, dated 6th Nov. 1828, thus, "I take leave to remind you I had your perfect concurrence in employing Mr. Pringle; INDEED, YOU YOURSELF FIRST SUGGESTED IT TO ME." To Mr. Pringle, Mr. G. had no personal objection; but the fact of Mr. S. having brought him from England, shows how much that person can hazard in assertion, when he ventures to say that it was at Mr. G.'s suggestion he took him into the Company's service.

at the time when Mr. Smith "ABSCONDED" from Canada; and accordingly, before he was aware of Mr. Smith's rash step, he, on the 9th November, wrote to the Directors, that he found it would be necessary to see them personally. What effect this intimation had on the Court, Mr. Galt never heard; but it should have rendered the recall unnecessary. The letter is in the Appendix.

It is further necessary here to remark, that, independently of any question between the Superintendent and the Cashier, the finances of the Company, owing to a reluctance or inability on the part of some of the principal shareholders to pay up the calls for capital, placed the Directors in a position which precluded them from continuing the salary and allowances of Mr. Galt; and as Mr. G. had declined the lower terms, which were first proposed to him for the superintendency, the Directors may have considered it useless to offer him less than he had. Considering, indeed, that it was doubtful if the Company would go on at all, they were not in circumstances to act otherwise. But Mr. Galt is precluded from offering any further observation on this proceeding; for the Directors have assigned to him no reason for the recall, nor were they under any obligation to do so, as Mr. Galt held the superintendency only during the pleasure of the Court.

"Some time previous to the payment in December last becoming due, directions were sent out that the funds for it were to be raised by the Superintendent drawing upon the agents of the East India Company at Montreal, who were to reimburse themselves by drawing upon the Company in London in favour of the East India Company. This was at best, rather a strange round-about mode of proceeding, and in which at least one, if not two commissions, would have been incurred. Neither the

East India Company, however, nor their agents, would have any thing to do with the transaction. When the account of this reached the Upper Province, which was only a few days before the payment became due, the Superintendent, in his usual hasty manner, immediately sent off the Warden of the Forests post to the Lower Province to raise the money by any means; and he, to mend the matter, told every body, that unless the money was raised, the charter of the Company would be forfeited. This naturally did not enhance the credit of the Company in that quarter, and the Warden failed in his mission. These difficulties were, however, removed by the Receiver-General on the day of payment, who then coolly desired the Superintendent to draw a bill on London for the amount in his favour, and he would pass it, which was done.

This misrepresentation is, only noticed here in justice to the Receiver-General of Upper Canada. Mr. Smith is a person very little acquainted, practically with general business, though he may be with accounts; but even that he has rendered doubtful. He literally knows nothing of the responsibilities of public officers; and this injurious statement respecting the Receiver-General he seems to have intended as a compliment to that gentleman. He seems to have forgotten that the Directors had *de facto* interdicted the credit of the Superintendent and the Cashier with the Bank of Upper Canada; and to suppose Mr. Dunn would, in such circumstances, take the Superintendent's bill for the payment due to Government, is to ascribe to him a degree of simplicity that could only have entered into a very weak head. The fact is, that a good deal of negotiation took place about this affair, in which the Lieutenant-Governor was probably confidentially consulted, for the payment of the civil list was contingent on receiving the payment from the Company; and before Mr. Galt could induce the Re-

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cover-General to take his bills on the Company, he was obliged to pledge with him Government securities equal to the amount, the exchange and re-exchange on the bills. It was not so cool a transaction as the hot gentleman supposes.

“Every person who wished to become a purchaser had to address a letter to him (the Superintendent), giving the description of the lot, the price he proposed to give for it, and the times of payment. If the offer was accepted, an answer was given, stating so, and directing the first instalment to be paid into the Bank of Upper Canada, or at the Company's office, within a month, else the offer would be void, and the land given to any other person who offered for it, — and, when the instalment was paid, the purchaser received a letter of license to take possession of the lot.”

While Mr. Smith was believed to have been employed in executing his instructions, Mr. Galt, to save time, when that individual would have leisure to examine the details of the business, drew an outline of the routine of the office, with the forms annexed, to enable him to understand the system. But the heats and the hurries which preceded the **FLIGHT** of the unhappy man, prevented him from ever looking at it. This view of the routine is in the Appendix, but it has not been deemed necessary to publish the forms referred to.

“This plan might suit the agents of the Pulteney Estate very well, because that estate lay altogether in one compact lot, on which the agents resided, and were, consequently, always at hand, to show intended purchasers the lands, and talk to them about the price; and the letter was only filled up, as a matter of form, after these points were discussed. It might also have suited at Guelph, or on the Huron Tract, when it came to be settled. But it was very different in re-

gard to the Crown Reserves, which are scattered all over the province; and, to have made it suit them, would have required the appointment of local agents in every district, in order to show the lands to applicants, explain the terms to them, and then have the letter filled up and sent to head-quarters. No such thing was, however, done: parties wishing to purchase lands in the most distant part of the province were expected to write to the Superintendent, wherever he had fixed the office, first at York and then at Guelph, without having any person to show the lands, or state what the terms might be. The generality of the applicants were Scotch or Irish emigrants of the lowest order, many of them unable to read or write; and yet these men were expected to sit down and write a letter to a person, one, two, or three hundred miles distant, to offer to purchase lands, without knowing exactly whether these lands were at his disposal (many of the applications were for lands not the Company's), and to name a price without knowing what was expected; a thing perfectly repugnant to the practice and feelings of both these nations."

If any doubt could exist of the total ignorance of Mr. Smith as to the plan and business of the Company, this extract would sufficiently settle the question. The plan adopted with respect to the reserves was not applicable to the Pulteney estate; but the plan adopted for Guelph and the Huron tract, as explained in the document in the Appendix, relative to the routine, was nearly similar to the system of the Pulteney estate and of the Holland Company. It is not the custom, nor is it necessary, to have persons to show the reserves; for intending purchasers either inspect them themselves, or have their friends on the spot, who do so. As to local agents to show the land in every district, the idea is absurd, in the greatest degree; each district of the province is as extensive as any half dozen counties of England. But the whole of Mr. Smith's misrepresentation is the rave of actual

insanity, and cannot be answered. The fact of the practice is the only answer which can be given.

A general price for each township was determined as accurately as possible by special enquiries, and from the results three classes of townships were formed, and a table of prices made out for them accordingly. In all the newspapers in the province the form in which applications for lots were to be made was published for several consecutive months. The names of the local agents (Mr. Smith says there were none) were also published. These agents were appointed at the places where emigrants were likely to seek for information, viz.:— at Prescott, John M'Pherson and Co.; at Bytown, Mr. M'Taggart, jun.; at Kingston, Mr. Harpur; at Cobourg and Douro, Mr. D. Stuart; at York, the Company's Office; at Dundas, Mr. Kirby; at Niagara, Mr. McDougal, &c. The integrity of Mr. Smith in this matter is illustrated by the fact that he knew all this, and was aware also of the Superintendent's intention to appoint additional agents for collecting. The distance to which a letter has to go, is not the difficulty to be overcome with the class of persons whom he describes, it is the writing of it: and to lessen *that*, the forms of application were published. Moreover, both the crown and the clergy reserves are so perfectly well known throughout the province, that the Superintendent does not believe that even so few as half a dozen applications were made to him for lands not either crown or clergy reserves. It is impossible to conceive how the sale of the reserves can be managed otherwise than by correspondence in a country as extensive as England; but it is an idle use of time to answer a statement which is untrue in its assertions, and formed upon an ignorant conception both of facts and circumstances.

“What made this worse was, that the Superintendent established it as a fixed rule, that not only the letter of licence, but the letter of acceptance, should be signed by himself; and, as he was frequently from head-quarters, those letters of acceptance often lay for weeks, and sometimes for months, waiting his signature. In the mean time the parties got tired, and, despairing of any reply, went and bought lands elsewhere. They were induced the more to this by the situation of the post-offices in that country; these are yet few and far between; and, probably, the applicant resided ten, fifteen, or twenty miles from one, to which he had to scramble through an almost impassable cross-road to put in his letter, and to go again, or send, when he expected an answer; and this he might repeat once, and then give the matter up. I am convinced if the post-offices in the province were searched, a number of these letters of acceptance would be found still lying in them.”

This is of a piece with the foregoing extract. It was not the case that the letter of acceptance should be signed by the Superintendent. Had Mr. Smith looked into the book for acceptances, he would have seen that many scores of letters had been signed by others. The letters of licence were of necessity signed by the Superintendent, because he was responsible for the payments received on account, and the rule was to produce the proof of payment at the time. But the proper answer to give to these farragos of imagination is to quote, with respect to this passage in particular, the explanation sent to the Directors, when the charge was first invented, which was after Mr. Smith “**RAN AWAY.**” It bears the date of 8th December, 1828, and is as follows:—

“What he imputes as negligence, is a necessary result of the working of the system. Thus, when a purchaser remits his first instalment, the notes are THEN made out, and sent to him by post for signature.

The sales, in the mean time, are noted in the memorandum book of sales; but the letter of licence to occupy the land is not issued until the notes are returned, and so it happens, between the sending out of the notes and their return to the office, many weeks often elapse, and intermediate sales are in the mean time completed. But in no case but one, and that under very peculiar circumstances, has a letter of licence been issued without the notes having been received; and had Mr. Smith compared the notes with the letter of licences book, he would have discovered this."

These contradictions of the grossest misrepresentations, never employed to deceive any public body have already extended too far. It will be seen that Mr. Galt has not written one line but in self-defence: — had it suited his taste or his habits, he has ample materials to act on the offensive, — but it is not worth while.

be signed by the Superintendent. Had Mr. Smith looked into the book for acceptances, he would have seen that many scores of letters had been signed by others. The letters of licence were of necessity signed by the Superintendent because he was responsible for the payments received on account, and the rule was to produce the proof of payment at the time. But the proper answer to give to these charges of imputation is to quote, with respect to this passage in particular, the explanation sent to the Directors when the charge was first invented, which was after Mr. Smith "ran away." It bears the date of 8th December, 1828, and is as follows: —

"What he imputes as negligence is a necessary result of the working of the system. Thus, when a purchaser remits his first instalment, the notes are then made out and sent to him by post for signature.

APPENDIX

No. I.

A view of the Expenditure during the Mission and First Years Superintendency of Mr. GALT, showing the several Purposes to which the Expenditure has been applied, with Explanations attached.

First Mission. — The object of the Mission was to procure information and to ascertain by the practice of the American Land Officers, what should be the system of management in Canada for the affairs of the Company.

Eight months were allowed for this object, but it was soon discovered that the period was by far too short. The allowance for each of the Commissioners by whom the average was granted to them, although the objects were much more extensive and laborious than those of the Commissioners' company, it will be seen by comparison, that the cost has been considerably less, in proportion to the time.

Currency.	
£ 111 3 2	Commissioners' salaries for twelve months
£ 1066 13 4	Expenses of the Commissioners' company for twelve months by order of the Company
£ 181 3 3	Expenses of the Mission and other expenses
£ 108 1 7	Expenses of the Mission, J. G. had been appointed Superintendent

£ 2107 2 4

As during the course of the Mission, J. G. was authorized to accept orders for the regular business of the Company, he was

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Eight months were allowed for this object, but it was soon discovered that the period was by far too short. The allowance for the eight months was to be similar to what had been granted to each of the Commissioners by whom the average was determined. Although the objects were much more extensive and laborious than those of the Commissioners' enquiry, it will be seen, by comparison, that the cost has been considerably less, in proportion to the time.

	Currency.
Outfit, being the same as a Commissioner, -	£ 111 2 2
Salary, at 1000 <i>l.</i> , for eight months, is for twelve (Extended to twelve months by order of the Court.)	1666 13 4
Travelling and household expenses - -	881 5 3
Sundry accounts, incurred during the Mission, but which were not paid till after J. G. had been appointed Superintendent - - -	108 1 7
	£2767 2 4

As, during the course of the Mission, J. G. was authorised to accept offers, &c., the regular business of the Company became

added to the enquiries of the Mission; and it was, in consequence, necessary to establish an office. All connected with this establishment was, however, temporary; but the expense was much less than if the site of the office had been determined, and preparations made for regularly and permanently conducting the business, in the manner practised in the American land offices.

Official furniture for the first twelve months	- £ 67 0 7½
Official expenses	93 6 11½
Printing advertisements, and stationery	82 4 10
Postages	39 7 6½
Salaries to clerks, porter, &c.	309 10 0
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	£591 10 0

No salary is chargeable against the Company for J. G. The sum of 591*l.* 10*s.* was the actual disbursements within the first twelve months, during which the clerks were at weekly salaries. But besides what had been paid as above, the sum of 23*l.* 15*s.* was due to them; making, in all, 615*l.* 5*s.* for the first year's official expenses in the Superintendent's department.

Warden's Salary.

The allowance to Mr. Dunlop, in lieu of travelling expenses, was determined by Colonel Douglas, Colonel Foster, Captain Fitzgerald, and Captain Dickson, and the amount paid to him on account, from the period of his arrival in Upper Canada to the 1st of October, 1827, - - - £176 2 2

Contributions to Roads.

By the 30th article of the first contract with His Majesty's Government, it was determined what should be the commutation for settlement duties, and the application was left in the discretion of the Company's agent. The Superintendent, therefore, felt himself authorised by the obligations of the contract, which were, in fact, part of his instructions, to make and promise certain contributions to the repairing and opening of roads; and accordingly contributed, in the course of the year, to this purpose - - - £13 13 6

Inspections and Surveys.

Before it could have been prudent to accept any of the offers for the Crown reserves, it was necessary that some authentic information should be obtained of their value in the respective townships. Moreover, it was well known that, in the eastern parts of the province, many of the Crown reserves had been granted by Government, and that they had been culled. It was indeed believed, that in many townships only the refuse remained. An inspection, therefore, of the different districts became imperative. For some time Mr. Dunlop directed his attention to this business, but it was soon discovered that he could not complete enquiries so extensive within the probable period allowed for the mission of J. G. Accordingly, when it was determined that Mr. Dunlop should make arrangements for the examination of the Huron Tract, three surveyors were employed to inspect severally different parts of the country. Thus, for the Eastern, Ottawa, and Johnston districts, there was paid to account

For the Newcastle and Midland districts	56	0	3
For the Vaughan township and part of Home district	35	0	0
For the special inspection of Block in Vaughan, for village site	1	5	0
For the Guelph Block, district of Gore	13	15	0
	<hr/>	<hr/>	<hr/>
	£256	0	3

The inspection of these districts by the surveyors were not completed within the first twelve months. The inspection of the Home and Gore districts was undertaken by J. G. in consequence simply of the necessity which he felt of making himself acquainted with the state of the back townships, in reference to a road projected by the inhabitants from Guelph to York. Thus it happened, that, save for the Guelph Block, no charge is made for the inspection of the Home and Gore districts. The London and Western districts have not yet been inspected, because, until very recently, few enquiries were made for land in them. These inspections constitute a considerable item in the Company's charges;

but when once completed, the charge will not return; and, on this account, the outlay should not be considered as falling within the expense of management.

Huron Expedition.

The accounts, independently of J. G.'s expenses from York, round by Lake Simcoe, to Lake Huron, and thence to Delroit, for the Huron expedition, amount to - - - - - £713 11 11½

This is an expense which also will not return; and some of the provisions and other articles which remained after the examination of the tract was completed, have served in the recent operations at Goderich.

Guelph.

The disbursements for Guelph, within the first year, were £4691 16 1

For the purposes of the settlement, the sum of 4000*l.* was allowed, so that the excess was only 691*l.* 16*s.* 1*d.**; a sum, when it is considered that the whole operations were experimental, ought not to excite any degree of surprise. Considering all things, had the excess been thrice the amount of what it was, it would have involved no great degree of blame or of error; but the voluntary expenditure in the first year at Guelph on behalf of the Company was really greatly under what was allowed, for, in the course of the year, the Company, under the 30th Article of their agreement, had incurred a forfeiture in commutation of settlement duties to the amount of 2077*l.* 5*s.* †; so that if the 4000*l.* had been all expended at Guelph, the commutation would still have been required to be applied, either there or elsewhere.

But from the commencement of his business, J. G. determined that his outlays for improvements should be in some measure regulated by the probable amount of the commutation, and thus it happens, that although there is an excess of 691*l.* 16*s.* 1*d.* over the sum allowed by the Directors; yet if the amount of the commutation is deducted from the sum expended, it will be admitted, that, instead of excess, the voluntary cost in the first year was really 2614*l.* 11*s.* 1*d.* short of the expense anticipated previous

* Mr. Smith says it was four times four thousand pounds.

† J. G.'s letter K., 31st January, 1829.

to the commencement of the settlement. But as this view of the subject has relation to the prudence with which the outlay has been made, it would be irrelevant to discuss that matter here, further than by observing that J. G. is of opinion the application of the money to one object has produced a better effect than if it had been scattered among many; and in this opinion he is supported by the most competent judges, particularly by Mr. Fellows.

The summary of the first year's expenditure for the mission and superintendency of J. G. stands thus:—

Mission	-	-	£2,767	2	4
Official Expenses	-	-	591	10	0
Warden's Allowance	-	-	176	2	2
Contributions to Roads	-	-	13	13	6
Inspections and Surveys	-	-	256	0	3
Huron Expedition	-	-	713	11	11½
Guelph Settlement	-	-	4691	16	1
Miscellaneous expenses, which will not return, but which it is probable will in subsequent years be met with other incidents	-	-	298	18	7
			<hr/>		
			£9,508	4	9½
Deduct salary in London	£1,666	3	3		
Accounts paid in second year	108	1	7		
			<hr/>		
			1,774	4	10
			<hr/>		
			Currency	£7,733	19 11½

Accounted for by John Galt, in his account of charge and discharge, from 1st October, 1826, to 1st October, 1827.

N. B.— From the first formation of the Company, it was contemplated the expense of management and improvements would be equal to the payments to be made to Government.

The payment to Government, in the first year, was 20,000*l.* sterling. The expenditure, including heavy preliminary expense, which will not return, does not amount to the half of that sum. Even supposing the expenses of the establishment in London to have been 3000*l.*, there will still be a large sum between the amount actually expended and that which was contemplated as necessary to be laid out.

No. II.

SECOND YEAR, FROM 1st OCTOBER, 1827, TO 13th AUGUST, 1828.

Official Expenses.

From 1st Oct. 1827, to 1st April, 1828	£67	14	5	
to 1st July,	13	12	6	
to 13th August	50	6	3	
				£131 13 2

Office Furniture.

From 1st April, 1828, to 1st July				71 16 9
-----------------------------------	--	--	--	---------

Printing, Advertisements, and Stationery.

to 1st April, 1828	£115	11	4	
to 1st July	70	5	3	
to 13th August	25	2	8	
				210 19 3

Postages.

to 1st April, 1828	£71	14	3	
to 1st July	57	9	8	
to 13th August	67	0	5	
				196 4 4

Salaries and occasional Assistance.

to 1st April, 1828	£573	14	4	
to 1st July	373	4	10	
to 13th August	285	8	0	
				1,232 7 2

John Galt's salary, payable in London, for twelve months - £1,111 2 2

Allowance for house, and travelling expenses - 500 0 0

1,611 2 2

Contributions to Roads.

to 1st April, 1828 - 75 2 3

under the 30th Article of the first contract.

Inspections and Surveys.

to 1st April, 1828 £323 6 5

to 1st July 47 10 0

to 13th August 116 13 3

£487 9 8

N. B. — By an arrangement made by J. G. with the Provincial Government, the Company is to be allowed 6l. per thousand acres for surveys; so that, although the Company must, in the first instance, advance the expense of surveys, yet, in the end, as Government will be charged at the rate above mentioned, there will be a considerable deduction made from that head of charge. It is, however, here stated as the account stands at present: —

Miscellaneous Purposes.

Donation to the Emigrant Society at Quebec	-	-	-	£100	0	0
Mr. Chewitt, for Copyright of Map of Upper Canada	-	-	-	200	0	0
				<hr/>		
				£300	0	0
				<hr/>		
Incidents to 1st April, including travelling expenses of three Clerks, and public sale at Cornwall	-	-	-	£171	1	3
1st July	-	-	-	38	19	4
13th August	-	-	-	5	15	1
				<hr/>		
				£215	15	8
				<hr/>		

Huron Tract.

Before entering on the payments for this head of Expenditure, as they stand in the books of the office, it may be as well to exhibit the account of the whole transactions concerning the tract, as if all the payments had been made.

Total cost for labour on roads, clearing the site of Goderich, and all expenses connected with the operations in the tract	-	-	-	£4207	1	8
Amount to be deducted from the 45,000l. allowed from the purchase-money, the accounts of which were submitted to the Lieutenant-Governor in Council, before John Galt left Canada; and although he had not received the official answer, it was understood that the expenditure was allowed				1968	10	5
				<hr/>		
				Carried forward	£2238	11 3
				<hr/>		

	Brought forward	£2238 11 3
Surveys to be charged against the allowance, at the rate of 6 <i>l.</i> per thousand acres	-	554 15 3

£1683 16 0

N.B.—The Directors allowed 3000*l.* to be laid out in improvements, but only 1683*l.* 16*s.* has been expended on behalf of the Company, leaving unappropriated

	-	1316 4 0
--	---	----------

£3000 0 0

By the system adopted by John Galt, for the settlement of the Huron Tract, 1905*l.* 5*s.* was retained out of the wages of the labourers, to account of land purchased by them from the Company. None of the land was sold to them at less than 7*s.* 6*d.* per acre; a great proportion of it was at 10*s.*, and even higher. The account, therefore, stands thus: 10,887 acres, at 7*s.* 6*d.*, the lowest price, amounts to

	-	£4,802 13 4
The cost of which to the Company, at 3 <i>s.</i> 6 <i>d.</i> per acre	-	1,905 5 0

£2,897 8 4

Profit on the operation, to be paid in five yearly instalments by the settlers, with interest at 6 per cent.

The payments on this account, however, within the period contemplated in this statement of the second year's transactions, stand thus:—

Huron Tract, disbursements from 1st Oct. 1827	£8 10 8
1st April	39 2 6
1st July	133 17 4

£181 10 6

Which, being deducted from the outlay	-	£4207 1 8
		181 10 6

Leaves to be settled for, in cash payments, and in wages retained for land	-	£4025 10 10
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Towards the reduction of this sum, many accounts were settled by Mr. Smith, during the time he acted as cashier, namely, from 13th Aug. to 8th Nov. 1829; and as they will be accounted for by him, it is unnecessary to advert to them here.

Guelph.

The payments on account of the Guelph Settlement comprehend the outlay for improvements, such as roads and bridges, fencing of cleared land, completion of houses, and advances to settlers, between

1st Oct. 1827 to 1st April, 1828	-	-	£3420	3	8
1st April, 1828 to 1st July, 1828	-	-	1627	15	8
1st July, to Mr. Smith's departure to England	-	-	733	14	7
			<hr/>		
			£5781	13	11
			<hr/>		

Some of the houses at Guelph have been sold at first cost, with interest.

The advances made to settlers are to be repaid. These advances consist of contributions to dwelling-houses, assistance given in provisions during illness and the suspension of the Company's works.

Summary of the second Year's Expenditure.

Official expenses	-	-	-	£131	13	2
Office furniture	-	-	-	71	16	9
Printing, stationery, &c.	-	-	-	210	19	3
Postages	-	-	-	196	4	4
Salaries and occasional assistance	-	-	-	1232	7	2
Superintendent's salary and allowance	-	-	-	1611	2	2
Contributions to roads	-	-	-	75	2	3
Inspections and surveys	-	-	-	487	9	8
Miscellaneous expenses	-	-	-	560	15	8
Huron tract	-	-	-	181	10	6
Guelph	-	-	-	5781	13	11
				<hr/>		
				£10,540	14	10
Deduct, payable in London	-	-	-	1611	2	2
				<hr/>		
				£8,929	12	8
				<hr/>		

Accounted for in John Galt's accounts, from 1st October, 1827, to 13th August, 1828, Nos. 2, 3, and 4.

No. III.

To the Governor, Deputy-Governor, and Directors of the Canada Company.

GENTLEMEN,

Nelson, Nov. 9. 1828.

I HAD recently the honour to communicate to the Court my persuasion that the affairs of the Company could not be managed by two offices, in the way proposed by Mr. Smith, without great additional trouble and expense. It was also then mentioned, that I was no less persuaded inconvenience would arise from his holding an independent correspondence with the Directors. I understand he has since sent home the whole or portions of the result of his enquiries, which I have never seen; and I have to add, that, except his first letter, I have not seen any of his communications to the Court.

If he has private instructions to act in this manner, it ought to have been communicated to me that he had private instructions, and then I should have been able to decide what was the becoming course to take; and if he has not private instructions, I am placed under the painful necessity of saying of an old friend, that I can no longer justify to myself the endurance of the tone and authority he has assumed.

This, with the manifest and growing necessity of averting an increase of misconceptions, as well as to offer and obtain the multifarious explanations which seem to be requisite for the right and systematic management of the Company's interest, has induced me to determine on returning home, in order that a proper understanding may be established, and instructions issued, by which the management may be harmoniously conducted. It will not, I fear, be practicable to be with the Court before the general meeting in December, but it may be adjourned.

I have the honour, &c.

JOHN GALT.

No. IV.

MY DEAR SIR,

New York, April 23. 1829.

As my friend Mr. Galt will embark to-morrow for England, on the concerns of his land-agency in Upper Canada, I have requested him to do me the favour of delivering you this letter, and informing you that the affairs of your trust-estate under my agency are in a train of increasing prosperity.

Mr. Galt is greatly respected in this country, both for his intelligence, and for the fairness and integrity of his character; and I believe him to be eminently entitled to the entire confidence of the Land Company, with which he is connected. Before he commenced his agency operations, I advised him, when on his way to the scene of his agency, to spend a few days at the land-office at Geneva, where our excellent friend, Mr. Fellows, having the immediate charge of the office, would cheerfully give him every information which the details of the office and Mr. Fellows's long experience of its business so amply qualified him to communicate. Mr. Galt followed my advice; and accordingly he began the discharge of his agency duties with the best directory that could be found to guide him in the untrodden and difficult path which lay before him.

I have understood that Mr. Galt has followed the course of my agency as far as circumstances would permit, and that he has laid a solid foundation for future profits. But your familiar acquaintance with the affairs of your trust leads you to know, that a considerable time elapses before the settler on wild lands can, by the most successful efforts of his industry, render his farm so productive as to enable him to make payments on account of his purchase-money, and that these payments are apt to come in but slowly and irregularly. The natural consequence is, that the sellers of wild lands have to exercise much patience before they can realise any returns for their investments, however large they may be; but in process of time handsome returns will assuredly be made: witness the handsome returns I am annually making for the proceeds of the trust-estate, and that of Lady Bath's executors.

If, therefore, the Company who have entrusted their interests to the agency of Mr. Galt, will allow his plans to grow and ripen to maturity, I have no doubt they will have abundant cause to be satisfied with his conduct. As the improved state of your country

admits of no kind of comparison with the wilderness-state of the country where Mr. Galt's agency-lands are situate, his principals cannot possibly form any just idea of the serious difficulties he has to contend with.

I have taken the liberty of going into these particulars for the purpose of putting you in a situation to serve Mr. Galt, in case he should find it necessary to refer any of his friends to you for information. By serving him you will be sure to serve a most worthy and respectable man, and to confer a personal favour on me.

I remain, &c. &c.

(Signed) ROB. TROUP.

Masterton Ure, Esq. M. P. London.

No. V.

To the Directors of the Canadian Company.

GENTLEMEN,

Quebec, Jan. 31. 1829.

IN my despatch of the 14th instant, I took the liberty of drawing the attention of the Court to the 30th article of the first contract; and as the Directors are in possession of the data on which my persuasion is founded, that the Company has incurred a forfeiture under it equal to the principal item of expenditure at this place, I should not have reverted to the subject again, but I have observed, both in the correspondence of the Court, and in observations which Mr. Smith took upon himself to make, an essential difference, as I think, between the Court and the Superintendent in principle in their respective views of that part of the Company's obligation which relates to improvement. * * *

In an early despatch after my arrival in the country, I both officially, and to some of my friends in the directory, stated as one of the results of my visit to the Holland Company's office, that no expenditure should be laid out on the scattered reserves, and that all expenditure for improvements should be directed to the blocks and tracts. The soundness of this opinion there has been no reason to doubt; and in point of economy, as well as of utility and effect, it will readily be admitted to be preferable to what was at one time a general notion among those who early took an interest in the formation of the Company; viz. that

building houses and making clearings for the reception of settlers ON THE RESERVES would be the way to satisfy the expectations of the Government: for it is always to be borne in recollection, that the assurance of the province receiving great improvements from the Company, was one of the chief, if not the chief motive, which induced His Majesty's government to assign so large a portion of the crown property to private management, and to consent to the grant of a charter.

When it was determined that a settlement should be founded on this tract [Guelph], it therefore, agreeably to the rule adopted, became an object with me, as far as I could make it so without appearing particular, to avoid contributing to local improvements in different parts of the country. The Court granted for the settlement 4000*l*. This could have had no reference to any forfeiture which might be incurred under the article above referred to, for the grant was made before the Company could be said to have come into operation at all.

In proceeding with the settlement, I had constantly in view the amount of that grant; but the extraordinary interest which the activity of the operations excited led to expenses not anticipated, viz. the building of dwelling-houses, and the opening of roads into the adjacent townships, at the solicitation of their inhabitants, and to facilitate access to this market. Still, however, at the close of the season, I had only exceeded the sum allowed by 69*l*. 16*s*. 2*d*. I appeal to the candour of every individual member of the Court, whether, under the novelty of experiment, the unaccustomed habits of new settlers to the woods and to employments so greatly different from their former occupations, to say nothing of the notorious fallacy of every estimate for any purpose whatever obtained in this country, if this excess is deserving of any very strong animadversion. Besides, the Court will recollect that my office was eighty miles distant; that I could only visit this place occasionally, and that some things were done in my absence on a more substantial scale than the temporary nature of the undertaking required. This house [the Priory*], for example, considering the purpose for which it was originally intended, was constructed better, and cost more money, than I would have sanctioned had I been on the spot. But the Court, in its candour, will hesitate to apply even the mitigated epithet of injudicious to the expenditure on the houses, after the fact of the sale of some

* So called, in joke, after Mr. Prior, the overseer of the settlement, when was full of emigrant families.

of them has shown, that, notwithstanding all the disadvantages under which they were built, and the seeming profusion of expense with which things done in haste always appear, they have covered their first cost with interest. It appears, however, to me to be supposed, that all the expenditure which has taken place here is sunk; and this is one of the points in which the Superintendent differs, as he conceives, in principle from the Court. He does not refer in this difference to the augmented value of the land superinduced by the building of the town, but only to the circumstances of the outlay being invested in saleable and productive property.

But the Court will observe, that, in the operations at Guelph, the Superintendent held in view the probable forfeiture that would be required under the aforesaid article, which, as has been already respectfully intimated, he apprehends has been overlooked. It was, no doubt, to be expected that Government would not insist on the strict literal fulfilment of the conditions of that article in the first year; one of which conditions was undoubtedly modified by the second contract, changing the beginning of the year from the 1st of January to the 1st of July; but still the principle was not altered: indeed that article contains the chief stipulation made for the improvement of the province.

It may here be remarked, that the principle of forfeiture is very strictly recognised, though in a spirit of great liberality; for the sum forfeited is not allowed to be at the disposal of the Company, but is committed to the discretion of their agent, to be accounted for by him to the executive government. It is not, however, for a moment to be supposed that the agent would in this matter exercise his discretion in opposition to any known opinion of the Court.

By the twenty-first article the Company is bound to take up, &c.

Now, at the Commissioners' valuation, this would be 126,984 acres.

The half of which is 63,492 acres.

The quantity of land sold and settled in the first

year, ending November 10. 1827, independent

of Guelph, which cannot properly be brought

in, was 16,779 acres,

leaving 46,713 acres.

or 233 lots; which, at 35 dollars per lot, is a forfeiture of 2,077l. 5s. to be expended at the discretion of the Company's agent.

In the second year the forfeiture is less; thus, 63,492 acres,
 For the half of the quantity of land sold and set-
 tled of reserves, in the year ending 1st Oct.
 last - - - 26,733 acres,
 taking Guelph at - - - 15,000 acres, is 41,733 acres,
 leaving 21,759 acres,

or 108 half lots; which, at 35 dollars,
 is - - - £ 945 0 0
 Add one year's forfeiture - - - 2077 5 0
 In all - - - £ 3022 5 0

When the road and bridge account of
 Guelph was made up, at the recent
 suspension of all operations, it
 amounted to only - - - 2286 18 1
 leaving unappropriated - - - £ 735 6 11

greater by 43*l.* 10*s.* 9*d.* than the excess incurred by the general operations; but against this is the sum of 63*l.* 13*s.* 6*d.* contributions to local subscriptions for the improvement of roads. The only question, therefore, which can arise as to appropriation of the forfeiture is, Has it been judiciously applied?—and the determination of that question rests with the provincial government.

But there is another point, quite as essential, on which the Superintendent conceives that he differs in principle from the Court. The Court has always, he thinks, regarded the expenditure at this place with reference to its productive effect on the valuation of the land here: whereas the Superintendent has considered it as an expenditure such as at the formation of the Company was intended to be laid out among the reserves generally; and for that reason he thinks it has been much less than Government had cause to expect; and he begs leave to recall to the recollection of the Court, that the expenditure for improvements and management was always calculated at an equal sum to the price of the lands. He refers, on this point, to a statement drawn up by himself in vindication of the Commissioners, and also to an elaborate and ingenious calculation made by Mr. M'Gillivray. In directing all the expenditure to one point, he conceives two objects have been attained: 1st, a saving to the amount of many thousand pounds. Thrice the amount expended at Guelph would have produced no equivalent benefit, either to the Company or the province, had it been laid out in detached portions on the reserves

throughout the whole country; and, 2dly, by concentrating the whole expenditure on one point, an example has been given, and an impression produced in favour of the Company, satisfactory to every rational expectation. I contend, however, that, even in the view which I apprehend the Court takes of the operations here, the Company ought to be satisfied with the result. The increased value of the land will do more than indemnify the Company for the whole expenditure, including even the forfeiture: for it can never be considered that the support of pauper settlers falls under the head of improvements, or is to be regarded as such; nor was it so contemplated when the 4000*l.* was granted for the formation of the settlement; and I venture also to maintain, that the whole expenditure in this country hitherto has been much less than ever was contemplated prior to my departure from England. If, however, there does not exist that difference, which I think grounds have been given to suppose, it should follow that the misconception on both sides, as to details, has its origin in my not having been sufficiently explicit as to the motives by which I was actuated: and the only apology I can make for this is, the plain fact of having to this hour my attention distracted and my time occupied with small cares and anxieties, which, however insignificant individually, are, by their ceaseless craving and importunity, in collective effect of the greatest consequence in the variety of my duties.

I have the honour, &c. &c.

JOHN GALT.

No. VI.

Routine of the Office, as established on the 1st of October, 1827.

1. Persons desirous of purchasing reserves make application according to the form (A.)
2. The offer is entered in the application-book, of which the return (B.) is a transcript of a part.
3. The clerk then ascertains if the lot belongs to the Company. If it does not, it is so marked in the application-book, and the form (C.) sent out, of which no copy is kept. If it does belong to the Company, and the price is too low, it is marked "rejected" in the book, and the form (D.) filled up and sent out. No copy is kept; but if the price and other circumstances suit, then the

form (E.) is filled up, and the acceptance entered in the application-book, and in the book of offers accepted, of which (F.) is a transcript of part. The letters of acceptance are copied into a special letter-book.

4. When the applicant has paid his deposit, promissory notes, in the form (G.), for the several instalments, are then filled up; and, being signed, the letter of licence (H.) is prepared. But before it is signed, the registration takes place, and on one of the small diagrams the lot is marked in pink. On the large diagrams the name of the purchaser will be entered on the lot; but, owing to the want of convenience, this has not yet been carried into effect. *It has since been done.*

This closes the routine as to sales.

5. The payments are deposited in the Bank, in "the Company's receipt account," which exhibits the name of each individual, with the amount of the several payments; so that the amount corresponds to and verifies the entries in the sale-book.

6. In the sale-book the sales are entered, with a new series of numbers, in addition to the application number, and the acceptance number, as per form (I.)

7. A summary of the offers accepted is kept in a book, of which the return (K.) is a transcript of part; and from time to time those offers which are not settled for are marked "cancelled" opposite to the respective numbers, but not until due notice has been given, as per form (L.)

8. A similar summary of sales completed is also kept, as per return (M.) These returns refer to the book of applications and to the book of the letters of acceptance.

9. There are other two cheque-books: the one is a ledger, exhibiting the account of each purchaser, of which (N.) is the form; the other is a cheque on this, exhibiting the state of the account of each lot, of which (O.) is the form.

10. The miscellaneous transactions have also been systematised, as far as it has yet been practicable. The form (P.) is addressed to the squatters; the form (Q.) is a circular from the Warden. The object of the latter is to ascertain the progress of improvement, — the best and only security the Company acquires. It will be the regular duty of the Warden to inspect the improvements, and to report thereon in the manner of the report (R.), which is a return of the improvements of the Laguyrian emigrants.

11. Besides these books and records there is another, which serves as a summary index to the contents of all reports and papers deemed worthy of preservation. The papers are numbered;

and when given out for any purpose, the name of the party receiving them is marked in pencil in the book, and obliterated on the voucher being returned.

12. In matters of disbursement, the accounts are kept in the common form, but the receipts are taken in duplicate, as per form (S.).

13. The Guelph business, as relates to the land, is arranged on the same principle, but with a necessary modification. The form (T.) is the application adopted there for farm-lots, and (V.) for town lots; but the same system of cheques is not requisite, the business being conducted with the parties in person, who have not hitherto required letters of licence. It is proposed to make them the first subjects of the contracts.

JOHN GALT.

THE END.

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