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CANADA.
(PUBLIC CREDIT, CANADA.)

COPIES of the CORRESPONDENCE of Her Majesty's Secretary of State for the Colonies with *W. A. Harper*, Esquire, and *Peter Buchanan*, Esquire, or the Governor-General of Canada, respecting certain Statements on the Subject of the Public Credit of the Province of Canada.

(*Mr. Hume.*)

Ordered, by The House of Commons, to be Printed,
25 June 1847.

568.

Under 1 oz.

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C A N A D A.
(PUBLIC CREDIT, CANADA.)

RETURN to an Address of the Honourable The House of Commons,
dated 10 June 1847;—for,

“ COPIES of the CORRESPONDENCE of Her Majesty's Secretary of State for the Colonies with *F. A. Harper*, Esquire, and *Peter Buchanan*, Esquire, or the Governor-General of *Canada*, respecting certain Statements on the subject of the PUBLIC CREDIT of the Province of *Canada*, contained in a Memorial presented in March last to the Right Honourable Lord *John Russell*, relative to a project for the Colonization of *Canada* by Emigration from *Ireland*.”

Colonial Office, Downing-street, }
24 June 1847.

B. H A W E S.

(No. 59.)

COPY of a DESPATCH from Earl *Grey* to the Right Honourable the Earl of *Elgin*.

My Lord,

Downing-street, 19 April 1847.

No. 1.

WITH reference to my Despatch, No. 47, of 1st inst., in which I transmitted to your Lordship a Memorial addressed to Lord *John Russell* advocating a systematic plan of emigration as a means of affording relief to *Ireland*, I enclose, for your Lordship's information, the accompanying copies of a letter and of its enclosures on the subject, from Messrs. *Harper* and *Buchanan*, together with a copy of the answer which I have caused to be returned to them.

Earl *Grey* to the Earl of *Elgin*.
19 April 1847.

This correspondence, as your Lordship will observe, affords another proof that, however praiseworthy the object of the authors of the Memorial, and whatever may be the talent with which it is written, it has been drawn up without due consideration, and upon very imperfect and inaccurate information. In the event of any representation being made to you in reference to those passages in the Memorial, which are adverted to by Messrs. *Harper* and *Buchanan*, your Lordship will be at liberty to give publicity to this correspondence in any form which you may consider most desirable.

Messrs. Harper & Buchanan, 12 April.
Colonial Office;
19 April.

I have, &c.

(signed) *Grey*.

Enclosure 1, in Lord *Grey*'s Despatch.

COPY of a Letter from *T. A. Harper* and *P. Buchanan*, Esquires, to Earl *Grey*.

My Lord,

12, Craven-street, Strand, 13 April 1847.

Encl. 1, in Lord *Grey*'s Despatch.

WE beg leave most respectfully to submit to your Lordship's notice the sub-joined extracts from a Memorial lately presented to the Right honourable Lord *John Russell*, as First Lord of the Treasury, to which several noblemen and gentlemen of great eminence as Peers and Members of the Imperial Parliament, have authorized their signatures to be attached.

(No. 1.)

We do so under a conviction that the statements therein contained, emanating from such parties, and addressed to the head of Her Majesty's Government, are calculated to have a most pernicious effect on the welfare and advancement of the Province of *Canada*, and on the relations of that colony with Great Britain.

We solicit, in particular, your Lordship's attention to the statement, “that the former Province of *Upper Canada* was once in default with its public creditor.”

We were not aware, when this statement attracted our notice, of any circumstance which could justify it, and we applied for information and explanation to the Honourable *John Henry Dunn*. Mr. *Dunn* was, for 24 years, and up to the union of the Provinces of *Upper* and *Lower Canada*, the Receiver-general of
568. Upper

2 CORRESPONDENCE RESPECTING STATEMENTS CONCERNING

(No. 2.) Upper Canada, and after the union he became the Receiver-general of the united Provinces. We enclose the reply of that gentleman, completely refuting this unjust and unfounded assertion.

(No. 3.) We also transmit to your Lordship a communication from two eminent firms, largely connected with the financial transactions of Canada, Messrs. Glyn, Hallifax, Mills & Co. and Messrs. Baring, Brothers & Co.; it corroborates Mr. Dunn's statement, and expresses their confidence in the good faith and integrity of the people of Canada, and in their ability and disposition to maintain the credit of their public and private securities.

We need not point out to your Lordship the ill effects that must result, on the one hand, from an impression in this country that there are grounds to doubt the faith and obligation of the people of Canada to meet their engagements in a spirit of the strictest integrity and honour, and on the other hand, from a belief on the part of the inhabitants of Canada, that they are viewed with suspicion and distrust, and are classed by their fellow-countrymen in Great Britain with the people of the repudiating states of the American Union; it will be obvious to your Lordship, that the value and negotiability of all Canadian securities must be most injuriously affected, and that a feeling of humiliation, mortification and estrangement must be engendered in Canada. Upon these grounds we trust that your Lordship will concur in the necessity of meeting such statements with a prompt and effectual counteraction.

In bringing this subject under your Lordship's notice, we do not presume to offer an opinion on the very extensive project with which it has been connected. We purposely abstain from so doing; but we shall be pardoned, we trust, in the expression of a regret, that it was deemed necessary, in attempting to sustain that project, to rely upon assertions unfounded in fact, and calculated to produce mischiefs of the greatest extent, and of the gravest character.

The solicitude evinced by your Lordship for the advancement of the important interests placed under your Lordship's care by Her Majesty, and the consideration which you Lordship has given to previous applications on subjects connected with the welfare of Canada, assure us that the appeal which we feel compelled to make for your Lordship's interposition, will be received with indulgence; and that a hope may, without presumption, be entertained of the adoption of adequate measures to obviate the ill effects we have ventured to point out, and to assure the people of Canada that no countenance is given by Her Majesty's Government to statements injurious to their interests, and calculated deeply to wound their feelings and diminish their confidence in the sympathy and generous consideration of the parent State.

We have, &c.

(signed) *T. A. Harper.*
Peter Buchanan.

(No. 1.)

EXTRACTS from the MEMORIAL to Lord *John Russell*, referred to.

1. THE great and primary want in Canada, as in every new country, is capital. Every Session of the Provincial Legislature, every official report and return, almost every newspaper published in the province, teems with evidence of the vast field which exists for the profitable employment of capital, and of the anxious desire felt to procure it. The colonists see the great results which have been effected in the United States by the easy access which their new states possess to the money-markets of the American cities; they see the unparalleled progress made through such means by states not superior to their own country in natural advantages, and they complain loudly of the impediments which prevent the natural development of their own resources, by depriving them of the capital and labour which they could so advantageously employ. It will be necessary for us here to consider what those impediments are.

The new American States, as we have said, can procure from the American money-markets a certain amount, at least, of capital, because the capitalist knows that his investment will be made in his native country, and consequently will be guaranteed to him by its laws, in which he has that confidence which is necessary to all commercial transactions. But Canada, though a part of an empire, the resources of whose capitalists are incalculably greater than those of the Americans, is in a position altogether different, as regards the circumstances under which the case apply to them.

2. What

2. What is it that prevents the Canadians from obtaining in this country a supply of capital equal to the demand for it in Canada; that is, equal to the opportunities of profitable investment which Canada presents? Mere distance is not the impediment; for British capital would be advanced without stint to any body at the Antipodes, who could offer what was deemed a really good security, both in point of value and in point of faith or obligation.

Respecting the mere value of Canadian securities, there would be no insuperable doubt in the British money-market, because inquiry would soon convince capitalists of the ability of the colonists to pay debts incurred for the improvement of their country; but there would be doubts on the point of faith or obligation. It must not be overlooked that the former province of Upper Canada was once in default with its public creditor. The immense losses which British capitalists have suffered from the bad faith of some of the United States, have caused a strong feeling of distrust and repugnance with regard to all American securities.—The recent rebellions in Canada; the vicinity of the colony to the United States; the annexation of Texas; the differences about Oregon; the circumstances relating to Canada in particular; which tend to deprive that colony of credit in the British money-market.

This view of the causes of the low credit of Canada in the British money-market, suggests two means, by which if they operated in conjunction, the credit of the colony might be sufficiently improved. There are two defects to be remedied; first, a want of confidence in the stability of any law but that of the Empire; secondly, a vague, but not less effectual fear of the instability of Imperial law in Canada.

In the first place, the British capitalist doubts, whether a provincial law under which he had advanced money in the colony, might not be altered by provincial legislation; and in the next place, he has an apprehension, which is far from definite, but therefore, perhaps, the more deterring, that political events might ensue which would render even Imperial law inoperative in Canada. There are two defects to be cured. The first of them, that is, the supposed instability of provincial law or the liability of provincial law to lawful alteration, might be cured by giving to contracts between British capitalists and public bodies in the colony the validity of Imperial law, the contracts should be made under a law of the Imperial Parliament, which, according to the constitutional law of the colony (the Imperial Act for the union of the Provinces) could not be lawfully touched by provincial legislation. In this case the contracts would be as much under the sanction of Imperial law, as if they had been made in pursuance of provisions contained in the Union Act itself. A method of curing the second defect is not so obvious. The effect would indeed be cured by the simple method of a specific guarantee by the Imperial Parliament against adverse political events, but there would be an awkwardness in the specific or direct admission by the Imperial Government of even the bare possibility of such events, which deprives this suggestion of practical value. The guarantee must needs be real, but there seems no reason why it should be specific or direct; a real guarantee to the whole effect in question was given by the Imperial Parliament, when it assured a certain rate of interest to the British capitalists, who recently advanced 1,500,000*l.* to Canada for the improvement of that colony; careful inquiry has not enabled us to discover any other mode of proceeding of the same character, by which the apprehension of adverse political events could be removed, without awkward admissions by Parliament of the possibility of such events.

Having suggested the mode in which, as it appears to us the discredit attached to Canadian securities, may, &c. &c. &c.

(No. 2.)

Gentlemen,

London, 10 April 1847.

I HAVE received your communication directing my attention to the paragraph in a Memorial lately presented to Lord John Russell, on the subject of a scheme of colonization for the relief of Ireland, in which it is asserted in plain and distinct terms, that the former Province of Upper Canada was once in default with its public creditor.

To that statement I am enabled to give a most distinct and unequivocal denial. The Province of Upper Canada never was in default with its public creditor one hour. I was for 24 years, and up to the union of the Provinces of Upper and Lower Canada, the Receiver-general of the Upper Province, and the only circumstance on which I can conceive this statement to be founded, so far from showing that the Province ever was in default with its public creditor, will prove that on the only occasion on which such a misfortune was apprehended, it arose not from a want of good faith, or of power on the part of the Province to meet its engagements, but from the failure of the agents in London of the Provincial Government.

Upon the receipt of the intelligence of that event I came to England, with the hope that, as the Receiver-general of the Province, and from the influence of my connexions here, an arrangement might be effected for preventing any discredit to the Province, or inconvenience to the public creditor from the loss of the large sum in the hands of the London agents. In that hope I had the satisfaction not to be disappointed.

The house of Baring, Brothers & Co., to whom I applied in the first instance, offered with great kindness and readiness to entertain the application, but Sir George Grey, who was

then the Under-Secretary of State for the Colonies, having previously seen Mr. Glyn, and settled the terms of an arrangement with that gentleman, the intervention of Messrs. Barings was not required, and steps were taken by the banking firm of which Mr. Glyn is a member, for the payment of the interest on the provincial debentures.

Upon the union of the Provinces of Upper and Lower Canada, the greatest anxiety was manifested, and every care taken by the provincial administration, that the debt incurred by the Province for public works should be provided for and secured, before any portion of the public revenue was pledged and applied towards the further debt of 1,500,000 *l.*, which was created at the union, for the completion and extension of those works; and in the manifestation of that anxiety, I have no hesitation in saying, that the provincial government did no more than represent and carry into effect the unanimous public feeling of the Province.

T. A. Harper, Esq.
and Peter Buchanan, Esq.

I am, &c.
(signed) *John W. Dunn,*
Late Receiver-General of Upper
and United Canada.

(No. 3.)

Gentlemen,

London, 12 April 1847.

WITH reference to your application respecting the allegation in the memorial lately presented to Lord John Russell on Irish colonization, "that the former Province of Upper Canada was once in default with its public creditor." We readily bear testimony to the fact, that all dividends on the debts of that Province have been punctually paid, and to the good faith with which that Province has invariably met its engagements.

Nothing has ever occurred to induce us to doubt the integrity and good faith of the people of Canada; their disposition, or the sufficiency of their means to maintain the value of their public and private securities. Our confidence in them is consequently undiminished.

Messrs. T. A. Harper and
Peter Buchanan.

We are, &c.
(signed) *Glyn, Hallifax & Co.*
Baring, Brothers & Co.

Enclosure 2, in Lord Grey's Despatch.

COPY of a Letter from *B. Hawes, Esq.*, to Messrs. *T. A. Harper* and
P. Buchanan, Esqrs.

Gentlemen,

Downing-street, 19 April 1847.

I AM directed by Earl Grey to acknowledge the receipt of your letter of the 13th inst., in which you call his Lordship's attention to several statements contained in the Memorial lately presented to Lord J. Russell on the subject of a scheme of colonization for the relief of Ireland, and especially to the allegation, "that the former Province of Upper Canada was once in default with its public creditor." and I am to inform you, that it has given his Lordship much concern to read the passages in question, as they are certainly calculated to raise impressions unfavourable to the good faith and solvency of the people and Legislature of Canada. Lord Grey directs me to thank you for calling his attention to these passages, which, had they not escaped his notice, he would have felt it his duty to have contradicted at once.

His Lordship, however, now avails himself of the opportunity you have afforded him of stating that he can, from the sources of knowledge at his own command, confirm your assertion, that there is no incident in the history of the United Province, or either of the Provinces when separate, which would justify the charge, that any default had ever occurred in the payment of any debt due to any person in respect of any money lent on the public faith of either of the Canadian Provinces. On the contrary, he believes that faith has been invariably kept by the Canadian Legislatures with all such public creditors with the most scrupulous exactness.

I have, &c.
(signed) *B. Hawes.*

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