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C A N A D A.

COPIES of CORRESPONDENCE between the SECRETARY OF STATE for the COLONIAL DEPARTMENT and the GOVERNOR of CANADA, relative to the Memorial from the *British American Land Company*, the *Canada Company*, and the *North American Colonial Association of Ireland*, suggesting a Plan for the Advancement of AGRICULTURE and COMMERCE, and the Completion of the PUBLIC WORKS in *Canada*.

(*Mr. Vernon Smith.*)

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Ordered, by The House of Commons, to be Printed,  
28 September 1841.

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1/81 B.M.

2 Parliament

CANADA.

RETURN to an Address of the Honourable The House of Commons,  
dated 30 August 1841;—for,

COPIES of CORRESPONDENCE between the SECRETARY OF STATE for the  
COLONIAL DEPARTMENT and the GOVERNOR of CANADA, relative to the  
Memorial from the *British American* Land Company, the *Canada* Com-  
pany, and the *North American* Colonial Association of *Ireland*, suggesting  
a Plan for the Advancement of AGRICULTURE and COMMERCE, and the  
Completion of the PUBLIC WORKS in *Canada*.

British Sessional Papers

4

Colonial Office, Downing-street, }  
27 September 1841.

G. W. HOPE.

(Mr. Vernon Smith.)

Ordered, by The House of Commons, to be Printed,

28 September 1841.

5

### SCHEDULE.

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- No. 1.—Copy of a Despatch from Lord John Russell to Lord Sydenham, dated Downing-street,  
26 March 1841; (One Enclosure) - - - - - p. 3
- No. 2.—Copy of a Despatch from Lord Sydenham to Lord John Russell, dated Government House,  
Montreal, 6 May 1841 - - - - - p. 7
- No. 3.—Copy of a Despatch from Lord Sydenham to Lord John Russell, dated Government House,  
Kingston, 26 July 1841 - - - - - p. 8
- No. 4.—Copy of a Despatch from Lord John Russell to the Officer administering the Government  
of Canada, dated Downing-street, 21 August 1841 - - - - - p. 9
-

--No. 1.--

(No. 344.)

COPY of a DESPATCH from Lord *John Russell* to Lord *Sydenham*.

My Lord,

Downing-street, 26 March 1841.

I TRANSMIT for your Lordship's information the copy of a memorial addressed to me by the three companies in this country, who have been incorporated for the settlement of lands in Canada, and by several other persons "having an interest in the prosperity of Canada," suggesting a plan for the advancement of agriculture and commerce, and for the completion of public works in that province. Having entered into personal communication with the memorialists, I am able to explain more distinctly than the memorial itself has explained, the precise nature of the measures they contemplate. I understand them to be as follows:—

The memorialists, amongst whom are some persons of considerable wealth and commercial eminence, propose to raise and to advance as a loan large sums of money, to be applied, first, to the improvement of the navigation of the St. Lawrence, and to other similar works; and in the next place in the introduction of emigrants into Canada and their settlement there. I do not understand them to ask for themselves any participation in the actual execution of the works in question, or any voice in deciding as to the manner in which they should be effected. They would, as I apprehend, stipulate merely that due provision should be made by law for the completion of these undertakings, with the best practicable guarantees for the skill and promptitude with which they should be carried on and superintended. As a security for the repayment of their advances, the memorialists look to the land revenue of Canada. For this purpose they propose that there should be some important changes in the law.

First. It is represented, that the land revenue of Canada could not be made an available security for money, unless the law should determine the general principles and rules according to which the land itself should be alienated to purchasers, and managed while yet unsold. Of the regulations so to be established, precedents would, it is said, be found in the statute books of Upper Canada and New Brunswick, which, with some variations, might be adapted to the present case. The main object would be to secure a consistent and steady adherence to a system, of which the basis would be the alienation of the lands by sale only, on fair and reasonable terms; the effectual protection and sale of the timber growing on the unsold lands; the management of these duties by competent and trustworthy officers; the superintendence of the proceedings of those officers by the executive government upon some plan which would render that superintendence vigilant, prompt and effectual; the annual publication of reports of the proceedings of the land department in such a form as to supply the most complete and exact information, with some security for the punctual appearance of such reports.

Secondly. It is proposed that the law should direct accounts to be kept of the gross and net revenue arising from the sale of lands and timber, separate from the general accounts of the consolidated fund of Canada.

Thirdly. The project supposes that the net land revenue should be pledged by law as a security for the repayment of the principal and interest of the advances to be made for the purposes already mentioned. To this last proposal, an obvious and, at the first view, a conclusive objection presents itself in the terms of the Act of Union. Under that Act, the land revenue is merged in the consolidated fund of Canada, and that fund is liable to various charges for the security of public creditors, and for the payment of the civil list. It is, therefore, necessary to inquire closely how it would be possible to extricate from that fund one of its component parts as a special security for new loans yet to be made. To this objection, the memorialists, as I understand them, reply as follows:

They admit that the land revenue could not be rendered available as a specific security for their proposed advances, except on the condition that all the charges for which, in the course of each financial year, the consolidated fund is now responsible

No. 1.

Lord John Russell  
to Lord Sydenham,  
26 March 1841.

No. 1.

Lord John Russell  
to Lord Sydenham,  
26 March 1841.

responsible had first been provided for, and paid from that fund. To whatever extent the consolidated fund might be inadequate in any year to satisfy its existing obligations without the aid of the land revenue, to that extent they admit that the land revenue must be liable for the deficiency. But they maintain that if, without resorting to the land revenue, the consolidated fund can from year to year be made to provide for the debts charged on it by Parliament, the land revenue might, without any breach of faith or of law, be set apart as a security to them.

The memorialists further urge that, with the concurrence of the Canadian legislature, the land fund might be still more surely and effectually converted into an available security for their proposed advances. They are of opinion that the legislature would be willing to substitute some new tax or duty for this source of public income, so that the substituted revenue, being not less in amount than the average of the land revenue, might be pledged as an indemnity to the consolidated fund, and to all claimants on it, for the loss which the consolidated fund might sustain by the subtraction of the land revenue for the purposes already mentioned.

To the inquiry how the proposed financial operation could be reconciled with the terms of the Union Act, it is answered, that a Bill might be passed by the legislative council and assembly, and reserved for the signification of the Royal pleasure, and that an Act of Parliament might then be obtained, authorizing the Queen in Council to assent to such a Bill.

Having advanced thus far in the explanation of their views, the memorialists were reminded of the effect which, at some future time, might be produced on negotiations for a renewal of the civil list by the proposed mortgage of the land revenue. That objection was met by reasoning which, whether well-founded or otherwise, it is needless for my immediate purpose to repeat. Supposing any such inconvenience to arise hereafter, it is assumed that it might be obviated now, by obtaining the settlement on the Crown of the revenue to be substituted for the land revenue, in such a manner as to indemnify the Crown against any such remote consequence of the present surrender of its future territorial rights.

Your Lordship will observe that I strictly confine myself to an exposition of what I understand to be the views of the memorialists, without hazarding any opinion of my own on the practicability or the wisdom of those views. That is a question which you have far better means than any which I possess of estimating aright. If such a project as this could be rendered feasible, and could be actually reduced to practice, there can be no reason to doubt that the command of a large capital for the prompt execution of public works in Canada would be an advantage of the greatest moment to that province, and therefore to this kingdom. The difficulties which would seem to oppose the execution of this project are at once numerous and formidable; but I have not thought myself at liberty, as certainly I have not felt disposed, to discourage on that account the experiment which the memorialists are anxious to make for expediting the development of the great natural resources of Canada. Without attempting to anticipate your Lordship's judgment as to the practicability of this scheme, still less to fetter in the slightest degree your discretion as to the adoption or rejection of it, I would only commend the subject to your attention. No final measure pledging the land revenue must of course be taken without the previous sanction of Her Majesty's Government, and probably of Parliament; nor could The Queen be advised to make a surrender of the interests of the Crown contingent on the expiration of the existing civil list, unless some adequate indemnity for that sacrifice were provided. But, subject to these qualifications, your Lordship is at perfect liberty to lend whatever sanction or assistance you may deem it prudent to give to the project of the memorialists, as I understand and have explained it.

I am informed that the memorialists propose to despatch some person as their agent to communicate with your Lordship on this subject. Of course such agent is not to be regarded as accredited by Her Majesty's Government. He will appear in Canada simply as the agent of his employers, and in no public or official capacity.

I ought to observe, that I have no distinct information as to the ulterior views of the memorialists, in the event of their success in obtaining the adoption of their general plan by your Lordship and the Legislative Council and Assembly.

I have

I have indeed avoided all discussion on that part of the subject; nor would any measure be taken without the most ample opportunity being afforded to your Lordship to mature and report your own opinions for the assistance of Her Majesty's Government.

Lord John Russell  
to Lord Sydenham,  
26 March 1841.

I have, &c.

(signed) *J. Russell.*

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Enclosure in No. 1.

(385.)

To the Right honourable Lord *John Russell*, Her Majesty's Principal Secretary of State  
for the Colonies.

Encl. in No. 1.

The MEMORIAL of the Governor, Deputy Governor and Directors of the British American Land Company, the Governor, Deputy Governor and Directors of the Canada Company, the Governor, Deputy Governor and Directors of the North American Colonial Association of Ireland, Doctor Thomas Rolph, and others, having an interest in the prosperity of Canada.

Sheweth,

THAT your memorialists are impressed with a strong sense of the great natural resources of Canada, and consider the backward and stagnant condition of that important colony, as compared with what they are persuaded might have been its position under happier circumstances, as a serious national misfortune.

That they are convinced that the impediments which have hindered the development of those resources are by no means those of nature, which, on the contrary, has been eminently bountiful in every essential respect, especially in bestowing upon the colony the noble waterway of the St. Lawrence, and so large a portion of its tributary streams.

That, regarding, therefore, the unfavourable condition of Canada as solely attributable to errors in the system of its management and to the neglect of the means of improving its natural advantages, your memorialists would strongly impress upon Her Majesty's Government the benefit that would accrue to the colony from the complete opening of the St. Lawrence for the navigation of vessels of considerable burthen, a benefit the value of which may be partly appreciated from a view of the advantage which the adjoining state of New York derives from the Erie Canal.

That your memorialists regard the insufficient number of public roads, and the bad state of those that exist, as another principal cause of the stagnant condition of the colony; the want of proper ways of communication greatly tending to discourage and prevent the settlement of the country.

That your memorialists are strongly persuaded of the great importance of adding, as quickly and largely as possible, to the British population of Canada, and that it is indispensable to this object that the colony should be rendered attractive to emigrating capitalists as well as to labourers, by undertaking such public works of communication, both by water and land, as may tend to hold out to such parties a sufficient assurance that they will improve their fortunes by settling there.

That if public works of the nature pointed out were undertaken, the result would not be merely an increased flow of emigration to Canada, but that the persons of every class resorting there from the United Kingdom would be fixed, by the attractions suited to their respective stations in life, on the British side of the frontier.

That your memorialists have not indicated the measures by which alone a settlement in Canada can be made desirable to British emigrants to any extent commensurate with the importance of the objects in view, without being prepared to show, at the same time, by what means operations of the nature suggested might be carried on.

That your memorialists submit that funds for the prosecution of all the public works which they have pointed out as indispensable to the prosperity of Canada are available in the vast provincial property, now scarcely of any value, which exists in the shape of waste land and timber vested in the Crown; a property which, if placed under proper management, and judiciously disposed of, with a single view to the increase of the colonial revenue, would afford an ample security for loans which might be raised in this country to be exclusively appropriated to public works and emigration, which, again, would add enormously to the value of the lands and timber reserved for subsequent disposal, and consequently to the means of promoting the grand public objects for which it is desired to cause them to provide.

That, in order to render the public lands of Canada available for these all-important colonial purposes, it will be necessary, in accordance with the principle recognized by the Crown in New Brunswick, to place them at the disposal of the legislature of the United Provinces.

That though your memorialists are of course aware that the revenue derived from the public domain has been placed at the disposal of the local legislature, yet the disposal of the lands themselves, and of the timber thereon, remains still vested in the Crown, whereby,

No. 1.

Lord John Russell  
to Lord Sydenham,  
26 March 1841.

Encl. in No. 1.

in point of fact, all benefit to the colony from the concession in the former respect might be altogether neutralized, the lands and timber being liable to be sold or given away as heretofore, in a manner wholly unproductive of advantage either to the Crown or to the public.

That the object, therefore, which your memorialists desire to have, is to place the lands and timber, equally with the revenue derived from those sources, at the disposal of the local legislature, under such provisions and safeguards as to the conditions of the transfer as shall ensure the faithful appropriation of the proceeds to the exclusive purpose of emigration, and of great public works connected with, and affording aid to, such a system.

That your memorialists entertain a confident belief that if the Crown should adopt this beneficent course, the new legislature of Canada, impelled by an anxious desire, in which every British settler in that colony participates, to set on foot improvements similar to those which have been executed with so much advantage in the state of New York, and to restore the stream of British emigration to its ancient Canadian channel, would zealously co-operate with the views of Her Majesty's Government for the attainment of objects so essential to their prosperity, and would frame such a law for the future disposal of the public domains, and for the assurance of parties advancing monies on the security thereof, as would induce capitalists in this country to make advances to the colony of the funds required for the most important of the public works, and for promoting a large increase of emigration to Canada.

That a committee of the three companies, whose designations appear at the head of this memorial, have conferred with Dr. Rolph, the organ at present in this country of a great body of the colonists who ardently desire that no time may be lost in adopting measures to promote public works and emigration, and that Dr. Rolph vouches for the concurrence of the sentiments of the parties by whom he has been delegated, in the views expressed in this memorial.

That it appears to your memorialists to be very important that great measures of emigration and of public improvements should be laid before the legislature of the United Canadas at the earliest possible date.

That your memorialists are confidently persuaded that his Excellency the present Governor-general of Canada will not merely give his sanction, but his cordial support, to the measures which they have proposed, and will thereby add incalculably to the obligations under which he has laid the people.

That your memorialists request that your Lordship will be pleased to take the subject-matter of this paper into your consideration, and to appoint an early day for receiving a deputation from the undersigned.

## British American Land Company:

<i>G. R. Robinson</i>	- - - -	Governor.
<i>Nath<sup>l</sup> Gould</i>	- - - -	Deputy Governor.
<i>Edward Mills</i>	- - - -	} Directors.
<i>Alex. Gillespie, jun.</i>	- - - -	
<i>W<sup>m</sup> Pemberton</i>	- - - -	

## Canada Company:

<i>Charles Franks</i>	- - - -	Governor.
<i>J. Mackillop</i>	- - - -	Deputy Governor.
<i>W. T. Hibbert</i>	- - - -	} Directors.
<i>Thos. Stokes</i>	- - - -	
<i>M. T. Smith</i>	- - - -	
<i>A. Stewart</i>	- - - -	
<i>John Fullarton</i>	- - - -	
<i>F. H. Mitchell</i>	- - - -	
<i>John Hullett</i>	- - - -	

## North American Colonial Association of Ireland:

<i>A. Colvile</i>	- -	Deputy Governor.	<i>John Chapman &amp; Co.</i>
<i>John Abel Smith,</i>	} Directors.		<i>Carter &amp; Bonus.</i>
<i>Ed. H. Chapman,</i>			<i>John Hine.</i>
<i>Joseph Somes,</i>			<i>William Hutt.</i>
<i>Petre,</i>			<i>Edward Ellice.</i>
<i>Ross. O. Mangles,</i>			<i>Edward Ellice.</i>
<i>John Auldjo,</i>			<i>Major Heud.</i>
<i>E. G. Wakefield,</i>			<i>Thomas Rolph.</i>
<i>J. Russell Ellice,</i>			<i>W. &amp; A. Harrison.</i>
<i>J. Morrison,</i>			<i>C. Stainbank &amp; Son.</i>
<i>Geo. Simpson,</i>			<i>Robert Harrison &amp; Co.</i>
<i>Brice Pearse, jun.</i>			<i>William Smith O'Brien.</i>
<i>Ellice Kinnear &amp; Co.</i>			



—No. 2.—

(No. 57.)

COPY of a DESPATCH from Lord *Sydenham* to the Right honourable  
Lord *John Russell*.

My Lord,

Government House, Montreal, 6 May 1841.

No. 2.

I HAVE the honour to acknowledge the receipt of your Lordship's despatch of the 26th March, No. 344, enclosing a memorial addressed to you by the three Canadian land companies, and by other persons connected with Canada, respecting the advancement of agriculture and commerce, and the completion of the great public works in this province. Your Lordship adds a statement of the views entertained by the memorialists on these subjects, as explained to you at an interview.

Lord Sydenham to  
Lord John Russell,  
6 May 1841.

The proposition of the memorialists seems to be (so far as it is possible to affix a meaning to words so extremely vague and indistinct) to raise and advance as a loan the money necessary for the completion of various works, and for the introduction and settlement of emigrants on the faith of the revenue arising from the sale of land and timber, the execution of the works being as heretofore left with the local government, but due security being provided by law for their speedy completion, and for the appropriation of the land revenue to the payment of the interest on the loan.

Passing over the legal objections to this proposition, which at once occur, and which were stated by your Lordship to the memorialists, I must observe that, even with the explanation contained in your despatch, the scheme is presented in so intangible a shape, that it is difficult to know in what manner to reply to it.

There can be no question about the importance to this country of obtaining a very considerable loan, and in so far I approve of the memorialists' views; but in every other respect they appear to me impracticable. The land revenue of both Canadas, deducting the payments of the Canada Company, which will cease next year, and those from the British American Company, which will never be renewed, is very inconsiderable, and is already pledged as part of the consolidated fund towards the existing debt. If, as the memorialists assume, the consolidated fund will pay the charges on it, leaving a surplus to the amount of the land revenue, the province will be able, and no doubt will be disposed, to borrow in the London money market to the full amount which can be obtained by such surplus; and in that case the security of the consolidated fund, including the land revenue, will be far better and more easily negotiable than the security of the land revenue without the consolidated fund. If the consolidated fund be not adequate to the charges on it without the land revenue, it would be a breach of faith to withdraw that revenue from the security of the present creditors, and the scheme must consequently fall to the ground. In this view, therefore, I think the proposition impracticable.

Again, the memorialists, while they would leave to the executive government the execution of the public works, propose to stipulate for some legal provision for their completion, &c. What is the nature of this provision does not appear; but if it be intended, as I suppose it must be, to prescribe any particular manner in which, or any particular time within which, the works in question should be completed, I think it decidedly objectionable.

The local government and legislature are far more intimately acquainted with and interested in the works in question than any set of gentlemen residing in London, the majority of whom, probably, have never crossed the Atlantic. Errors were no doubt committed some years ago, in the commencement of one or two of the principal public works; but those very errors will be the safeguard against similar mistakes hereafter, more especially since the establishment of the Board of Works, and since the Union Act has placed in the hands of the government the initiation of money votes. It is my intention to submit to the legislature, at their next meeting, a plan for the promotion of all the principal works in this country; and the decision on the measures to be adopted may properly be left to them without the interference of the companies in question. And there is this further and conclusive objection to their proposal: that, were a loan raised on the understanding that legal provision should be made for the completion

No. 2.

Lord Sydenham to  
Lord John Russell,  
6 May 1841.

completion of certain works in a prescribed manner, the law which might be passed on the subject would take the form of a contract, and become irrevocable afterwards, however much the circumstances of the country might alter.

These are some of the objections to the proposal which occur to me most readily. I abstain from following them up, because at the present moment the matter cannot be brought to any practical result. I have already put your Lordship fully in possession of the state of the finances of Canada, and have pointed out the course which should, I think, be adopted. It will be one of the earliest and most important duties of the legislature on its meeting to take up the same subject.

If the propositions which I have submitted to your Lordship be approved by Her Majesty's Government, the finances and credit of Canada will at once be put on such a footing as to enable her to borrow with ease in the London market the funds necessary to complete her public works. Even should those propositions not be adopted (which I should be very reluctant to anticipate), I have no doubt that the establishment of the union, and the restoration of public confidence in this province, will raise its credit sufficiently to enable it to procure funds. But, as a general principle, I should dissuade the raising of money clogged by any stipulations of an unusual nature, or which do not properly enter into monetary transactions, however advantageous such an arrangement might at first sight appear. If the resources of Canada flourish, as I expect they will, its credit will be good, and it will borrow easily; if they be not, I doubt whether any stipulations or legal enactments in regard to public works, &c., will induce English capitalists to come forward with loans.

At the same time, however, as I consider it my duty to weigh any and every scheme which may be offered by which there is a possibility of this province being benefited, I shall be quite ready, in case these companies delegate to any person power to explain their views, and also empower him to treat with the Government of Canada upon the subject, to give the best consideration in my power to what he may propose, and assist in any arrangement which may be really useful.

I have, &c.  
(signed) *Sydenham.*

## — No. 3. —

(No. 97.)

COPY of a DESPATCH from Lord Sydenham to Lord John Russell.

No. 3.

Lord Sydenham to  
Lord John Russell,  
26 July 1841.

My Lord,

Government House, Kingston, 26 July 1841.

I HAVE been happy to avail myself of the presence of Mr. Wakefield in this country, to learn the present views and intentions of the association with which he is connected, called the North American Colonial Association of Ireland, by whom the Seignory of Beauharnais has been acquired; and as I had occasion formerly to express my doubts of the course which it was understood that body intended to pursue, I deem it but just now to say that, so far as I am acquainted with them, the objects which the association at present have in view, and the proposed mode of carrying them into effect, are likely to be attended with great advantage to the province. I understand that their efforts will be directed to the improvement of this property, by the direct expenditure of capital there, or by advances to the local authorities for the construction of roads and communications, and to affording assistance to the provincial government in providing means by which some of the great improvements in contemplation may be effected; likewise that it is not their intention to speculate in wild lands, or to act upon the banking powers which it was supposed the original charter conferred.

Mr. Wakefield informs me that a Bill has been prepared for Parliament, remodelling the constitution of the association, and that no objection will be entertained to the abandonment of the very extensive, though at the same time very vague and doubtful, powers which are conferred under the old Act of Incorporation; whilst, on the other hand, the company wish to obtain clear and defined powers for the purposes I have mentioned. I consider both objects to be very desirable, and I shall be very glad if your Lordship and Her Majesty's Government will afford their assistance towards obtaining for the association such a legislative

No. 3.

a legislative revision of their charter as will, on the one hand, put an end to the unlimited power of holding land in the colony, and to any banking privileges; and, on the other, afford the means to the company of safely improving their estates, and of making advances, by way of loan, to the provincial government and to the local authorities for works which may be undertaken by either, or upon mortgage to private parties.

Lord Sydenham to  
Lord John Russell,  
26 July 1841.

I have, &c.  
(signed) *Sydenham.*

— No. 4. —

(No. 429.)

COPY of a DESPATCH from Lord *John Russell* to the Officer administering the Government of Canada.

Sir,

Downing-street, 21 August 1841.

No. 4.

I HAVE to acknowledge the receipt of Lord Sydenham's despatch of the 26th of July (No. 97), in which his Lordship expresses a favourable opinion of the views and intentions of the North American Colonial Association, as explained to him by Mr. Wakefield, and recommends Her Majesty's Government to assist the company in obtaining "such a legislative revision of their charter as will, on the one hand, put an end to their unlimited power of holding land in the colony, and to any banking privileges; and, on the other, afford the means to the company of safely improving their estates, and of making advances, by way of loan, to the provincial government and to the local authorities for works which may be undertaken by either, or upon mortgage to private parties."

Lord John Russell  
to the Officer ad-  
ministering the  
Government of  
Canada,  
21 August 1841.

The powers of the company being limited in the manner described by Lord Sydenham, I am disposed to approve of the intentions which they appear to have in view for promoting the interests of the province as well as their own.

I have, &c.  
(signed) *J. Russell.*