## The Upper Canada Herald,

## A POLITICAL, AGRICULTURAL

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## AND COMMERCIAL JOURNAL:

TERMS-FIFTEEN SHILLINGS PER ANNUM, PAYABLE IN ADVANCE - SEVENTEEN SHILLINGS AND SIX PENCE WHEN SENT BY MAIL.

OLD SERIES, VOL. XX. NEW SERIES, VOL. II.

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[JOHN WAUDBY, Editor.]

KINGSTON, UPPER CANADA, TUESDAY, MARCH 26, 1839.

[T. H. BENTLEY, Printer & Proprietor.]

WHOLE No. 1047. No. of Vol.

PROVINCIAL PARLIAMENT. HOUSE OF ASSEMBLY.

DESPATCH From Sir George Arthur to Lord Glenelg, in relation to the Finances of the Province, with madry documents; together with the Answer from His Lordship to His Excellency the Lieuten-

THE LIEUTENANT GOVERNOR transmits to the THE LIEUTENANT GOVERNOR transmits to the House of Assembly for their information a copy of a Bersalch relating to the Finances of the Province, which His Excellency addressed to Her Majesty's principal Secretary of State for the Colonies, together with His Lordship's Reply.

Government House, 12th March, 1839. Copy. No. 91.

GOVERNMENT HOUSE, Toronto, 20th November, 1838.

Mr Load:
In my Despatch to your Lordship, No. 56, of
the 11th of August last, I had the honor to transmit for your Lordship's perusal, a copy of a commonication which I had addressed to the Earl of Durham, on the 30th of June preceding, on the subject of Crown Lands and Emigration, wherein, in connection with it, I took occasion to advert to the causes which had tended to produce derange-neut in the finances of this Province, and stated that its resources had been anticipated to an ex-tent that was felt to be embarrassing. Occupied as I am upon matters of the most ur-

Occupied as I air upon matters or the most are gent nature, it is of the greatest importance that I should without delay bring this matter under your Lordship's notice in a more special manner, as in the ensuing meeting of the Provincial Legislature the question of how the pressing pecuniary demands of the Province shall be satisfied will require to be discussed; and, in anticipation of such discussion, I would wish to receive your Lordship's instructions on the point which I beg

Lordship's instructions on the point which I beg leave to submit to your consideration. In your Lord-hip's Circul r Despatch to Sir Fiancis Head of the 31st August, 1836, your Lordship states, after some preliminary observations: "With this view, I have to desire that you "will not permit any act, or ordinance, or proc-lamation, or regulation, to come into operation in the Co.ony under your Government, relating to the local Currency and Circulating Medium, or to the rates at which coins shall pass current or be a legal tender, or to the circulation of prom-sistery notes or other page, either by the

the progressive development of its resources by the united agencies of immigration and British Government, bills or notes, payable in Toronto at twelve months after date, to the amount of £100, 1000; to be used as a Circulating Medium, and make chargeable on the prospective revenue of the Province.

Province.

That such, or a similar measure, may be rendeted necessary by events, I consider highly pro-bable; and it appears to me, as far as I can judge at this moment, that no other so well calculated.

acre temporary expedient.

Though large in proportion to its actual revenue, the debt of this Province has been mainly acres on the courses and the courses are the courses and the courses are the courses and the courses are the courses are the courses and the courses are the courses are the courses are the courses are the course the courses are the course the c

rying from five to ten per cent on the amount of the borrowed capital.

The unhappy troubles with which this Province has been visited; the doubts that have been raised as to the permanency of its political institutions, assisted by the expression of opinions in quarters whence the Colonies justly looked for support; and the threats of armed inteference in our affairs by the American Citizens, with the attempts made to carry them into execution on various occasions, are circumstances which have naturally tended to

By the same unhappy causes, the ordinary influx of immigration and Bittish Capital has been
suspended; so that anticipated income from public
works has not been forthcoming from the want of
means to complete them.

Your Lordship may give me full credit, when I
assure you that it is this state of things, more than
any theoretic difference in regard to politics, which
renders the government of this Country to the satisfaction of the community so difficult as to be almost impossible; and I cannot blame, or be surprised
at, the discontents of a people who, though connected with the most powerful Empire on the
earth, are nevertheless enduring evils usually attendant only on the prostration of national strength.

It is not in my power, my Lord, to retrieve the

tendant only on the prostration of national strength.

It is not in my power, my Lord, to retrieve the almost withered hopes of Upper Canada; nor will the suffering inhabitants be able of themselves to sustain their fortitude in the immediate neighbourhood of a powerful hostile population and in the rear of a rehellious Province. I see very clearly that if the present state of things be suffered to continue for a much longer, neriod, there must be continue for a much longer period, there must be a general wreck of property; and although eventually public prosperity may be restored, and may give to the young, ardent, and the unencumbered an opportunity of growing rich, yet it will not re-store to those who have been prosperous the well-earned fluits of former industry, nor replace the pres nt holder of property in the possessions which will have passed from him.

The effects of the moral deterioration which, it

"the local Currency and Circulation of prome "to the rates at which coins shall pass current or "to the rates at which coins shall pass current or "to the rates at which coins shall pass current or "to the rates at which coins shall pass current or "to the rates at which coins shall pass current or "to the circulation of prome "isory notes or other paper, either by the Local "Government, or by any corporate bodies or individuals, without, howing first received His Ma-"jesty's sanction, conveyed to you by the Secretary of State."

This Despatch, h. ving been submitted to the subject of an address to him from that Body, enquiring "if he would be prevented from giving which Address, together with his reply to it, Sir Francis Head transmitted to your Lordship in his Despatch, No. 10, of the 5th of February, 1837,—the receipt thereof being acknowledged in terms of approbation in your Lordship's Despatch, No. 10, of the 5th of February, 1837,—the receipt thereof being acknowledged in terms of approbation in your Lordship's Despatch, No. 10, of the 5th of February, 1837,—the receipt thereof being acknowledged in terms of approbation in your Lordship's Despatch, No. 10, of the 5th of February, 1837,—the receipt thereof being acknowledged in terms of approbation in your Lordship's instructions, as stated in his reply to the Address referred to, I am desirous of adhering to them as strictly as I am ahle; but, as the very peculiar circumstances of the Province may render unavoidable some departure from them, I wish to be prepared to meet possible contingencies.

I venture, therefore, to suggest to your Lerdship, that in the event of such a measure being proposed in the Legislature, I should be provisionally administed to give the Royal assent to any Provincient and the country in the face of all opposition. The present continuance is not read to be sught for in the receipt thereof being a chance of the first present continuance is not read to be sught for in the Frovince may render unavoidable some departure from them, I

capit. I.

The preliminaries to the efficient employment of these great means will be comprised in placing the Province in a state of complete defence, and in raising the credit of the Colony in the British markets. This will attract capital, seeking profitable investment—that will inspire confidence as well to the borrower as the lender; for, my Lord, it must be remembered that capital is diversed from the country into other channels, merely because a

bellet and it appears to me, as far as I can judge at this moment, that no other so well calculated, it is simplicity to effect the desired object, could conveniently resorted to.

Though the cases are not exactly parallel, yet is illustration of the principle, and as afford og a precedent for such a course of proceeding, I would instance the circumstance, that, during the last war in these colonies, hills of the description I have mentioned were i-sued by the Provincial Government, and were found, as a temporary recommended were i-sued by the Provincial Government, and were found, as a temporary recommended were i-sued by the Provincial Government, and were found, as a temporary recommended were i-sued by the Provincial Government, and were found, as a temporary recommended were i-sued by the Provincial Government, and were found, as a temporary recommended were i-sued by the Provincial debendures payable in the Province also diversed as a great national measure, and considered as that best calculated to preserve, at prehaps the least expense, the connexion of the Colony with the Parent State.

Your Lordship is aware too how narrow an extending other addressed to him by Messrs. Baring, and Report of the Evecutive Council on the subject of their contents, will put your Lordship in mossion of every necessary information respecting the circumstances under which they were issued their contents, will put your Lordship in mossion of every necessary information respecting the circumstances under which they were issued to displace their contents, will put your Lordship in mossion of every necessary information respecting the circumstances under which help were the found of the local Government and Legisl. ture to make any addition to five importance of the Province, and certainly they are the found of the local Government and Legisl. ture to make any addition to five importance of the Province and calculated to displace the measure here suggested, I would wish to impress play your Lordship that, viewed as a continued

The very best security would be at the same time available to the public creditor, as a certain portion of such revenue might be inalienably set aside for the liquidation of the public debt.

mere temporary expedient.

Though large in proportion to its actual revenue, the debt of this Province has been mainly incured through incidental causés—namely, the construction of the public works, the outlay on which is commensurate less with the country's present productive wealth than with the developement of which its vast natural resources are susceptible. Thence, the lavestment not being immediately profitable, the burden of the interest payable on the public loan is thrown on the ordinary revenue raised by means of taxes intended to meet only the current public expenditure.

As compared, however, with similar public debts incured by different States of the neighbouring Republic for the promotion of national objects, the debt of this Province is but small; while future floo, have been here anticipated to a far less extent.

The Americans have also borrowed money on by this Province, the existing laws of which only permit the Government to negotiate in London loans at par, hearing five per cent interest; whereas, the Americans have not hesitated to raise mowhich latterly have been productive of a loss va-

the borrowed capital.

The unhappy troubles with which this Province has been visited; the doubts that have been raised as to the permanency of its political institutions, assisted by the expression of opinions in quarters whence the Colonies justly looked for support; and the threats of armed inteference in our affairs by the American Citizens, with the attempts made to carry them into execution on various occasions, are circumstances which have naturally tended to induce a feeling of insecurity and a consequent depreciation in the value of property which is beginning to be most severely felt.

The present inconvertibility of property leaves without the means of n ecting their engagements those who have become indebted on its security; and comparatively trifling liabilities are thus found sufficient to work the ruin of individuals hitherto believing themselves opulent, and who would actually be so could they realize what they own.

By the same unhappy causes, the ordinary into the permanency of its political institutions, as to the permanency of its political institutions, as the through this Province, and crossed through this Province and crossed through this Province and crossed through this province and

I have been the more induced to enter into these details in proportion as I have become sensible of the importance of the matter to which they have

Anticipating a stormy and unsatisfactory session, scarcely any thing could give me greater satisfaction, when I meet the Legislature, than the power to offer from Her Majesty's Government the great boon to Upper Canada which I have here ventured to solicit on her behalf.

By granting it, many of my difficulties would be materially overcome, and whilst thus affording to the community so great an earnest of the desire of Her Majesty's Government, to promote as well their present, as their fature welfare. I should look

their present, as their future welfare, I should look forward with confidence to the speedy restoration of public tranquillity and security.

I have, &c.

(Signed) GEO. ARTHUR.

(Signed) GEO. A
The Right Honourable
The LORD GLENELG, &c. &c. &c.

There follow three letters from Messrs. Baring & Co. of London on the issue of Provincial Debentures. They object to their names being used as Agents for the payment of Dividends without their knowledge and consent being had to the issue of such Debentures. The nature of the objection made by them will be understood from the followed. ing letter of the Hon. J. H. Dunn, Receiver General.]

Enclosure No. 2. Despatch No. 91. 20th Nove m-ber, 1838. RICEIVER GENERAL'S OFFICE. Toronto, 8th August, 1838.

inst. I have the honor to report to you for the information of His Excellency the Lieutmant Governor, that during my absence in Eigland last year, His Excellency Sir Francis Head directed year, His Excellency Sir Francis Held directed the gentleman performing my duty b dispose of to each of the Banks the undermentioned sums in debentures amounting together to £18,650 stcling, and to make them pay-ble, together with the interest, at Messrs. Baring, Brothers & Company of London. The was a departure from the usual course which had been adopted by me and it appears to be objected to by Messs. Baring & Company. I suppose that Messrs. Iaring, who contracted with the Government through me for the sum of £20,000 sterling at the set of 10s. From the sum of £20,000 sterling at

When contracts for loans or moneyare made in the City of London, the purchaser with whom the contract is made, feels interested in keeping up and supporting the credit of such stock, but when sold in this Province, and fallen intopromiscuous hands in Loadon to be realized for is much as it will bring in that Metrop lis, it wil and must have an injurious tendency on the cedit of the

Messrs Baring, Brothers, & Co. at made the agents for paying dividends on the Debentures without their sanction, and whilst their house appears on the face of these Debenture, I am not surplised that they should feel anxiety on the subject, not having any certainty as to the extent of the issue of Debentures which may take place

On my return to this Province, I nduced His Excellency not to sell any more Descritures within the Province, but to send them to Loidon. Ac-

the United States shall have been enabled to establish rival manufactories within her own territory.

To be effectual, such a measure of relief as is here suggested, should, in my opinion, be immediate; for if it be delayed until the general settlement of other matters relating to the Colonies, the time I fear will be gone by when its application would prove most salutary.

The payment of one or two years' interest from the capital advanced would not, I trust, be considered sufficiently objectionable to warrant the rejection of a plan whereby so much good may be accomplished; and I can assure Your Lordship that by causing it to be promp ly and decidedly carried into effect, Her Majesty's Government would acquirs the lasting gratitude of a whole people, whose happiness and prosperity they would have been, in such case, so instrumental in promoting.

The Debentures at six per cent authorised to be raised in this country are unsaleable; I have advertised and made myself satisfied that under existing circumstan es these Debentures as tisking circumstane is these to be bentures a suised in this country are unsaleable; I have advertised and made myself satisfied that under existing circumstan es these Debentures as tisking circumstane is a tisking circumstane at sax per cent authorised to be raised in this country are unsaleable; I have advertised and made myself satisfied that under existing circumstane is these then the unsaled in this country are unsaleable; I have advertised and made myself satisfied that under existing circumstane is these then the unsaled in this country are unsaleable; I have advertised and made myself satisfied that under existing circumstane is these then the under at satisfied that under existing circumstane is these then the under at satisfied that under existing circumstane is the per late of

can be made with some other house in London to act as Agents in these transactions, which will require a ful and complete investigation into the finances of the Province before I could expect to obtain the consent of an Agent.

I lament to observe that I can see no way by which money can be procured for the public works until Messes. Barings either consent to permit their house to be the Agents, or some other Agent be appointed, which will take time; and as it is now late in the season, perhaps the Legislature will devise some other resources for meeting the demands of the Province. temands of the Province.

I have, &c., JOHN H. DUNN, P. S .- The enclosures above referred to, with Report of the Honourable Executive Council, are returned herewith.

JOHN MACAULAY, Civil Secretary.

Enclosure, No. 4. Despatch, No. 91. 20th November, 1838. Executive Council Chamber at Toronto, Thursday, 9th August, 1838. PRESENT:

The Hon. ROBERT BALDWIN SULLIVAN, Presiding Councilor, WILLIAM ALLAN, AUGUSTUS BALDWIN, JOHN ELMSLEY, WILLIAM HENRY DRAPER.

To His Excellency SIR GEORGE ARTHUR, K. C. H., Lieutenani Governor of the Province of Upper Canada, and Major General commanding Her Majesty's Forces therein, &c. &c. &c. May it please Your Excellency :

The Executive Council have perused with

All which is respectfully submitted.
(Signed) R. B. SULLIVAN, P. C. Copy of a Despatch from Lord Glenelg in answer to to the foregoing.

Copy. No. 203. 31st January, 1839.
I have received, and laid before my colleagues, your Despatch of the 20th No vember last, No. 91, explaining the present financial state of Upper Canada, and offering various suggestions by which the existing

difficulties may in your opinion be overcome.

The Executive Council feel bound, however, to state circumstances which appeared of paramount necessity, and which will, it is hoped, excuse the measure adopted by this Government in your Exceliency's mind, as well as to the house of Messrs.

Bring, Brothers, & Co., whose complaints appear not to be without foundation.

Upon the commencement of the crisis in the mercantile affairs of the United States, reports in jurious to the credit of the Lond in tiouses connected with the American trade found their way into this Province, and serious apprehensions were en fertained by this Government as to the safety of balances belonging to the Province in the anals of the London Houses.

These rejorts induced his Excellency Sir Francis B. Head to direct Mr. Draper to proceed to England to cause the adoption of some measure of exchange crawn upon London by Government.

The Receiver General applied for leave of absence and proceeded to England at the same time.

Debentures payable in the Province were found unsaleable in consequence of the scarcity of money throughout America.

The greatest distress in the mercantile affairs of the Province arose, and there was every prospect of its being aggravated to a great and dangerous studied by this Government and their way into this Province and serious apprehensions were en to any bill which may be presented to you "having for its object to allow the Receiver General applied for leave of absence and proceeded to England at the same time.

Debentures payable in the Province were found unsaleable in consequence of the scarcity of money throughout America.

The greatest distress in the mercantile affairs of the Province arose, and there was every prospect of fits being aggravated to a great and dangerous such contents and the cause of the province and the existing difficulties may in your opinion to the manner in which you have brought it under existing circumstances, you should be permitted so fair to depart from my circular instructions of 31st August, 1836, as to assent to any bill

were a prospect of financial relief, founded on a sound and simple basis, no good re in the Province, but to send them to Loidon. Accordingly, I was desired to transmit £60,000 to Messrs. Baring & Co., which I accordingly dil, but the Debenture acts confined the sale to five per cent in London, and Messrs. Baring bould not, nor have they yet been able to make Sale of them at par, and they remain in their hands.

The pressure for want of monies to keep some of the public works from going into ruin, and the necessity of prosecuting others this season, left no alternative, but to sell debentures in the Province and the province arose, and there was every prospect of financial relief, founded on a sound and simple basis, no good result could be looked for from it. That "sound and simple basis" you subsequently explain to be the developement of the lessures of the ccuntry by an emigration on a large scale, "directly faciliated as a great national measure;" with the consecutive of the province and they were a prospect of financial relief, founded on a sound and simple basis, no good result could be looked for from it. That "sound and simple basis," you subsequently explain to be the developement of the lessures of the ccuntry by an emigration on a large scale, "directly faciliated as a great national measure;" with the consecutive of the limited and the province in the Province in the Province are province.

Advices from England continued to be discourted to be looked for from it. That "sound and simple basis, no good result could be looked for from it. That "sound and simple basis, no good result could be looked for from it. That "sound and simple basis, no good result could be looked for from it. That "sound and simple basis, no good result could be looked for from it. That "sound and simple basis, no good result could be looked for from it. That "sound and simple basis, no good result could be looked for from it. That "sound and simple basis, no good result could be looked for from it. That "sound and simple basis, no good result could be looked for from it. That "sound and simple basis, no good r score in London, and Meexas. Baing rould not contribute our layer of the public works from your layers and they remain in their hunds. The present state of the public works from going into turn, and the new state of the public works from going into turn, and the new state of the public works from going into turn, and the new state of the public works from going into turn, and the new state of the public works from going into turn, and the new state of the public works from going into turn, and the new state of the public works from going into turn, and the new state of the public works from going into turn, and the new state of the public works from going into turn, and the new state of the public works from going into turn, and the new state of the public works from going into turn, and the new state of the public works from going into turn, and the new state of the public works from going into turn, and the new state of the public works and delay to the public works from going into turn, and the new state of the public works from going into turn, and the new state of the public works from going into turn, and the new state of the public works from going into turn, and the new state of the public work and the public work and

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ould not have the desired effect of giving imme- You surgest that the contemplated notes By a sale to the Banks in the Province, these You do not however tate in what sums they By a sale to the Banks in the Province, tures funds became immediately available.

It was necessary to name some house in London at which the dividends on the Debentures should is to be made, whether in payment for provincial engagements and disbursements; or through the Banks; nor at which the dividends on the Debentures should be made payable.

Under the pressure of these circumstances, the Council most reluctantly assented to the sale of Debentures in the Province, and, at the time, it did not appear that the Banks entered into the transaction without considerable risk; as if depreciation in American securities had continued to increase, they must have been severe losers, not withstanding their gain by the Exchange.

The Council were under the full impression that the transaction would have been immediately explained to Messrs. Baring & Co., and their approval under the circumstances obtained, which they regret extremely was, however, not promptly done.

After the return of the Receiver General to the Province, upon his reporting favorably of the personnel of the bosses of Messrs, Baring, and Province, upon his reporting favorably of the perfect stability of the house of Messrs. Baring, and upon his statement that he was so well assured of the Debentures teing saleable in London, a further sum of 60,000 was transmitted to that house for sale. It spaces house at the time day they are It appears, however, that to this day they are the silver now there, either in circulation, in

the Debentures teing saleable in London, a further the side of the Debentures teing saleable in the side of the province a certain amount of the province and tappears, howeyet, that to this day they are alreaded at appears, howeyet, that to this day they are alreaded to cover was in consequence obliged to be bome partly out of the sum raised in the Province, though this appropriation was certainly not strictly legal, and partly by a renewal of the measure might afford, would be purchased been sent to London in the usual manner, as the been sent to London in the usual manner, as the been are to London in the usual manner, as the been from any considerations of experience. The Council in their own justification beg to state that the measure for the negotiation of the state that the measure for the negotiation of the state that the measure for the negotiation of the state that the measure for the negotiation of the state that the measure for the negotiation of the state that the measure for the negotiation of the council have made this general statement of the principles upon which they felt themselves to sufficient to meet the principle synd which such a value of public accurates which such a sufficient to meet the principle that the interests of holders of public securities; should the interests of holders of public securities; should the interests of holders of public securities; should the interests of the old holders of Debentures should be necessities of the Province or a state of public securities; should the necessities of the Province or the principle that the interests of the old holders of Debentures as admitted the connection of the principle that the interests of the old holders of Debentures are admitted to act, and they humbly considered as a prevention of the recognition of the principle that the interests of the old holders of Debentures are admitted to act, and they humbly considered as a prevention of the recognition of the principle that the interests of the old holders of Debentures are admitt

through the intervention of Parliament; and until the plan of Her Majesty's Ministers for, been laid before Parliament, it would be obviously inconvenient to enter into a discussion on isolated portions of it. to assure you that neither of those subjects

has escaped our attentive consideration. Lastly, you propose that Her Majesty's Government should, on the security of the British Treasury, raise a loan in England to pay off the whole debt of U. C. The amount of this debt is not less than £1,125, 000, of which the greater part has been in Government, nor with the knowledge of the Secretary of State, or the Lords Com oners of the Treasury, but by the authority of the Colonel Legislature for public works and local improvements. Her Majesty's government can discover no ground on which they could propose to Parliament to throw on this country the burthen thus incurred by

U. C. At all events they would feel it impossible to hold out any prospect of this nature at the present moment, when the general affairs of Loth the Canadas are engaging their serious deliberation, and must shortly be submitted for the consideration of Parlia

I have the honor, &c.
(Signed) GLENELG. SIR GEO. ARTHUR, K. C. H., &c. RESOLUTIONS ON THE STATE OF THE

1. Resolved—That during the last Session of the Legislature, a series of Resolutions were adopted by this House, attributions the conference of the conferen

FOR PERMISSION TO REPRODUCE, APPLY TO PUBLIC ARCHIVES, OTTAWA.