Appendix A.

REPRESENTATION BY POPULATION.

Speech of Mr. Macdonald in the Legislative Assembly, 19th April, 1861.

Attorney General Macdonald rose and said: this important question had been fully and fairly discussed by members on all sides of the House. He had been in Parliament for seventeen years, and had never heard any subject so ably debated, from every point of view. So much so had this been the case, that if the speeches had been fully reported, or, better still, if each member would take the trouble to prepare his speech, a volume would be formed which would be, for all time to come, a faithful repertory of all that could be said on the subject and almost a hand-book to our constitution. [Hear.] His hon. friend the member for South Simcoe could say that the attempt, if attempt there had been, to prevent ample discussion of his bill, had been a signal failure, and he had received the just reward of the zeal and sincerity with which he had pressed it forward. He had forever connected his name with Representation by Population. He was no trading politician—he had not used the question for the purpose of exalting himself or attacking a Government, but impressed with the importance of the subject, he had brought it forward upon its merits. It would be an ill-judged policy on the part of this House if, after the full discussion of this measure, it should not vote upon it according to its merits. It could be no longer said that discussion had been stifled. And it would be a criminal waste of the public time to let it go to a second reading for the sake of courtesy, when the whole debate would be had over again. [Hear.] For the subject had been exhausted, every argument had been used, every clause of the bill was understood, and its merits and defects were known. He, for one, should give his vote on the merits of his hon. friend's bill. [Hear.] Well, looking at the bill thus, he could not give his vote for it. [Hear, hear.] He would give the same vote as in July, 1858, against the introduction of a measure of this kind. It seemed to him that the measure was premature, until such time as the census was completed, fully showing in what manner we could deal with the question fairly. If there was to be a readjustment of the representation of the country, it must

be done with an accurate knowledge of all the facts. (Hear.) But there were serious objections to the bill itself. In the first place there was no limit to the amount of representation. If the measure was carried out, we should soon have a parliament as numerous and as cumbrous as that of Great Britain. There was no maximum set down. It was said that as the counties increased in population, so must the numbers of representatives increase. That was a vicious principle, which had been dissallowed last session by that very House. The principle of allowing a constituency to have more than one representative was dissallowed in the bill to divide Montreal, Quebec, and Toronto into separate electoral districts. The only principle by which the only true relation between the constituency and the representative could be established was by having one representative to one constituency.

Mr. Foley.—That is a matter of detail.

Hon. J. A. Macdonald.—It went to the very principle of the bill. In fact, to adopt the measure would be to take a retrograde step. Well, looking further than the bill, and at the principle of representation according to population, he would say now what he had always said ; he was opposed to it and always voted against it. His honorable friend from Cornwall had charged the Conservative party, the other day, with having commenced the agitation of the subject. That was not the case. The question was never mooted until it was brought up by the Baldwin administration in 1849. From 1840 to 1849, the country accepted the constitution. It had been adopted by the representatives of the people of Upper Canada and by the governing power in Lower Canada. There was a great deal of doubt and hesitation in the mind of Upper Canada at the time, and almost universal dislike to it on the part of Lower Canada, but both set themselves honestly to work it out to the best advantage. And so they went on until 1849, when a measure to increase the number of representatives in the House was introduced by the Lafontaine-Baldwin Government. He defied his honorable friend to shew that in any way whatever the Conservative party had supported that measure ; on the contrary, they had always adopted a contrary course. In 1849, '50, '51, and '52, the Conservative party had voted against it as one man, and were, in fact, so close driven that if one of them had changed his vote, the measure would have been carried. It depended, they might remember, on the question whether the Speaker had a casting vote or not, under the two-thirds clause, and Mr. Morin decided that, under the act of Union, he had not.

Mr. Gowan—That bill did not involve Represontation by Population.

" Hon. J. A. Macdonald—He knew that. But at that time Mr. Chauveau, an *élève* of Mr. Papineau, moved an amendment involving Representation by Population. They would find, on the 18th March, 1849, that he moved two resolutions.

1st. Mr. Chauveau moved, seconded by Mr. Laurin, and the question was put.

" That it is to be regretted the inhabitants of the late Province of Lower Ca-
" nada have not been constitutionally consulted with respect to the passing of
" the Act of the Imperial Parliament re-uniting the two late provinces of Upper
" and Lower Canada, and that the said Act contains provisions contrary to
" justice, and to the rights of British subjects."

" The only yeas on this were Messrs. Chauveau, Laurin and Papineau.

2nd. Mr. Chauveau moved,

" That among the provisions which are contrary to justice and the rights of
" British subjects, is that which establishes an equal number of Representatives
" for each section of the Province formerly constituting the Province of Upper
" and Lower Canada, without taking into consideration their respective popu-
" lation."

[The division was the same.]

Mr. FOLEY—Every one knew what that was for.

" Hon. Mr. MACDONALD—He did not know what the hon. member meant by that. They were two resolutions on the solemn record of the House proposing a change in the quantity of the Representatives of Upper and Lower Canada, and the conservative party voted against them in the most distinct way, showing that not a single member of the party was in favor of altering the basis of the Union. The only motions from which it might be inferred that they were in favor of a change were one made by Mr. John Gamble, and another by Sir Allan McNab, that if a constituency had more than 20,000 people it should have two representatives. These resolutions were however moved as amendments, for the purpose of defeating the second reading of the bill to increase the number of members of Parliament. He had said, and urged it in his humble way, and warned the Lower Canadians at the time against such legislation. True, the increase was based on the principle of equality, but he had pointed out as strongly as he could that if they were at liberty to discuss the question at all they could not fetter themselves to the question of equality. The Union was a distinct bargain and a solemn contract, reduced to writing, and if it were meddled with at all—if they could exercise their independent judgment with regard to it—if they could alter it in the slightest degree, they could not bind the Colonial Legislature ; but must leave several questions open to be discussed ; the principle of equality being as liable to be brought up as the principle of increase. [Hear.] And so it had proved. [Hear, hear.] He was directly opposed to the principle of Representation by Population as a conservative, because it led by logical sequence to universal suffrage. His hon. friend the member for North York had attempted the other night to draw a distinction between the constituent body and the Representative body, and said the alteration in the one did not involve the alteration of the other. That was not a correct argument. In this

bill, the Representative body was to be altered as the members in the constituent bodies increased. But that was not all. The representation was to be based on the number of people, men, women and children, which brought up the whole subject of universal suffrage at once. It led directly to it, and as a conservative, he must oppose it with all his might.

Dr. Connor—Absurd, absurd !

Hon. J. A. Macdonald—The hon. member might think it absurd, but there were gentlemen even on the Opposition benches who, though they might not agree with the argument, would not think it absurd. [Hear.] He was opposed to universal suffrage, he repeated it. Experience had shewn that it left a nation weak and led it towards anarchy and despotism. Unless there was a middle power, unless property was protected and made one of the principles on which representation was based, they might perhaps have a people altogether equal, but they would soon cease to have a people altogether free. [Hear.]

Mr. Foley—Perhaps before the Attorney General went further, he would allow him to read a resolution expressive of his views on Representation by Population at a particular time. When the measure was before the House to equalize the representation of Upper Canada. Mr. Gamble moved in amendment, seconded by Sir Allan MacNab—" That all the words after " That " be left out, and the bill be re-committed for the purpose of inserting the following words :

" And be it enacted, that whenever the population of either section of the " Province shall exceed that of the other by one-third, every county or riding " then containing within its limits a population of 30,000, shall be entitled to " send a second member to represent the county or riding in the Legislative " Assembly. And it shall be the duty of the Governor in Council to divide such " county or riding into two ridings of compact and adjacent territory as nearly " as can be of equal numbers in relation to population, for the purpose of such " representation, and to designate the boundaries of such ridings as shall be " entitled to be represented, &c."

Among the yeas taken down was the name of the Hon. Attorney General West, and almost all the other Conservatives. [Hear, hear.] Still, the Hon. gentleman affected to place the House under the impression that he never voted for Representation by Population. [Hear, hear.]

Hon. J. A. Macdonald—The hon. gentleman might as well have saved himself the trouble of reading that resolution. He had previously mentioned the reason for which Mr. Gamble brought it forward. [Hear.] Another objection he had to the principle involved in his hon. friend's bill was this—that if Representation by Population were adopted, it must either increase indefinitely the number of representatives, or else compelled the adoption of the vicious system of altering the territorial limits of constituencies every time there had to be a readjustment. Now, it was of the very greatest importance, of

primary importance indeed, that the English system should be kept up in this country—that there should not be frequent changes in the limits of constituencies, and that people having a common interest should send persons to Parliament to represent that local interest, as well as to deliberate on the state of the country at large. [Hear.] See what the consequence was of the adoption of the contrary principle in the United States, where instead of a cluster of municipalities sending a representative to Congress on whom they could rely, they had mere geographical divisions, and had the horrid system of party caucuses or conventions at which those men were chosen to be returned by the divisions who were the most available for party purposes. There was another reason favorable to county organizations. It was that, in them, men were trained to the duties of administration—learned to bear and forbear—learned how to make judicious compromises—and get all sorts of crotchets driven out of their minds. Let all these be thought of before we talked of introducing a general system of breaking up counties into squares, to which system such a principle as that of this bill must infallibly lead. [Hear.] He was satisfied that the best means of securing good government was representative institutions, but representative institutions being merely a means to an end were liable to be altered, just as the experience of the country might dictate. There was no inalienable right in any man as such to exercise the franchise. Otherwise on what principle could we say as we did say, that one man had a right to the franchise because he was assessed for £50 of real estate, while we deprived of the right a man who was assessed for £49, a man whose natural capacity might be greater in every way? Yet no one in this House objected to that arrangement, unless, indeed, the junior member for Montreal, who, if he understood him rightly, had expressed himself in favour of universal suffrage. The objection to that system was obvious, though perhaps on this continent, from the general diffusion of wealth among the people, it was less obvious than in Europe. If the principle of representation by universal suffrage was adopted, the result would be in this country as it had been in other countries, that those who had no property would come to have the governing power, the power of imposing the burdens on those who had property. In all countries where universal suffrage had been introduced, it amounted in the long run to a confiscation of property, and men of property had been obliged as in France, to seek refuge in despotism, to rescue them from the tyrannical power of mere numbers. While population was one of the chief elements on which representation should be based, it was still only one of the elements, and the true principle by which representation should be regulated, was that all interests should be represented, [Hear, hear.] That was the principle of representation in England, and under it England had flourished, and had withstood the storms of revolution, of foreign war, and domestic dissension. From the time that England had repre-

sentative institutions in their present form, the principle that all interests should be protected had been the protection and safeguard of England, even during the periods when the storm of revolution was sweeping over Europe. England had stood in that position because all interests and all classes found protection in her legislation, and so he would have it to be in this country. Our representation of counties might be fairly said to protect the agricultural interest. So the members for our cities and towns might be held to represent the great commercial and manufacturing interests, and those of our artizans and mechanics. And if it were thought proper to enlarge still further the representation in parliament, he would not only continue but increase the system of burgh representation, giving a member to every considerable town having vitality. He would not choose places like Niagara, although he hoped his hon. friend the member for that town would not consider he was speaking in disparagement of Niagara. Just as old Sarum and Gotton in England, when one was an old tree and another an old house, were the means of introducing great men into parliament, so Niagara had returned an hon. gentleman, who was worthy to represent the most important constituency in a country. He would be strongly in favour of increasing the burgh representation and giving representatives to such towns as Brantford, St. Hyacinth, &c. Now, as regarded the question of representation by population so strongly pressed upon the attention of the House, while he believed his hon. friend, the member for South Simcoe, was sincerely and truly, heart and soul, attached to the advocacy of that principle, he could not pay the same compliment to the great body of hon. gentlemen opposite who formed Her Majesty's opposition. The member for North Oxford, in the most candid manner, announced his opinions, and not his own opinions alone, but those of the great body of reformers of Upper Canada, when he said that representation by population was not a sufficient remedy, was not the remedy. That was settled long ago, not only by that hon. gentleman, but by the whole body of the reformers of Upper Canada, at the Convention in 1859.

Hon. J. S. Macdonald—Not all the Reformers of Upper Canada.

Honorable J. A. Macdonald said he understood the hon. member for Cornwall was not present. But at all events it was a very large, very numerous, very respectable, and most influential collection of Reformers from Upper Canada, and the results they arrived at might be held to be a fair indication of the opinions of the Reformers of Upper Canada on important questions. The Reformers in that convention came to the conclusion that 'represention by Population was, to use the language of hon. gentlemen opposite, no efficient remedy for the evils under which Upper Canada suffered, and the other day the hon. member for North Oxford repeated that statement. He [Atty. Gen. Macdonald] made bold to deny that Upper Canada had been suffering under evils. When they asked

what these evils were, they were told that the interests of Lower Canada were mainly consulted, and that the ministry of the day, having a majority from Lower Canada, had overridden Upper Canadian interests, had prevented Upper Canadian legislation in an Upper Canadian spirit, had introduced a system of French domination and had enforced French principles generally upon the people of Upper Canada against their will. But when hon. gentlemen opposite were asked to give an instance of French domination, they could not give one. The member for North Waterloo, being pressed on one occasion, instanced the Jury Bill.

Hon. Mr. FOLEY—I could instance fifty others.

Hon. J. A. MACDONALD defied the hon. gentleman to point to a single measure carried by the present Government since they took office in September, 1854, which had given dissatisfaction in Upper Canada.

Hon. Mr. FOLEY—I will mention one at once—the Clergy Reserves Act.

Hon. J. A. MACDONALD—If there was one measure of the whole of those passed by this Government, which had met with universal acceptance throughout the whole of Upper Canada, it was the Clergy Reserve Bill, and when he retired from politics altogether, he should be glad and proud to have it said that he had been, in his small way, instrumental in having helped in the settlement of that question which was stated to have caused the rebellion of 1837, setting father against son and family against family.—Whatever other disputes might arise, that great question had been settled in a manner satisfactory—aye without exception— to every one.

Hon. Mr. FOLEY—No ! No !

Hon. J. A. MACDONALD—The hon. gentleman might say no, but he was willing to meet him in the presence of the hon. gentleman's own constituents, and ask them if they were not satisfied. He was sure he would receive from them an affirmative answer. The people of Upper Canada were satisfied with that measure ; in the first place, because it settled the question for ever ; in the second place, the different religious denominations and their clergy were satisfied ; and then in the next place, instead of that enormous property being a matter of dispute and covetousness between different sects and denominations in Upper Canada it had been wisely distributed among all the municipalities of Upper Canada, to be used by them for such useful purposes as they saw fit, to pay their honest debts, to educate their children, or to improve their roads. The question had been removed from the arena of party dispute, and had been settled in such a manner as to satisfy every party and every interest. [Cheers.] But the hon. gentleman also quoted the Jury Law. And what was the complaint in that case ? One complaint had reference to a Bill

which came down from the Upper House, permitting juries to render verdicts, although the jury was not unanimous.

Hon. Mr. FOLEY—That was not the Bill at all, I voted with you on that Bill.

Hon. J. A. MACDONALD went on to say that because he made a speech declaring that the Jury ought to be unanimous, and the majority of the House went with him and threw out the Bill, wishing to preserve the old Saxon principle which had prevailed from the time of King Alfred upwards, that the unanimous verdict of a Jury of twelve men should be required, and because the French actually voted that the law of England which had come down to us from our Anglo-Saxon ancestors should be maintained, that was French domination! The other Jury Bill, to which the member for Waterloo had referred, was introduced for the purpose of cutting down the enormous expenses of the old system, and it had been effectual in reducing them to a most remarkable extent. This had again and again been proved. His hon. friend from Kent (Mr. McKellar) when he first got the Bill, rose in his place and said it was a great improvement on the old system. And yet (he was sorry to say for the independence of that hon. member) he was afterwards whipped in by the hon. member for Toronto, his leader, and compelled to vote against the Bill at its third reading. And why? Because he was told it was an Upper Canadian measure of a Government which had not the majority in Upper Canada, and no matter how good it might be, it must be voted against in order to resist French domination, although it reduced the expenses of the Jury system by at least one-third or one-half. And so it was with other measures he had introduced In one instance when he introduced a Bill which had met with universal approval in the profession,—that effecting an alteration of the Surrogate Courts, he saw his hon. friend from South Ontario (Mr. Mowat), and the hon. member for South Oxford (Dr. Connor), engaged in eagerly cutting up the Bill, as the word was passed along to oppose it—cutting up and hurriedly reading the marginal notes, in order to see if they could find nothing, on account of which to oppose the Bill; and the member for Cornwall then rose and said—"Good Bill or bad Bill, law or no law, we will vote against every Bill the Government introduces," because forsooth they are not supported by a majority of Upper Canada.

Hon. Mr. FOLEY—And a cumbrous bill it is.

Hon. J. A. MACDONALD—I venture to say the hon. gentleman knows nothing about the working of the Bill.

Hon. Mr. FOLEY—I venture to say I know a great deal more about it than you do.

Hon. J. A. MACDONALD believed the hon. gentleman opposed the bill without reading it, and he was pretty well satisfied he had not read it since. [Laughter.] This, however, had become a grave mat-

ter, from the manner in which hon. gentlemen opposite had treated it. Threats, most disloyal threats, had been held out in order to prevent hon. members from exercising their own judgment on the subject. [Hear, hear.] There had been threatening statements that the people of Upper Canada would rise in their might and push him and his colleagues from their stools and put others in their place. Was that a right argument? Was it becoming for hon. gentlemen to rise and threaten this House with an appeal to arms, that would set man against man, introduce a state of civil war, and repeat in this country the dreadful scenes which were now being enacted across the border—and they had all heard the awful news that had come to night of men of the same blood killing each other, as in the first French revolution. The member for North Oxford (Mr. Macdougall) rose in his place and threatened this House and the country with a resort to arms, and why? Because we choose to have our own opinions about the readjustment of representation in Parliament. These hon. gentlemen ought to consider well the effect of such appeals, which would be wicked, were they not absurd. He asserted there was no feeling among the people of Upper Canada, which would warrant such appeals, whatever might be their feeling on the principle of Representation by Population, or their desire to have an adjustment made. If there was a loyal people in the world, it was the people of Upper Canada, and he was confident they would not look to Washington [Cheers]—notwithstanding that they were invited by the member for North Oxford to look to Washington.

Mr. Macdougall—I will not allow the hon. gentleman to misrepresent me. My argument was that if this course of policy was pursued, the people of Upper Canada might be driven to look to Washington.

Hon. J. A. Macdonald—The honorable gentleman threatened that the country would rebel, and he was not alone in making such a threat—the member for North York distinctly told the House the same thing. They knew too that the honorable and able member for North Oxford was not only taking a high position in this House, but was connected with the public press, with what might perhaps be called the leading paper in Upper Canada, the 'Globe.' They knew that that hon. member, as much almost, if not more than the hon. gentleman who leads the Opposition, guided the counsels of that paper, and they found the same thing announced in its columns. In an article in the Globe of the 18th September, 1860, while the Prince of Wales was here, the following passage occurred :—

"Let the Times, let the Duke of Newcastle and his colleagues be assured, that we have reached a crisis in this country which must end, and that speedily, in one of two ways; either in a change of the Union Act, with the aid and assent of the Imperial Parliament, that will secure equal rights and immunities to the people of Upper Canada in proportion to their numbers, or in a violent disruption of the present political relations of the provinces towards each other, and possibly towards Great Britain." (Sensation.)

And what made it still more wicked, was that those hon. gentlemen rose in their places, one after another, and threatened us with rebellion, because forsooth the majority in Parliament would not accede to a principle which they themselves said was no remedy. What did the hon. member for North Oxford, and those who acted with him say? "Upper Canada labors under great evils; Representation by Population is no remedy for those evils; and, therefore, if you don't concede Representation by Population, we will deluge the country in blood." [Sensation.] Did not this clearly shew that those hon. gentlemen were not sincere, and that they were making this question simply a means of agitating the public mind, without caring about the injury they would bring upon the prospects of Upper Canada? When people set the wheels of revolution rolling, though it were merely for some temporary and party purpose—perhaps to carry an election, perhaps to obtain possession of power—there was no saying when and where the revolution might stop. And deep would be the criminality and sin of those men who, for any purpose of that kind, would announce to the world that the people of Upper Canada were going to throw off their allegiance to their Sovereign, and look to Washington, introducing a civil war of man against man and brother against brother, because forsooth we will not agree to a principle which those very men themselves say now is no remedy at all for the evils under which the country labors. [Cheers.] Could political profligacy go farther? This, it appeared, was to be their cry at the next general election, but they would find that wherever there was a sin of that kind, there was a corresponding retribution, a corresponding punishment. [Cheers.] The member for North Oxford was the only member of the Opposition who had risen in his place and candidly and straight-forwardly stated his opinions on Representation by Population. He gave the hon. gentleman every credit for his candour. But we had found the member for North York rising and threatening us with war unless Representation by Population were conceded, while the hon. gentleman had himself declared that it is no remedy. So the member for South Ontario—and he was sorry to include that the hon. gentleman in the category—though he announced at the Toronto Convention that Representation by Population was no remedy for the evils in question, he too joined in the cry that the people of Upper Canada would rise and rebel because of the refusal of what he himself had declared was no remedy. This was the language of the member for South Ontario:

> "It is plain that if we desire the interests of this country—if we wish to secure ourselves against bankruptcy—if we are not ready to submit to the grossest degradation—we must look out for some other measure than representation according to population to obtain relief."

Hon. Mr. Mowat—That is a false statement of my speech, you will find that I took this ground, that Representation by Population is a

good thing, but that the difficulties of our position were pressing, that it might take considerable time to obtain it, and that we might add to our demands other things still more valuable than Representation by Population.

Atty. Gen. MACDONALD—I merely ask, were not those words uttered?

Hon. Mr. MOWAT—It is unfair to pick out one sentence.

Hon. Mr. FOLEY—Read the whole speech. [Laughter.]

Atty Gen. MACDONALD then read the whole paragraph, of which the above sentence formed a part, and said the hon. gentleman painted the evils under which Upper Canada laboured, and stated that from all those evils Representation by Population would be no relief. The hon. gentleman could neither evade nor explain away his own words. In the "Globe" of the 19th May, 1859, he found the following words:

"How comes it?" ask certain crab like reformers, "that representation by "Population is now treated as a minor measure, and that larger organic chan- "ges are pressed for as of greater importance."

The interrogatory admits of an easy reply. We urged Representation by Population so long as we regarded that measure sufficient to secure the rights of Upper Canada, and afford a reasonable guarantee for the good government of the Province. Having learned by experience that the grievances complained of by the people spring from sources beyond the mere numbers in the Legislature, we now advocate more searching and comprehensive reforms."

Again on the 16th June the same paper said—

"Not the men alone, but the system must be changed. And the system wanted in lieu of that in operation does not consist of a single measure, as those who try to misrepresent us would pursuade the public.

"Give us Representation by Population to-day;—to-day we would press for larger reforms—not because Representation based upon Population is less just now than of old, but because the march of events has brought the country to a position in which other and more vigorous methods of securing good government must need be brought into requisition."

Hon. Mr. FOLEY—There is nothing extraordinary in that.

Hon. J. A. MACDONALD—The hon. member for North York, who threatened us with fire, famine and slaughter, the other night, [Laughter,] said to his constituents on the 4th January 1860, that "it was idle to talk of Representation by Population, as we never should get it till there was a change and then we need care very little about it." In other words, that when it was got it was not worth having. [Laughter.] Yet this was the remedy which the hon. member told us yesterday was a matter of such vital importance that the people of Upper Canada were going to rise in their might and carry it at the point of the bayonet. [Hear.] In a speech on the 22nd Dec., 1860, the hon. member for North Wellington, [Mr. Jas. Ross,] said of representation by population, "he thought it would prove not quite the thing, and therefore let it be dropped." [Laughter.] It had been dropped, and

hon. gentlemen opposite had taken it up again, not, he believed, in any sincere spirit, but for the purpose of being used at the next general election in order to strengthen their party, and damage the present government. He [Mr. Macdonald] would not object to the party using every legitimate means to defeat their opponents; but he would appeal to the patriotism of the hon. gentlemen opposite, for the sake of their common country, not to persevere in the course indicated by the speeches of their leaders in this House. They knew that Mr. Seward the Secretary of State for the United States had declared that he would look to the acquisition of Canada as a means of indemnifying that Republic for the loss of the Southern States. They knew that in consequence of the unhappy war which was now raging in the United States, there was every prospect of the emigration and wealth from the old world—the great bulk of which found its way to the Western Prairies of a foreign country,—now finding a home in Canada. They knew that in consequence of this fratricidal war, and this inevitable disruption, Canada had every prospect of being the great nation of this continent. They knew all this, and yet they saw that the honorable gentlemen opposite, for factious and party purposes, for the mere lust of office, were ready and willing to blight all this fair prospect, to prejudice if not ruin our hopes, our well grounded hopes, just at the moment of fruition, by the factious insanity of their course. [Hear.] Let them imagine the feelings of the emigrant just landing in our country. He would come here because he had been informed that it was a land of law and order, of peace and prosperity, and he therefore had changed his original intention of settling in the United States—now become a prey to intestine war,—and what would first salute his ears? He would hear that the leaders of a great party in the Province had openly avowed that unless a Reform Bill was carried, unless there was a readjustment of the Representation, unless the majority would yield to the minority, they would cause the very foundations of society to be broken up, and the scenes, the bloody scenes now being enacted in the United States repeated in this country. [Hear.] And when they thought that these threats were held and used by a party not sincere in their desire for this reform (for they had formally abandoned it in Convention as a remedy,) surely they must feel that party was committing the greatest of political sins. [Applause.] He (Mr. Macdonald) could understand an enthusiast, a one idead fanatic acting in this manner, and he might respect his sincerity—but when all these evils were to be inflicted on the country, when the stream of wealth and healthy emigration was to be diverted from us, when we were to have no longer peace in our borders, when all this ruin was to happen from the factiousness of a party, for partizan purposes only, the country must believe with him that the depth of political wickedness had been reached by them. And verily, verily, they would have their reward! Whenever a member of that party went

to the polls in Upper Canada and was opposed by a Ministerial candidate, whether Conservative or Reformer, the Opposition candidate would find himself confronted by the damning evidence of the political hypocrisy of his party and his party leaders, in such a manner as would overwhelm him with shame and convince the honest farmers of his constituency of the propriety, nay, the necessity, of repudiating his doctrines, and his disloyal principles. [Applause.] The yeomanry of Upper Canada were too intelligent and too loyal to their Sovereign and the best interests of their country, to allow themselves to be made the dupes of a parcel of political hacks, or calmly to suffer those great interests to be sacrificed for selfish and party ends. [Loud cheers.] On the heads and on the consciences of that party rested the responsibility of the evils which must result from the revolutionary sentiments which had been uttered, the unpatriotic threats, the disloyal language which they had heard, and the risk of ruin to our material and social progress. The people of Upper Canada would mark it, and as the crime was great, signal and condign would be the consequent punishment. [Hear, hear, hear.]

Hon. Mr. FOLEY—Call spirits from the vasty deep, and they will come.

Hon. J. A. MACDONALD did not doubt the people of Upper Canada would see the force of his argument, and that gentlemen opposite would discover, when they went to the polls, the woeful mistake which they had committed.

Mr. CONNOR—You are fond of prophesying.

Hon. J. A. MACDONALD—The honorable gentleman would see that he was a true prophet. [Hear, hear.] The honorable gentleman from North Oxford had referred to the platform of the Toronto Convention, according to which each section of the Province was to have a local Parliament for the purpose of managing its own affairs, with some "joint authority" for some other inexplicable purpose, which no mortal man knew. This "joint authority" he took it, must not be a mere governing power, but a legislative power. It must be so, if it had to settle the great questions which affected the whole country, and he gleaned as much from the speech of Mr. Brown at the Convention, where he said "the collection of Revenue to meet the necessary expenditure of the general government and the interest and the sinking fund of the public debt—the management of the Post Office—the control of the navigation of the St. Lawrence from Lake Superior to the Gulf, and the enactment of common commercial and criminal laws, would I apprehend embrace the main if not the sole duties entrusted to the central government." That was to say, every possible subject connected with life, freedom and property, must be legislated upon by the governing body; so that for all practical intents and purposes, the scheme was a most unwieldy one, for it resolved itself into one large Parliament and

two smaller ones. In other words, it would be exactly the same body that was now sitting here, with two others holding their sessions, the members for Upper and Lower Canada sitting in separate Committee rooms, as overgrown County Councils, and settling about roads, bridges, &c. And after all the question of Representation by Population would then present the same difficulty which it did now.—(Hear, hear,) It had been alleged that Upper Canada paid 70 per cent of the Revenue and would it not still insist upon having a proportionate representation in this Joint Parliament as it insisted upon having a preponderance now. (Loud cheers.) But they had a right to complain of hon. gentlemen, because if they sincerely thought that the "joint authority" scheme was a good one, it was their duty to press it on the Government, and this they had not done. The only feasible scheme which presented itself to his mind, as a remedy for the evils complained of, was a confederation of all the provinces. (Hear, hear.) But in speaking of a confederation he must not be understood as alluding to it in the sense of the one on the other side of the line. For that had not been successful. But when he said this, he did not say so from any feeling of satisfaction at such a result. Far from him be any such idea. He heartily agreed with the junior member for Montreal (Mr. McGee) in every word of regret which he had expressed at the unhappy and lamentable state of things which they now witnessed in the States, for he remembered that they were of the same blood as ourselves. He still looked hopefully to the future of the United States. He believed there was a vigor, a vitality, in the Anglo-Saxon character and the Anglo-Saxon institutions of the United States, that would carry them through this great convulsion, as they had carried through our mother country in days of old. (Loud cheers from both sides of the House.) He hoped with that hon. gentleman (Mr. McGee) that if they were to be severed in two, as severed in two he believed they would be, two great, two noble, two free nations would exist in place of one. (Hear, hear.) But while he thus sympathised with them, he must say, let it be a warning to ourselves that we do not split on the same rock which they had done. The fatal error which they had committed—and it was perhaps unavoidable from the state of the colonies at the time of the revolution, was in making each state a distinct sovereignty, and giving to each a distinct sovereign power, except in those instances where they were specially reserved by the Constitution and conferred upon the general government. The true principle of a confederation lay in giving to the general government all the principles and powers of sovereignty, and that the subordinate or individual States should have no powers but those expressly bestowed on them.—We should thus have a powerful Central Government—a powerful Central Legislature, and a powerful decentralized system of minor Legislatures for local purposes. (Hear, hear.) Take the plan of dividing Upper and Lower Canada

as proposed by the Toronto Convention, and where would be all their hopes of an assimilation of our laws? (Hear.) We were one people, having all our interests in common. An assimilation of our laws was being rapidly effected. Indeed, during the twenty years that the two Provinces had been united together, there had been a closer union effected than had been effected between England and Scotland with all the long years of union that existed between those two countries. [Hear, hear.] Besides having a common Parliament and a common Government, we had a common municipal law—a common educational system, and the same criminal and commercial law; and by the abolition of the Seignorial Tenure we were slowly but surely approaching the same manner of holding lands. By slow but sure degrees, they were becoming rapidly amalgamated; and when he looked back for twenty years, he was surprised and gratified to feel that the experiment had been eminently successful. Hon. gentlemen boasted of the majority obtained by them in Upper Canada at the last election—obtained by influences against the present Government, which he had already referred to and pressed on the attention of the House and through the House on the Country. Yet he had no hesitation in saying, as there were not two but three parties in Upper Canada, that he was not only at the head of the largest party in the House, but he commanded the largest united majority in Upper Canada. ["Hear, hear," from several members, and "oh, oh," from Mr. Foley.] The hon. gentleman might cry "oh," but the fact was, nevertheless, as he stated. Our first great consideration should be to calm this agitation. The true way to deal with the question was to consider it solely on its merits. Let every man who was in favor of Representation by Population go to the poll and fearlessly declare it, and every man who was against it, go likewise to the poll and make the declaration; no matter what their politics might be, let them fairly and candidly state, irrespective of every other consideration, whether they were or were not in favor of this principle. He would even go so far as to say, with the hon. member for East Durham, (Mr. Burton) that no matter what a man's political antecedents might be, if he was strongly impressed with the necessity of the principle, he ought to support any ministry which would undertake to carry it, and secure a majority in Parliament for that purpose. This question, like every other great question, must be left to work its way on its own merits. His hon. friend, the Postmaster General, had adduced proofs, which need not be again repeated, to the House, that all subjects of great public interest in England—Reform in Parliament, Free Trade, Catholic Emancipation, Repeal of the Corn Laws, and the abolition of the Slave Trade—every great question had been removed from the arena of party struggles and strife, and had worked their way upon their own merits. [Hear, hear.] So must this question; and after it had fairly worked its way by discussion in Parliament, by discussion at

the polls, by discussion in the Press, they could fairly assume that the public mind had been educated upon it, and that it was ripe for a verdict to be passed upon it one way or the other. But he must admit that it was in vain to hope that the question could be settled in the present temper of the two Provinces. The hon. gentleman opposite had laughed and jeered during the whole of this debate at the Postmaster General, because, being in favor of Representation by Population, he remained a member of the Government. Why, just look back to the 12th of July, 1858, and see what took place then. A motion was made on that day, similar to that now before the House, for the introduction of a Bill for readjusting the representation of the people in Parliament on the basis of population, and on the same day they found the majority of the hon. gentlemen opposite who voted with the hon. member for Toronto, voting in its support, and the whole of the hon. gentlemen who formed the Lower Canada section of the Brown-Dorion administration voting against it. A motion was at that time made to give the Bill the three months' hoist, and Messrs. Thibaudeau, Drummond, Dorion, in fact the whole of the Lower Canada members of Mr. Brown's Government, and the hon. member for Cornwall, one of the members from Upper Canada, voting to throw out the Bill on the first reading.

Hon. Mr. DORION—Not on the first reading.

Hon. Mr. CARTIER—Yes, it was the very same motion.

Mr. DUNKIN—And moved by the same member.

Hon. Mr. MACDONALD.—Yes, they all voted to throw out the bill at once, without even giving it the consideration of a second reading. On the 30th day of July—but a few days after this vote was taken—they found the hon. Mr. Brown and the hon. Mr. Dorion forming an administration and attempting to grapple with the question on which they had just before been seen to be hopelessly divided. How they did grapple with it might be inferred from the fact that after two years' experience, after two years' cogitation, the hon. member for Montreal would give precisely the same vote that he gave on the 12th day of July, 1858, and that although on the 30th July he formed a government to settle the question he was now about to vote against representation by population, and in favour of the motion for the six months' hoist, which had been seconded by his former colleague, the hon. member for Portneuf. [Hear, hear.] So that it was quite clear that neither the present government, nor any other government having a majority in the House, as at present constituted, could take up this question or settle it. He defied hon. gentlemen opposite to form an administration possessing the confidence of a majority in the House, whatever might be the result of next election, no matter what might be the character of their administration, whether it was formed exclusively by hon. gentlemen on the opposition benches, or whether it was a combination of parties of different political opinions; under the

feeling at present existing between Upper and Lower Canada, it was impossible that they could carry out the principle of representation by population. It must, therefore,be left to work its own way on its own merits. If it had real merits, if it had vitality, if it was a correct principle, if it was just alike to the people of Upper and Lower Canada, whatever might be the temporary feeling or prejudice against it, it would be found that in the long run, truth was strong and must prevail. As was the case in the other great questions it might take a long time to make a proper impression, but if it had truth on its side it certainly must and would become sooner or later the law of the land. If hon. gentlemen opposite would but reflect for a single moment they would see that by the course they were taking, making this a question of party, they were causing this to be a matter impossible to be carried out, and declaring to a certain extent that they themselves and those connected with them must for ever remain in hopeless Opposition. Surely there were questions enough besides this for them to quarrel about and make the subjects of party strife—surely they might put this one question aside, like the Slave Trade question in England, and not regard it as a question affecting one party more than another. They might leave this question to fight its own way. They could take up other issues on which to quarrel and divide; and if they would only adopt this course they would prevent the unwholesome, the unholy agitation now going on; they would avoid all the injury which would otherwise result to the national interests of the country; they would avoid all the agitation on this subject as a matter of party consideration at the polls. By setting it aside from party politics, they would preserve peace, prosperity and quiet to the land; but by making it a matter of party strife, they agitated the country from end to end and frustrated every possibility of its becoming the law. Agitation would set interest against interest, section against section, and prevent the possibility of its passing into law. [Hear.] Dissolution of the Union had been spoken of. But he really hoped that this had been held out as an mpty threat. He believed that the best interests of the Province were dependent on the continuance of the Union, and that our national prosperity and future greatness were involved in its being preserved intact. But before enlarging on this point, he desired to say a word on another subject. It was most unreasonable to expect the majority to yield to the minority. He believed that the majority of the people of Central Canada would be found to act with the Lower Canadians on this point. [Loud cheers from the Ottawa members,] If even, unfortunately, a dissolution of the Union were to take place, the people of Central Canada could not be expected to remain with Upper Canada. Supposing a dissolution to take place to-morrow, Upper Canada could not for a moment insist that the line should be run as in 1791. If the people of Central Canada desired to be connected with Lower Canada, Upper Canada must yield. The whole of the interests of

the country, from Kingston to the old Province line, the whole country lying between the St. Lawrence and the Ottawa, and the whole Valley of the Ottawa were inseparably connected with Lower Canada. Central Canada neither bought nor sold in the West. Montreal and Quebec were her markets, and indeed every element of her prosperity was bound up with the prosperity of Lower Canada. They could not expect for a moment that with all the advantages of trade and commerce in the East, Central Canada would consent to be joined to Upper Canada and allow herself to be cut off from the sea, and be separated from the sources of her prosperity, that, in short, she would look North and South, and West, and every where, but in the quarter from which her only help would come. [Hear, hear.] Draw a line between the two Provinces, and Upper Canada would be obliged to surrender this large and growing portion of her country, and it would also be found that the agitation for Representation by Population was worse than useless, for Central Canada would have given a preponderance of population to Lower Canada. Such must be the result of this cry of dissolution. (Hear, hear.) But he believed that that cry was a mere empty threat. He could not bring himself to believe that those by whom it was used were sincere. God and nature had joined us together. Stretched the full length along the Northern Shore of the great lakes and commanding the mighty St. Lawrence, we possessed the same common interests—interests which were only now beginning to be developed. Rapidly and steadily Lower Canada was becoming one of the most important manufacturing countries in the world. Upper Canada was increasing in an equal ratio in agricultural prosperity. Such was the rapid increase of this western world—such was the productive power of the west, that no European market would be found for its immense cereal productions, and Upper Canada must therefore look for a wholesome interchange of commodities with the Eastern Province, Upper Canada being the producer and Lower Canada the consumer, Upper Canada would send to Lower Canada the products of her soil, and Lower Canada return the fruits of her manufacturing industry, and thus, year by year, the Union would become a greater and still greater necessity. Would they consent to forego all these benefits, to scatter all these advantages, because of their determination to impose Representation by Population upon Lower Canada? Who could lay his hand on any serious evils that had occurred under the Union? For his part he was surprised at its marvellous success. When they considered that at the time of the Union the country was torn by domestic dissensions, and Upper Canada overwhelmed with debt, and that now because of the Union the country possessed the best credit in the world after the mother country, would they consent to a severance of that Union, because Upper Canada had a majority of a tenth or thereabouts over Lower Canada? We were now approaching to a population of 3,000,000 of people—we were approaching to the popu-

lation of the United States at the time they declared their independence, we were standing at the very threshold of nations, and when admitted we should occupy no unimportant position among the nations of the world. Long might we remain connected with Great Britain. He hoped for ages, for ever, Canada might remain united with the mother country. But we were fast ceasing to be a dependency and assuming the position of an ally of Great Britain.—England would be the centre, surrounded and sustained by an alliance not only with Canada but Australia, and all her other possessions; and there would thus be formed an immense confederation of freemen, the greatest confederacy of civilized and intelligent men that ever had an existence on the face of the Globe. (Cheers.) He hoped to live to see that day; and it would surely come, if our statesmen would only be patriotic enough to lay aside all desire to do that which tended to rend the existing Union and allowed us to continue to progress as we had progressed since 1840. He believed his hon. friend from North Waterloo was one of those who entertained feelings of patriotism and love of country, and that, though a strong party man he could, when occasion demanded, lay aside all party feeling for the good of the Province. He asked the hon. gentleman to carry out that principle on this question. Let him and all others return home, to the sphere of their influence and usefulness; let them use every legitimate means for the purpose of carrying out their views on the other subjects on which they had set their minds; but do not in the name of our common country, do not make this a matter of party agitation and party strife. Let each go home and imbue his neighbours as far as he could with his particular views on other matters; but let them all set aside party feeling in a matter of such vital consequence as this, and work together for the common good on the principle of Union, and not on the principle of one section fighting and striving against and seeking to annihilate the other. (Loud cheers.)

THE LAND PURCHASE AT SARNIA.

Speech of Mr. Macdonald in the Legislative Assembly, 17th May, 1861.

Hon. Attorney General Macdonald moved that the House at its rising do adjourn until eleven o'clock to-morrow. He made his motion, he said, for the purpose of having an opportunity of making the statement which he had promised to the House in reference to the purchase of land at Sarnia. While he was making a tour in the West last fall, he saw, to his surprise, certain charges against him, in different newspapers, as a member of the Government, and affecting others with whom he was connected, relative to this property. He took occasion to state to his own constituents at Kingston, and also at St. Catherines, from general recollection, all the facts

connected with the subject, and although there were some immaterial errors in that statement, he found that, upon the whole, it was correct in the most important particulars. On looking over the file of the leading paper of the Opposition, he found the charges set for that full length, in an article published 19th December, 1860. He presumed most hon. members had seen the article. He should not, therefore, trouble the House by reading it at length, but as it wound up by asking a series of questions, which shewed the nature of the charges brought against himself and Messrs. Gzowski & Co., with whom he had acted in this matter, he would only read that portion of it. But before doing this, he might take the opportunity of saying that he had taken occasion to look into the whole matter as it affected himself and those gentlemen, and he thought he should be able to convince the House that the property had been acquired fairly and legitimately. He knew how important it was that his character should be free from stain, having been so long in public life, and holding as he did now, and had done, most a prominent position as a public man. And it was important, too, that the character of the gentlemen with whom he had been associated in this matter should also be free from stain, because two of them were men of high position in public life—one of them being the present Finance Minister, and the other the Hon. Mr. Holton, a member of the Brown-Dorion Government, and the other two, although not gentlemen of political standing, were gentlemen of high standing in the private walks of life, as would be understood when he stated that one was Mr. Gzowski, and the other Mr. Macpherson. He stated at Kingston, and at St. Catherines, that this property at Sarnia, in which he had an interest—although a silent interest—was acquired by these gentlemen who were known as the firm of Gzowski & Co., before he was a member of the Government; in fact, when he was in the Opposition. The *Globe* of the 19th December, 1860, contained extracts from several journals on this subject, and an article of its own which wound up as follows :

" A few questions dispose of the whole case :

1. " Did Mr. Macdonald, as a Minister of the Crown, recommend a sale of public lands, in the purchase of which he was himself personally interested ?

2. " Were these lands actually sold to himself and his partners at a merely nominal price ?

3. " Did Mr. Macdonald and his partners afterwards sell those lands to a Bankrupt Railway Company, at an enormous advance ?

4. " How was this extraordinary sale brought about ; what motives and influences were brought to bear, to secure its accomplishment ?

5. " Did Mr. Macdonald at a public dinner given to him and his constituents, allege that the purchase of the lands was made while he was out of office, when the truth was that he was Attorney General at the time, and as such recommended the sale ? "

These questions were pertinent to the matter, and he should discuss them one by one. The first set forth that he was interested as a

purchaser with Messrs. Gzowski & Co. Now he should mention shortly how he became connected with it, and he would show the House and the country, that Messrs. Gzowski had every right to purchase—that they acted in a correct spirit—and that they offended against no law of the land, or of morality, or of property, or of honesty, or of honor. And that being the case—if these gentlemen acted only as they had a right to act—acquired property when they had a right to acquire it—he could not see how it could be said they were wrong in conveying an interest in that property to himself, or that he was wrong in acquiring it. It must be known to every member of the House, who was at all conversant with the railway transactions of Upper Canada, that the firm of Gzowski & Co., consisting of the four gentlemen he had named, originally became the contractors, under the local charter, of the road from Toronto to Guelph, and which road was afterwards extended to Sarnia. Subsequently, as they all likewise knew, this road became a portion of the Grand Trunk Railway, and these gentlemen, who had a contract originally from the local company, afterwards became the contractors for the construction of the Grand Trunk Railway from Toronto to Sarnia. As he believed had been the case with the contractors of almost every railroad in Canada, they were obliged, not only to construct the road but to purchase the right of way all along the line of the road. Of course it was their interest to purchase the right of way on as cheap terms as possible, and if it could be done, by voluntary arrangement. Where a voluntary arrangement could not be made with the proprietors, the law laid down the course that was to be pursued, and gave the company certain powers of acquiring lands for railway purposes, which they (the company) covenanted with the contractors to exercise on their behalf. In 1853, after the firm of Gzowski & Co., became the contractors of the Grand Trunk Railway, from Toronto to Sarnia, he (Mr. Macdonald) was employed in his professional capacity—he being then and having been for some years their legal adviser, to write formally to the respective officers or principal officers of Her Majesty's Ordnance, whose seat or head-quarters were at Montreal, respecting the purchase of all the property in their possession at Point Edward. At that time, as the House well knew, he was not a member of the Government, but was in Opposition, and continued so until the 11th September, 1854. He applied accordingly on their behalf, and this, he might say, was the commencement of the transaction connected with the property at Point Edward, and of his joint interest therein. In discussing the matter with them at the time, or shortly afterwards, they being all mutual friends, they came to the conclusion that, from the fact that Sarnia would be a depôt of the Grand Trunk Railway, as well as of the Great Western Railway, it might be a good place for those speculatively inclined to invest in. He ascertained that the hon. Malcolm Cameron had considerable property there, and that it might be well for them all to have a joint account

and interest in that and such other property as could be acquired there. At that time, the whole of the military lands were invested in the principal officers, or as they were commonly called "The Respective Officers" of Her Majesty's Ordnance. They had sole control under instructions from the War Office in England, and bought and sold just as they pleased. Neither the Provincial Government nor the Provincial Legislature had any thing to do in the matter,—nor had the Province any legal or equitable interest whatever in those lands. In this case, as in every other, the contractors attempted to make the purchase by direct communication with the parties interested, and on the 6th of June, 1853, he wrote the following letter:

KINGSTON, 6th June, 1853.

Gentlemen.—"The contractors for the construction of the Toronto and Sarnia Railway, find it necessary for their purposes to obtain the control of the Marsh and Shoal at Point Edward, in Sarnia.

"They are aware that this Shoal as well as the Point belong to the Military Government—and have therefore instructed me to apply for the right of occupancy. It is important that a title should be given them for as much of the Point and Bay, as is not absolutely required for military purposes - and for whatever may be reserved, for those purposes, they desire to obtain a license of occupation on the usual terms.

"As the place applied for is of little value, and as the dredging and filling up of the Marsh will increase the salubrity of the vicinity, and thus preserve the health of any garrison that may be stationed there, they trust there will be no difficulty in obtaining their object.

"The contractors are desirous of pressing their works with all speed, and will therefore be much obliged by your taking their application into your favourable consideration as early as conveniently may be."

I have the honor to be,
Gentlemen,
Your very obedient servant
JOHN A. MACDONALD.

Solicitor for C. S. Gzowski & Co., Contractors for the Western Section of the Grand Trunk Railway.

The Respective Officers,
&c., &c., Montreal.

This letter, it would be observed, was written by him on behalf of Gzowski & Co., as their Solicitor, and was an application for the purchase of the whole of the lands on their account or at all events of such as they were disposed to sell, and for the lease or right of occupancy of such as they did not desire to part with altogether, as was very customary with reference to Ordnance property. Its receipt was duly acknowledged, but as it was inconvenient for him to carry on a correspondence with the respective officers of Her Majesty's Ordnance, who were stationed at Montreal, the negotiation was carried on afterwards in that city by Mr. Macpherson and Mr. Holton,

two of the members of the firm. Having made this communication and received the usual acknowledgment, the application, he presumed, was forwarded to England. The next thing he heard of it was through a letter which he had received from Mr. Holton, at Kingston, where he was attending to his business. This letter was dated the 25th January, 1854, and the following was an extract from it :

"My Dear Macdonald—Elliott told me to-day that authority came by last steamer to let us have all the land not required for military purposes we want at Sarnia, on fair and reasonable terms, and that he proposes going up in the spring to determine what would be fair and reasonable."

Thus it would be seen that, in June 1853, he, on behalf of Messrs. Gzowski, made the application to the respective officers of Her Majesty's Ordnance, who, at that time had the sole disposal of this property, to purchase the whole of it from them, if they desired to sell it, and offering to lease such portion as they were obliged to retain, and that, in January, 1854, he was informed by Mr. Holton, who conducted the negotiations, that authority had come out to sell the property on fair and reasonable terms. He had, therefore, a right to say with truth as he did say at Kingston and St. Catherines, that Gzowski & Co., had made an offer to buy and rent, and the respective officers had accepted that offer long before he was in the Government. In 1855, a letter was received from the respective officers by the Government and there was a letter attached to it which came from the Lords Commissioners of Her Majesty's Treasury to the respective officers at Montreal, authorizing the disposal of the land. This was the first time he had seen it, for he had no means of knowing the correspondence between the authorities in England and the respective officers at Montreal. This letter was dated the 31st December, 1853, and was as follows :

(Copy.)

Office of Ordnance, 21st Dec., 1853.

No. 277.

Gentlemen.—The Lords Commissioners of Her Majesty's Treasury, have authorized the sale to the Toronto and Guelph Railway Company, at a fair and reasonable price, of the portion of the Military Reserve, at Point Edward and Port Sarnia, which is necessary for the extension of the Line of Railway across the Reserve.

I have received the Board's commands to notify the same to you, in reply to your letter of the 11th July last.

I have, &c.,

(Signed) G. BUTLER.

The Respective Officers,
Montreal, Canada.

This letter showed the carelessness with which business was transacted at the Board of Ordnance in England, because the application was made by him as the Solicitor, on behalf of the Contractors

of the Grand Trunk Railway, and not on behalf of the Toronto and Guelph Railway Company. Now, he had been furnished with so much of the correspondence between Messrs. Gzowski & Co., and the respective officers, as would indicate the course of the negotiations, and prove still further by whom and for whom the property was purchased. The first letter which he would read, was as follows :

OFFICE OF ORDNANCE,
Montreal, 6th July, 1854.

Messrs. GZOWSKI, & Co.
Toronto.

"GENTLEMEN,—I am instructed by the respective officers to return to you the plan of Port Sarnia reserve, upon which you will perceive the ground which it is necessary to retain for military purposes, has been marked (coloured yellow.)

"The commander of Royal Engineers has also marked on the plan, (colored pink) the ground applied for on a previous occasion, and also the track proposed for the railway. And the respective officers conceive there will be no difficulty in so running the line as to clear the space required for defence, and I am to state that on receipt of a revised plan, steps will be adopted to determine what portion can be leased, and what altogether disposed of to the Company.

"I have the honor to be,
"Your most obdt. humble sevt.
W. W. BLANKORNE."

Another letter was as follows :

OFFICE OF ORDNANCE,
Montreal, 18th August, 1854.

Messrs. GZOWSKI & Co.,
Toronto.

"GENTLEMEN.—With reference to your letter of the 9th instant, on the subject of Ordnance Land at Sarnia, we beg to acquaint you that no objection will be made to the establishment of the terminus of the railroad at the point A on the plan, but we are of opinion that the carriage-shop might be retired beyond the precincts of the block marked yellow, and the merchandize shed brought considerably nearer to the track and to the Point, with which alterations there would be no objection to letting the space outside the pencil lines with the restriction against the erection of any other buildings.

"As soon as your assent to these arrangements is notified to us, steps will be immediately taken by Mr. Elliott, to ascertain the value of the land to be sold and that to be let.

"The plan is requested to be returned.

We have the honor to be,
Gentlemen.
Your most obdt. humble sevt.
WILLIAM BELL,
Col. Com. R. Artillery.
W. P. WULFF,
Lt. Col. Com. R. Engr., Canada.
W. ELLIOTT,
O. S. Hd. Qrs.
W. W. BLANKORNE."

Here, then, allow him to repeat, was an offer made by the firm of Gzowski & Co., to purchase all the lands which the Ordnance Department had to sell at Point Edward, and to lease such of the property as the Department desired to keep; and following that offer there was a bargain struck and agreed to between the respective parties. At that time he [Mr. Macdonald] was not a member of the Government, but in hopeless Opposition. As he had already stated, when the negotiations were commenced, there was no ground to expect that any portion of the property would be handed over to the Province. The negotiations for the sale were commenced in 1853; they did not come to an end until 1854, but they were fully completed before he took office as a Minister of the Crown. The bargain was made whilst he was in Opposition, although it was perfectly true that the conveyance from the Horse Guards was not received until 1856. Now every lawyer and every business man will know that a bargain for a sale was concluded whenever the parties to it agreed upon the sale. So here, the bargain was obligatory on both parties so soon as the terms were agreed upon, and the conveyance subsequently received from Lord Panmure was not the sale, but simply the voucher or evidence that the sale had been made. He did not know why it took from 31st December 1853 to 1856 to complete the title deeds, but presumed it was caused by the communications between the respective offices in Canada, the War Office and the Treasury. Those delays were constantly taking place in England, in consequence of the immence amount of correspondence which was passed between the different Circumlocution Offices in England and between England and Canada. There was however the agreement to buy and the agreement to sell, and this bargain would have been held good had the deed not been made out for five, ten, or any number of years. The conveyance had the plan attached to it or drawn on its back, shewing distinctly what was wanted for defensive purposes and what for Railway purposes, and of course, any surplus land over those two requirements belonged to the purchaser, viz: the contractors, for their own use. The land conveyed amounted to some 600 or 700 acres.

Hon. Mr. GALT—600 acres.

Attorney General MACDONALD—600 acres. The price was fixed by the Ordnance Officers themselves. They had a right to demand a large price or a mere nominal sum, or give the land away if they liked; but whatever sum was asked and paid, he had personally nothing whatever to do with the negotiation, which was carried on by those associated with him in the purchase who lived in Montreal, and carried out the arrangements in that city. Of course they did the best they could for their own interests, and in so doing they could not be charged with impropriety in making a good bargain. They were not bound to look after the interests of the Treasury. The

respective officers were able enough to do that which it was their duty to do, but could Gzowski & Co., act more fairly than by leaving the respective officers the power of fixing the price themselves? The price demanded and paid could be a matter of no consequence to any one in Canada or the Province. The Imperial Treasury was alone concerned in the sufficiency or insufficiency of the price. He believed that there were not many members of the House who had had an opportunity of examining the property. But had they seen it as he had seen it, they would acknowledge that at the time the negotiations were pending, the land was of little value, and that it was not likely to become of value, except as the site of a railway terminus. The point was sandy, and behind it there was a tract of swamp covered with rushes, with occasional elevations or knolls with timber growing upon them. It was most uninviting and cheerless in appearance. In 1854 the bargain and sale was concluded with the exception of the price, which was left altogether to the respective officers to fix; he would here read an extract from a letter addressed to Messrs. Gzowski & Co., on the 14th July, 1855:

"I am instructed by the respective officers to acquaint you that there is no military objection to the disposal of the tracts designated "swamp, water and rushes and brush," on the enclosed plan; and 10s currency per acre is proposed as the price to be charged for the whole block, with the exception of the portion comprised within the radius of 300 feet (query yards?) round the projected work of defence for which an annual rent of £10 currency per annum will be required for a term of 30 years renewable, but resumable whenever the land may be wanted for purposes of defence or military occupation."

The contract was made between the parties before he (Mr. Macdonald) was a minister of the Crown, and the price was left by Messrs. Gzowski & Co., to the Ordnance officers themselves, by whom it was decided. The price demanded was satisfactory, and the property was at once accepted on those terms. Messrs. Gzowski & Co., wished to acquire the property as railway contractors, to build a station and to lay out building lots surrounding it, as had been done at other stations in Canada. It was a perfectly legitimate speculation. Like all other contractors, they took the contract for the purpose of making money out of it. Having stated thus much, he would allude to a charge which had been made. On the 23rd June, 1855, a letter was addressed by Mr. Meredith, to the officers of Her Majesty's Ordnance at Montreal, in which he stated: I am commanded by the Governor General to inform you that His Excellency has had under his consideration in Council your letter of the 22nd March last, inclosing a copy of a letter from the Board of Ordnance, authorizing the disposal to the Grand Trunk Railway Company of such portions of the Sarnia Reserve as may be required for the Terminus of the Railroad in that locality. In reference thereto I am to inform you, in reply to your inquiry upon that head, that no objection exists on the part of the Provincial Government to the ratification of the sale or lease of thelands in question upon the proposed understanding that the purchase money

shall be held available for payment into the military or Provincial chest, according to the result of the arrangements now pending in reference to the transfer of Ordnance Lands to the Provincial Government." That letter was published in the newspapers of this country, and commented upon. It was stated that he, as Attorney General, had recommended the ratification of the sale to put the money in his own pocket and to deprive the Province of the property. The previous explanation would have shewn that the arrangements were completed long before that letter was written. There was not the slightest necessity to have had any communication with the Government whatever. The Provincial Government had nothing to do with the sale, and the only reason, as it appeared to him, why they applied to the Government, was their reading of the consolidated clauses Railway Act, which merely provided that no Railway could take possession of military or naval reserves without the sanction of the Governor and the approval of the military authorities, but the act in point of fact had no bearing whatever on the case, as this was a case of bargain and sale between the respective officers and the contractors. The following was a copy of the letter forwarded by the Ordnance Officers to the Governor in Council, authorizing the disposal of the lands :—

(Copy.)

OFFICE OF ORDNANCE,

Montreal, 22nd March, 1855.

Sir.—We have the honor to transmit for the information of His Excellency the Governor General in Council, a copy of the communication from the Board of Ordnance, authorizing the disposal for purposes of the Grand Trunk Railway of those portions of Sarnia Reserve which are required for the Terminus of the work in that locality. *And to state that all the necessary preliminaries have been arranged as to the parts to be sold and the quantity of the Reserve to be leased,* and that it only remains to be ascertained, with reference to the contemplated transfer of Ordnance Lands to the Province, whether any objection exists on the part of Provincial Government to the ratification of the sale, with the understanding that the purchase money shall be held available for payment into the Military or Provincial Chest, according to the result of the arrangements now pending.

We accordingly request you will favor us by communicating the decision of His Excellency in Council upon this point as early as may be convenient.

The Honorable the Provincial Secretary, Quebec.

We have the honor to be,
Sir,
Your most obedient servants,

(Signed,) W. R. ORD,
Col. Cg. R. Eng.

(Signed,) WM. BELL,
Col. COWEN, Rl. Artillery.
(Signed,) I. J. ELLIOTT,
O's. Hd. Qrs., &c.
(Signed,) WM. H. BLENHAM.

It will be seen that Mr. Meredith's letter, which was published sometime ago and excited some remark, had omitted the important words "all the necessary preliminaries have been arranged as to the parts to be sold and the quantity of the reserve to be leased." When this despacth was received, the Provincial Government had no objection—of course they could have no objection—to the transaction. It had been said that the matter must have passed through his hands as Attorney General. But he had nothing to do with it as Attorney General. No point of law was involved, and it was brought before the Council as all other communiactions received through the Provincial Secretary. The Government could not object to the sale—the property had been sold, and they were bound to carry out the contract. In fact it was a mere matter of form. The lands did not belong to the Provincial Government, and they granted the Order in Council as they were compelled to do. It was by reason of no recommendation or report of his that the Order was issued. It was issued simply to carry out the law of the land, for the Statute of 1856 which transferred the Ordnance lands to the Province, provided that such transfer was "subject nevertheless to all sales, agreements, leases, or agreements to lease entered into with the officers, or by the principal officers of Ordnance empowered by them." Then, there were other charges which did not affect him or Messrs. Gzowski & Co., but the Hon. John Ross. Mr. Ross—although he had no interest in the world in the matter—was said to have joined in the conspiracy for the purpose of putting a sum of money into the pockets of Gzowski & Co., by injuring and robbing the Grand Trunk Railway of which he was President. The Ordnance officcers took the same course with respect to the Grand Trunk Railway as they did towards the Government. They said that they had sold to Messrs. Gzowski & Co., so much land, and they wrote to the Grand Trunk Railway Company to ask if the conveyance to Messrs. Gzowski, & Co., would be satisfactory to them. It was absurd to say that the Hon. John Ross connived against the interests of the Province in order to put money in the pockets of Messrs. Gzowski & Co., seeing that he had no interest in the matter one way or the other. Mr. Ross was not in the Government at the time. On the contrary, he was in decided Opposition. The Ordnance Officers sent to Mr. Ross, as President of the Grand Trunk, to know if the conveyance of the lands to Messrs. Gzowski & Co. was satisfactory to the Company. Mr. Ross sent for the Engineer of the Company, and desired him to look over the deed and see if it covered all that was wanted for a terminus and other railway accommodation. He replied that they were amply sufficient, and of course the Grand Trunk Company did not object. On this point, he had asked Mr. Ross for a note, and he had sent the following :

"THURSDAY.

"My dear Macdonald—

"In reply to your enquiry about the deed from the Ordnance Department for the Sarnia land, I need only say that the contractors, Gzowski & Co., were bound in their contract to provide right of way and station ground, the quantity of the latter to be determied by the Engineer of the Company. Poor Philpotts as you are aware was Solicitor for the Ordnance at Toronto, and in the autumn of 1856, he brought to me the deed from Lord Panmure to the contractors for the Sarnia, and informed me that the respective officers had directed him to obtain from me a certificate of the sufficiency of the deed, which after examination I gave, as it vested the property in the contractors, who were thereby enabled to convey to the Company such quantity as might, by the Engineer, be required for the purposes of the Company. Philpotts did not shew me his correspondence with, or instructions from, the respective officers, and why they desired my certificate I am unable to say. Philpotts was well aware that the Company could not legally hold more property than was needed for right of way and station ground, and must have been aware, I should think, that the contractors, in making the purchase, were acquiring more land than could be required for Railway purposes.

"JOHN ROSS."

The deed came from Lord Panmure, because the land was not vested in the Province. Had it belonged to Canada, the deed would have been signed under the great seal of the Province. But it was expressly exempted by the Act of 1856. To that act a schedule was attached of the property transferred from the Imperial Government to the Provincial Government. The schedule contained a list of all the reserved lands, except the land sold "to the contractors of the Grand Trunk Railway." That property was specially reserved in the Act. It was sold, not to the Grand Trunk Railway, but to the contractors. The letters he had read shewed this—that the sale was to Gzowski & Co., and that the plan shewed that a certain quantity was to be reserved for military purposes, another quantity for railway purposes and all the rest to go to Gzowski & Co. He was personally ignorant of the mode in which the negotiations were carried on, but had been kindly furnished with such papers by his partners as were necessary for his and their defence. He had no means of getting at or knowing the correspondence between the respective officers here and the War Office at home, but he would read an extract from the Montreal Commercial *Advertiser*, the writer of which was apparently possessed of reliable information:

"So explicit was the understanding that one of the Inspectors of Ordnance, Colonel Harness, we believe, after all the preliminaries had been arranged, reported strongly against the expediency of selling to the Grand Trunk Railway Company, a square mile of land instead of thirty acres, for which consent had been given, pointed out how great the value of this land would became from its situation at the terminus of the Railway, enabling them to create on it a city of 30,000 inhabitants, hostile in its interests to other parts of the country."

From this extract it is evident that the ordnance officers were not deceived into the opinion that the land was wanted for Railway pur-

poses only, for Colonel Harness is represented as stating that the land was not wanted for Railway purposes but was sufficient to build a city of 30,000 inhabitants upon, and he therefore opposed the sale. He (Mr. Macdonald) had not seen it, nor had Gzowski & Co., seen it; having said so much he would come to another point in the attack made upon the Government. One of the questions put to him by the *Globe* was whether he had not, to use a familiar phrase, put the screw, as a member of the Government, upon an insolvent railway company to compel them to purchase the land at a large price. Now he had never sold the land or any portion of it to the Grand Trunk Railway or to any other Company or person, nor did he enter into any negotiation for the sale or speak to or attempt to influence any Company or person to buy. He sold to his partners Gzowski & Co., all his share in the properties they jointly held at Sarnia and had no interest in any disposition they made of the property. He had no communication with its partners whatever except that the property was likely to turn out well as they had received an offer for a portion of it. It must be remembered that he (Mr. Macdonald) was also interested in 2008 acres of land at Port Sarnia which he had purchased from the Honorable Malcolm Cameron for £5050. The deed conveying the property was dated September 24, 1853, and the land was bought on the joint account of Messrs. Gzowski and himself, as other land. When he sold out to his other partners, he sold out the interest he possessed in all the lands. He was not ashamed to state the reason which induced him to sell. It was because, like many others in Upper Canada, he had in 1852 and 1853 speculated too freely; and when he received a fair offer for it from Messrs. Gzowski and Macpherson he was glad to dispose of it, If the sale to Gzowski and Company was a fair and honest sale, there was no reason why he [Mr. Macdonald] should not be concerned with them in the purchase, and if the Grand Trunk Railway had wished to get the whole of that property, there was no reason why he should not have continued his interests and have sold out at such a price as he could. But in the first place the Grand Trunk Railway could not buy more than was wanted for Railway purposes—they had marked out the 43 acres they required and could not hold more without a direct breach of their charter—and in the next place the sale was not made by Gzowski & Co. to the Grand Trunk Railway. Gzowski & Co. did not even know who the purchasers were, and he would read a letter from Mr. Blackwell with which they had furnished him for the purposes of showing this fact.

Toronto, Aug. 18, 1853.

C. S. Gzowski, Esq., Toronto.

Dear Sir.—Referring to our conversations on the subject of your proposals to sell to my friends in England that part of your property near the mouth of the St. Clair River, on the Point at Sarnia, I conclude at once to accept your offer of the 1084 acres (less the reserve for railway purposes of 25 acres) for the

gross sum sum of thirty thousand pounds currency, five thousand pounds being paid down and the balance with interest at 6 per cent per annum within ten years; interest to run from the 1st October, 1858, and to be payable half yearly on the 1st of October and 1st of April respectively in each year; the purchaser having the right to pay off the remainder of the principal before it becomes due on the first of October, 1858, in such sums and at such periods as he may find convenient, and in the event of partial payment being made, interest at the rate of 6 per cent per annum to be allowed thereon.

On the execution of the deeds a mortgage for the remainder of the purchase money (viz. £25,000 cy.) in accordance with the foregoing terms to be executed and delivered.

On receipt of a letter from you confirmatory of the foregoing arrangement, will arrange for the payment of the deposit of £5,000 forthwith.

I am,
Dear Sir,
Yours faithfully,

Signed,

THOS. E. BLACKWELL.

These friends had evidently purchased, on private advices from Mr. Blackwell, and there could be no doubt that Messrs. Baring or Glynn or both were those purchasers. The means he had of showing that was the letter put into the hands of shareholders of the Grand Trunk Railway by Mr. Blackwell, as follows :

Extract of a Letter from Thomas Baring, Esq., to Thos. E. Blackwell, Esq., London, 4th June 1858.

PURCHASE OF LAND AT PORT HURON AND SARNIA.

" I presume the Company, as such, cannot buy, otherwise it would be ad-
" vantageous for it to do so ; but at any rate a large command of space ought
" to be reserved for the terminus, so as to have plenty of room. It might be
" objectionable for a director or official to be a purchaser or speculator, but on
" talking over the matter with some of my co-directors it is thought advisable to
" make sure of the option of what is valuable, saleable, and eligible at either of
" the above mentioned termini by paying a deposit on the purchase if required.
" Perhaps the new Junction Company to Detroit may have the power of holding
" land, which would add to the temptation of its shares. At any rate, relying
" on your discretion, you are authorized to secure what you think fit, and to
" draw for a moderate deposit on Baring Brothers & Company."

The sum of £10,000 sterling has been paid, and appears in the Company's accounts.

It was subsequently arranged that I should take the deed for the estate and give the usual mortgage, and that I should execute a deed declaring that I held the deed in trust for other parties for the benefit of the Company. These are the only sums the Grand Trunk Company has paid on account of these lands—the balance of the purchase money being spread over several years: and I assert that the money which has already been paid does not exceed one half of what they would have had to pay in cash for the quantity of land and frontage which the Company actually required and took at the time the line was opened to Sarnia. I therefore still consider the purchase to have been a good one ; and in this opinion I am borne out by many others who are well qualified to express an opinion. Recent purchases have fully confirmed the view I took.

(Signed) THOMAS E. BLACKWELL.

What the exact nature was of the reasons which urged Mr. Blackwell to induce Mr. Baring to buy, he could not say, except so far as was shewn in those papers, and he concluded that Mr. Baring finding himself charged with acquiring property in speculation stated that he held it for Grand Trunk Railway purposes. He had since heard that the Grand Trunk Railway Company had repudiated the transaction. But he (Mr. Macdonald) had neither sold to Mr. Blackwell, Mr. Baring or any body else further than giving up his interest to his partners. In order to clear away the last portion of this charge against himself he had taken occasion to write to Mr. Blackwell the following letter:

(Copy.)

QUEBEC, March 4, 1861.

MY DEAR SIR—With reference to the purchase of the Point Edward property, at Sarnia, from Gzowski & Co., through your agency, you will oblige me by answering the following questions:

1. Did I ask you, directly or indirectly, verbally or in writting, to purchase this property or any part of it?

2. Had I at any time, any communication, directly or indirectly, with you on the subject of this property or any part of it?

3. Were you aware at the time of the negotiation with or purchase from Gzowski & Co., that I had any interest in the property?

You, of course, understand that I desire your letter for the purpose of using it for my own justification.

Yours very truthfully,

J. A. MACDONALD.

T. E. BLACKWELL, Esq., Montreal.

The answer from Mr. Blackwell was as follows:

MONTREAL, March 6, 1861.

MY DEAR SIR.—With reference to the purchase of the Point Edward property at Sarnia, referred to in your letter of the 4th instant, and the receipt of which I now beg to acknowledge, I have no difficulty in answering each and all of your question in the negative.

The only persons whom I knew in the transaction were Messrs Gzowski and McPherson, nor did I know, until the 28th of November last, when sailing out of Boston habor on my way to England, that you had even held any interest in that or any other property at Sarnia.

On the occasion referred to I was informed by a mutual friend of ours that you had once held property there, but for the reason I before mentioned, the information had no effect in reference to the purchase.

I am confident that you never asked me, directly or indirectly, nor did any friends of yours, in or out of the Government, so far as I am aware of, press upon me, recommend or influence me in the judgment which I held, which I still hold, and for which I alone am responsible.

I am, my dear Sir,
Yours very truly,

THOS. E. BLACKWELL.

The Hon. JOHN A. MACDONALD.

He would now in conclusion again reply briefly to the questions of the *Globe*. It asked :

1st. " Did Mr. Macdonald, as minister of the Crown, recommend a sale of public lands in the purchase of which he was himself personally interested ? "

That he did not, in any way whatever.—There was no necessity for the Government even being consulted about the sale, the question was never referred to him as Attorney General, it was reported on by the Provincial Secretary, and so much as a matter of course that he had utterly forgotten, until it was brought to his attention recently, that there had ever been an order in Council about the matter at all. [Hear.]

2nd. Were these lands actually sold to himself and his partners at a merely nominal price."

He had stated that the lands were sold at a price fixed upon by the respective officers; there was no huckstering about the matter at all—nothing was done to induce the officers to sell the lands except at such a price as they chose, for no one knew better than the officers themselves that they could not be forced to sell except they chose, unless for strictly railway purposes ? [Hear.]

3rd. " Did Mr. Macdonald and his partners afterwards sell these lands to a bankrupt Railway Company at an enormous advance ? "

The lands were not sold by him at all except to his partners, and those gentlemen did not sell to the railway but to Mr. Baring. [Hear.]

4th. " How was this extraordinary sale brought about ? What motives and influences were brought to bear to secure its accomplishment ? "

The motives he had explained—he had shewn that no influence had been exercised, and that he had no interest in the sale.

5th. " Did Mr. Macdonald at a public dinner given to him by his constituents allege that the purchase of the lands was made when he was out of office, when the truth was that he was Attorney General at the time, and as such, recommended the sale ?

He had fully answered all that—the sale was completed—the whole transaction was finished before he was in office—and could have been enforced by law against the respective officers in this country. What he had stated to his constituents was therefore true in every respect, true in spirit, true to the very letter.—[Hear, hear.] If there was any man in that House who could lay his hand on his heart and say conscientiously that neither directly or indirectly had he used his position, it was he—He stood free, as free as any one there, and as did also Messrs Gzowski & Co. his co-proprietors from any transaction except such as honest men in any position had a right to engage in. [Loud cheers.]

MR. FOLEY JUSTIFIES MR. MACDONALD.

LEGISLATIVE ASSEMBLY, 8th May, 1861.

Mr. FOLEY rose and said—he regretted he was unavoidably absent, the night before, when the Attorney General West was making his explanations about what had been termed the Sarnia job—

Mr. SPEAKER.—Order, order.

Mr. FOLEY begged pardon for alluding to a previous debate, but wished to say in referenee to the matter which was then under discussion—

A VOICE.—You did not hear the discussion.

Mr. FOLEY said it was true he had not heard the discussion, but he had that morning seen the documents and the papers brought down by the Attorney General and read a sketch of the debate.

Mr. SPEAKER.—Order, order, order.

Mr. FOLEY could not let slip this the last opportunity he had in that Parliament of saying that the explanations of the Honorable Attorney General met with his hearty approval. [Loud cheers.]

Appendix B.

REPORT OF THE MINISTER OF FINANCE OF CANADA.

To His Excellency the Right Honorable Sir EDMUND WALKER HEAD, *K. C. B., Governor General of British North America, &c., &c., &c.*

MAY IT PLEASE YOUR EXCELLENCY:

I have now the honor to submit to Your Excellency the Public Accounts, and the Trade and Navigation Returns for the year 1860.

The Report of the Board of Audit, certifying the accuracy of the Public Accounts, and explaining the mode in which the transactions connected with the Public Debt are treated, is also herewith submitted.

The magnitude of the transactions connected with the Public Debt is such, That I consider it will greatly simplify my analysis of the accounts for the year if, in my present review, they are entirely separated, and considered wholly apart. It would, manifestly, only lead to future confusion to treat these items as properly belonging to any one year.

The intention of the Legislature, in sanctioning the operation, was mainly, if not wholly, with the view of introducing a great reform into the system of contracting Public Debt—to effect the best terms now as regards the annual charge for interest—and at the same time, to make an easy and lightly-pressing provision for its ultimate and complete future extinction. It now becomes my duty to show the extent to which the measure of conversion has been carried—the cost of the operation—the annual saving effected—and the amount of Debt which, under the authority of Parliament, will be henceforward in process of gradual but certain liquidation.

The Act passed in 1858 first authorized the issue of Consolidated Stock, but being found defective, it was amended in 1859, and Parliament then sanctioned the creation of new 5 per cent. Stock, or Bonds, to be exchanged, at their relative value for our then existing Provincial Debt, both direct and indirect; and also, for the redemption, in cash, of certain portions of the said Debt. Although a considerable amount of Debentures (about $2,900,000) were redeemed and purchased in 1859, it was not until the very close of that year that the state of the London Money Market permitted the attempt to carry out the main object in view. During the last Session, information was laid before Parliament of the steps taken in regard to the new Loan and conversion; but from the nature of the terms offered to holders of the existing Debt, it was at that time impossible to foretell the extent to which the operation would be carried. The Accounts now show the result up to 31st December last; but being necessarily confined to the tranctions of the actual year, they would fail to convey a correct or complete exposition of the results arrived at, based upon the legislation of 1858 and 1859.

The Public Debt, in 1858, consisted of the following items:—

1. The ordinary Provincial Debt, bearing generally 6 per cent. interest, and including the Bonds issued in aid of the Railways - - -	$37,395,775 18
2. The Municipal Loan Fund Bonds, secured upon those special funds, bearing 6 per cent. interest	9,057,792 00
3. Miscellaneous Securities issued for various Trusts, bearing 6 per cent., and in some few cases even a higher rate of interest - - - - -	1,138,837 97
4. And the Imperial Guaranteed Loan of $7,300,000, bearing 4 per cent. interest, with a Sinking Fund of 4 per cent., in addition to accruing interest thereon - - - - - - -	7,300,000 00

The charges upon the Revenue, in regard to the three first items, were for interest only, and the mode in which it was proposed to deal with them, consisted as regards—

The First Class—in the substitution, at their relative value of 5 per cent. Bonds or Stock, irredeemable for 25 years, and afterwards, at the option of the Government.

The Second and Third Classes—to raise by the issue of undoubted 5 per cent. securities the means to purchase or redeem those which were of less valuable character, from wanting the direct engagement of the Province.

In the case of the Imperial Loan, it was desired to effect such a change in its terms, as would relieve the Provincial Revenue from the very heavy charge for the Sinking Fund, (4 per cent. per annum), and also to secure such an alteration in the investment of the Sinking Fund as would cause it to become a source of Revenue.

As regards the last item, the transaction has now been fully completed, and its results can be distinctly stated.

Amount of Loan - - - - - - - -		$7,300,000 00
Portion of Sinking Fund applied in 1858–'59, in purchase of £174,000 India Bonds, at 4 per cent. interest - - - - - - - - -		805,085 28
Sale of 3 per cent. Consols, £619,030 7-5ths Sterling, producing at 95 per cent. - - - - - -		2,861,983 75
Balance required for purchase of £1,326,500, 5 per cent.; India Stock, at 102½ -	$6,614,530 00	
Less - -	2,861,983 75	
		3,752,546 25
Proportion of cost of Management, and Discount on new Loan.....		53,678 00
Total cost.....		7,473,293 28

for final redemption of Imperial Loan, including, as shewn by the Auditor's Report, $150,630 72c. discount on 3 per cent. Consols, which must have been sustained either in greater or less degree, according to the state of the Money Market, whenever sold; and also, $161,330 premium on Indian Stock, which is in like manner shewn as probably to be realised as the securities are sold to pay off the original Loan.

Deducting the amounts realised from the formerly existing Sinking Fund, new Debt has been created, for the purpose of making these investments, equivalent in amount to the Imperial Loan, including all discount and charges, of $3,806,224 25c., creating an annual charge for 5 per cent. interest and ½ per cent for Sinking Fund, of $209,342 33 c., in lieu of that previously existing, viz.: 4 per cent. interest and 4 per cent. Sinking Fund, on $7,300,000 or $584,000, or a reduction of immediate burden of $374,657 67c.

For the perfect understanding of this transaction, it must be noticed, that the former Sinking Fund would have amounted, at 31st Decem-

ber, 1859, to $3,817,699, yielding $114,530, while, by the change of investment, it now produces on the net amount, deducting discount on sale of Consols, $177,068, yielding a positive gain of $62,538 per annum, until absorbed by the payment of the Imperial Loan.

This will be gradually modified, as in future years the original Loan is paid off; but the immediate positive gain in investment, and relief in annual charge, is very evident.

The total amount of new Securities issued during the year, being the gross amount of the 5 per cent. Debt, has been as follows:

Bonds		$24,937,857 70
Inscriptions of Stock,		2,326,154 07
		$27,264,011 77
From this amount, deducting the sum raised in connection with the Imperial Loan		3,806,224 25
There remains		23,457,787 52
Of this amount there has been applied in redemption of £2,106,000 Sterling, of the former 6 per cent. Debt, held in London, $11,504,245 59 shewn as follows:		
£2,106,000 Sterling	$10,249,200 00	
Premium of Exchange of 5's for 6's, according to established rate of value	1,219,353 31	
Expense of Conversion	35,692 28	
		11,504,245 59
And there remains the sum of		$11,953,541 93
Which has been thus applied:		
Proportion of discount and management		$ 300,359 00
Debentures redeemed in Cash		6,098,574 00
Applied to extraordinary Service of 1860	$1,263,332 00	
Applied to ordinary Service	768,793 35	
Excess of payments on Special Funds	13,121 00	
Investments on Call	949,117 00	
and Cash Balances	2,305,928 00	
		5,300,291 35
		$11,699,224 35

The difference consisting of the unclosed accounts with the Agents.

Before, however, leaving the question of the redemption of the 6 per cent. Sterling Debt, it is important to shew its future bearing on the questions, of its present annual charge, and of the future Debt of the Province.

There has been redeemed the sum of (£2,106,000 sterling), $10,249,200 which bore Interest at 6 per cent.....		614,952
To effect the redemption there has been issued, as shewn, including all costs of operation, $11,504,245. which bears 5 per cent. interest.....	$ 575,212	
and ½ per cent. Sinking Fund.....	57,521	
Total annual charge.....		$ 632,733
Increase of present charge.....		$ 17,781

It will therefore be observed, that by the small annual additional payment of $17,781 over the former charge for interest alone of $614,952—the means are absolutely provided for the entire liquidation in fifty years, of an amount of debt equal, before the conversion, to $10,249,200.

The new Stock and Bonds are guaranteed to bear 5 per cent. interest for twenty-five years. After which they are redeemable on six months' notice by Government. Should, therefore, the credit, of the country improve, as may be hoped, it may hereafter be possible to replace them by securities bearing a lower rate of Interest—by taking advantage of a favorable money market. The Province is also protected against the risk of an unfavorable market when the former debt matured—which being payable at a specific date, must have been met.

The Auditor's Report states the whole outstanding debt, direct and indirect, at - - - - - -	$65592469
But from this must be deducted the amount of Indian Government Stocks held in trust for the Province, by the Imperial Treasury, to pay at maturity the Imperial Loan of - - - - - - -	7300000
The actual debt of the Province, inclusive of every engagement, direct and indirect, in the hands of the public for which its credit and revenues are in any way pledged, is therefore - - - - - -	58292469

Of this debt no less a sum than - - - - -	27264011
is represented by the transactions for the conversion, and by the moderate Sinking Fund of ½ per cent., this large sum will be wholly extinguished within fifty years, provision having been thus made for its gradual liquidation ; there, therefore, remains the sum of - - - - - - - - - -	31028454
to be hereafter paid off or converted. Of this amount there were outstanding at the 1st January, in Municipal Loan Bonds, which are called in and will be paid off from unappropriated proceeds of Loan, -	2936544
Reducing to - - - - - - - - - -	$28081910
the unprovided debt, and making the total - -	$55345925

bearing interest at the following rates :

Old Debentures 5 per cent.,	$922821	$46141
do 6 do	27130463	1627827
do 8 do	28630	2290
New do 5 do	27264011	1363200
Total, - - -		$3039478
Less.—Interest on Indian Stock, -	$356532	
Deduct 4 per cent on Imperial Loan, -	292000	64532
Annual Interest, - - - - - - - -		$2974946
Sinking Fund, new loan, ½ per cent. on $27264011		$136320
Total charge for Public Debt on Securities issued,		$3111266

It is not necessary to advert here to the engagements of the Province towards Special Funds which are more or less under the control of Parliament ; nor to the receipts on the Indirect Debt from the Municipalities, Railway, &c., these are noticed in the Auditor's Report as affecting the amount to be annually provided, but they do not modify the position of the Province towards the Public Creditor, which it is my present object to state.

The Ordinary Income and Expenditure of the year now closed presents no unusual features, and, being set forth in full detail, requires no particular remark.

ORDINARY INCOME.

Customs,	$4756724 18
Excise,	306536 35
Post Office,	405317 38
Territorial,	644806 41
Public Works,	286226 25
Miscellaneous—including interest on Investment and Advances,	797411 37
Special Revenues,	244907 34
Guaranteed, &c., accounts—less advances repaid.	673796 03
	$8115725 31

ORDINARY EXPENDITURE.

Interest on Public Debt, and charges,	$3803685 40
Sinking Fund—New Loan,	34066 67
Civil Government,	423100 02
Administration of Justice, East,	338168 15
Do. West,	313884 51
Police,	30850 79
Penitentiary,	101721 45
Legislation,	472553 54
Education, Hospitals and charities, &c.,	1001820 44
Militia,	107380 55
Public Works,	679029 41
Ocean and River Steam Service,	483658 38
Collection of Revenue, except Public Works and Trust Funds,	927579 46
Miscellaneous,	167019 89
Total.	$8884518 66

It will be gratifying to observe the large and steady advance made in the revenues derivable from those sources which best indicate the material progress of the country.—The Customs and Crown Lands Returns shew the extent to which the great interests of the country have revived from the shock of the successive bad harvests and crisis of 1857 and 1858.

The reduced Returns from the Public Works is wholly attributable to the liberal policy adopted last year of removing the burthen of

Tolls from the trade of the country, and was fully anticipated. The effect of the relief thus afforded to the trade, and consequently the benefit derived to the great agricultural interest, is best shewn by the Trade Returns, which give the following comparative results:

	1858	1859	1860
Tonnage of Property up and down			
Canals - - - - -	2,025,254	2,147,794	2,583,701
" Vessels " "	2,712,393	2,455,021	3,031,100
Total - -	4,737,647	4,602,815	5,614,801

Considering that it was the latter end of May when the new policy came into force, and that therefore the early spring trade had already received its direction, it is very gratifying to observe the marked increase. And from the great activity now observable among our shipowners engaged in the western trade, it may be hoped that from its magnitude the small loss of revenue will ere long be partially—or in whole—made up, even at the very reduced rates now in force. In all cases where burthen has been removed in other countries, the loss of revenue has necessarily been immediate, while time could alone shew the effect of the relief. In the present case, the increased movement through our Canals has given a great development to our commerce, and must have amply compensated even during the present year for the nominal loss of revenue.

The amount received for Ocean Postage has proved less than was anticipated, owing to difficulties having arisen in the detail of mail exchanges with Great Britain and Foreign Countries. These are now wholly removed, and there seems no reason to doubt that the increased subsidy granted last year to our Ocean Line will be fully met from foreign postages.

The expenditure from Special Funds has been.	$990,721 09
The receipt of do have been.....	977,600 07

The following items of outlay, peculiar to the year, have also taken place:

Permanent Public Works at Ottawa and elsewhere.....	721,151 00
Reception of H. R. H. the Prince of Wales.....	204,884 07
Purchase of Tug Steamers.....	93,544 00
Advances to Ocean Line of Steamships on security of new ships to be repaid from subsidy of 1861.....	189,619 98
New Coinage.....	10,727 59
Miscellaneous advances.....	43,406 18
	$1,263,332 82
The Post Office is also charged with the settlement of outstanding accounts with Railways, prior to 1858, of	256,891 97

The item of Miscellaneous Revenue appears increased by sale of new coinage and profit thereon, $229,691 33.

The summary of the year's transactions, excluding the special funds and redemption of debt, Public Works, and other items, for which special Parliamentary provision has been made—or which are, in the nature of advances to be covered by the authorized service of 1861—and also excluding the arrears of Mail service for 1856-'7-'8—will be found to amount to $8,884,518 66—against which the Receipts from all sources, ordinary and incidental, have amounted to $8,115,725 31. The apparent deficiency, $768,793 35, is, however, really subject to considerable reduction—upon the final adjustment of the Interest accounts connected with the conversion of the Public Debt, as referred to in the Auditor's Report. It has in great part arisen from the increased charges for Interest on the Public Debt, which are fully borne upon the Accounts for 1860—and which, as has been shown, will present in 1861 a much decreased charge.

As the year now commencing is that wherein the results of the last decade are demonstrated by the census returns, it may not be considered improper briefly to review the state and progress of the Province, as shown in its Departmental returns, as well as in the Accounts of its Revenue and Expenditure during the period since the last census.

The following Table gives the results of the Immigration by sea during each of the last ten years. It is instructive as showing the extent to which it has fallen off, and indicates the propriety of adopting measures whereby the surplus population of Europe may be induced to select new homes upon the fertile lands of Canada. To Emigration the Province is principaly indebted for its progress; and in no way can the material wealth of the country be so rapidly increased, and its burdens of taxation so easily diminished, as by the introduction of industrious and frugal emigrants from the British Isles and Europe. No doubt the diminution in numbers for the last three years is mainly attributable to the failure of the harvests in 1857 and 1858, and consequent entire absence of employment for those emigrants who have to rely at first upon their daily wages; but, now that this cause is happily removed, it may be hoped that the diffusion of information, coupled with a systematic plan for protecting and caring for those who seek our shores, will speedily again restore the flow of capital and labor, by which the Province has heretofore gained so largely.

Country.	1851.	1852.	1853.	1854.	1855.	1856.	1857.	1858.	1859.	1860.
England	9677	9276	9585	18175	6754	10353	15471	6441	4846	6481
Ireland	22381	15983	14417	16165	4106	1688	2016	1153	417	376
Scotland	7042	5477	4745	6446	4859	2794	3218	1424	793	979
Germany	870	7256	7456	11537	3597	4537	4961	922	966	533
Norway					1267	2806	6407	2656	1756	1781
Lower Provinces	1106	1182	496	857	691	261	24	214	...	...
Total	41076	39176	36699	53183	21274	22439	32097	12810	8778	10150

In connexion with immigration, it is interesting to note the progress of settlement in the two sections of the Province; and there is, therefore, subjoined:

SCHEDULE of Lands Surveyed and subdivived into Farm Lots, from 1851 to 1860, inclusive.

Year.	Lower Canada.	Upper Canada.
	Acres.	Acres.
1851	130400	266856
1852	544700	423275½
1853	355250	1034906
1854	220950	311326
1855	471916	179830
1856	280420	560955½
1857	210000	290690¾
1858	214608	307559¼
1859	366495	717046
1860	328639	403349
Total Acres	3123378	4495794

STATEMENT of the number of Acres sold and Amount of sales in Upp r and Lower Canada, from 1st Jany., 1851, to 31st Decr., 1860.

Date.	Crown Lands, U. C.	Amount of Sales.	Crown Lands, L. C.	Amount of Sales.	Clergy Lands, U. C.	Amount of Sales	Clergy Lands, L. C.	Amount of Sales.	Common School Lands.	Amount of Sales.	Grammar School Lands.	Amount of Sales.
	Acres.	£ s. d.	Acres.	£ s. d.	Acres.	£ s. d.	Acres.	£ s. d.	Acres.	£ s. d.	Acres.	£ s. d.
1851	81949	34014 2 9	115906	18091 12 5	91706	53868 16 2	11175	3066 2 0	52964	34963 3 6	4137	2209 10 9
1852	50837	16774 6 9	17373	2871 0 8	94941	39488 9 3	10363	2994 7 9	65311¼	31457 10 0	6649	5906 3 9
1853	235228½	76568 8 1	20831	2837 9 8	150809	81826 4 6	14983	3155 1 0	177483½	84713 16 6	3522	1592 4 7
1854	529180½	184000 4 2	71943	8365 15 0	127638	61671 0 0	19501	4997 11 4	304985½	153665 7 0	3369½	1514 8 3
1855	461368	164833 11 9	65855	7175 7 2	129037¼	92823 13 1	9731	3704 6 11	312393	159143 18 1	1097	689 13 6
1856	140520	52319 9 4	46118½	5145 15 3	81086½	66150 0 7	12473½	2678 13 5	47725	31835 19 0	2340	1906 15 3
1857	122119¾	48921 2 11	34064	3737 8 5	59937¼	43356 11 10	5221	1419 12 8	9978½	9213 2 0	7630¾	47417 12 0
		577431 5 9		48224 8 7		439184 15 5		22015 15 1		504992 16 1		61236 8 1
		$ cts.		$ cts.		$ cts.		$ cts.		$ cts.		$ cts.
		2309725 15		192897 72		1756739 08		88063 02		2019971 22		244945 62
1858	121603	138693 06	49143	22249 10	25812¼	58761 99	4116	3809 53	3571	9930 40	5644	11469 00
1859	167196¼	174470 27	132422	76960 47	75698	181944 04	15031	18980 21	5852	13392 20	5247½	9447 92
1860	126413	144840 12	290026	149063 41	62522¼	174808 70	44545	34455 69	3221⅛	10006 60	6900¼	11403 93
	2036415	2767728 60	843681½	441170 70	899187½	2172253 81	147139½	145308 45	983484⅞	2053300 42	115208	277266 47

RECAPITULATION.

	Acres.	$ cts.
Crown Lands, C. W.	2036415	2767728 60
Crown Lands, C. E.	843681½	441170 70
Clergy Lands, C. W.	899187½	2172253 81
Clergy Lands, C. E.	147139½	145308 45
Common School Lands.	983484⅞	2053300 42
Grammar School Lands	115208	277266 47
Total	5025116⅜	7857028 45

Of the lands thus surveyed, and with those previously open for settlement, the following statement shows the disposal:

To render the unoccupied parts of the country accessible, there have been constructed, since 1853, under the name of Colonization Roads—In Upper Canada, 481 miles of new Road; and, in Lower Canada, there have been either constructed or aided, 1,458 miles—the amount of outlay in the two sections being equal; but, in Lower Canada, not confined with equal strictness to Roads through wholly new territory.

The development of the vast trade in Lumber is well shown by a comparison of the gross receipts from Woods and Forests:—

1851 - -	$108,620	1856, including slides,	$246,801
1852 - -	164,958	1857 - - -	244,922
1853 - -	247,429	1858 - - -	308,830
1854 - -	183,028	1859 - - -	309,486
1855 - -	202,427	1860 - - -	371,841

The Returns furnished in this year's Report of the Postmaster-General, indicate the progress of the country, as shown by its correspondence—while the rapid increase in the number of Offices, and miles of mail travel—prove the efforts made to meet the demands and necessities of the country. I copy from that Report the following—

COMPARATIVE TABLE, shewing the extent of Service, number of Letters, and amount of Postage Revenue, and Expenditure in Canada, for the last ten years.

Year.	No. of Offices.	No. of Miles of Post Route.	Miles of Annual Mail Travel.	Number of Letters by Post per Annum.	Postage Revenue after deducting Dead Letters.	Remarks.	Total Expenditure for Salaries and Commissions, Ordinary Mail Service, and all other objects, exclusive of Railway Service.
					$ cts.		$ cts.
1851. .	601	7595	2487000	2132000			
1852. .	840	8618	2930000	3700000	230629 00	First year of Account under Provincial control	276191 78
1853. .	1016	9122	3430000	4250000	278587 00	Charge on Newspapers reduced one-half.	298723 56
1854. .	1166	10027	4000000	5100000	320000 00	. . . . .	361447 97
1855. .	1293	11192	4550000	6000000	368166 00	Newspapers conveyed without charge	449726 16
1856. .	1375	11839	4800000	7000000	374295 00	. . . . .	486886 62
1857. .	1506	13253	5383000	8500000	462163 00	. . . . .	522570 81
1858. .	1556	13600	5520000	9000000	541153 00	. . . . .	546374 49
1859. .	1638	13871	5604000	8500000	578426 98	. . . . .	529290 88
1860. .	1698	14202	5712000	9000000	658451 99	Additional 2 cents rate on Unpaid Letters, and charge made on newspapers. . .	534681 25

The Education of the people has also proceeded in a like satisfactory manner. The Returns are not yet available for 1860, but the previous nine years shows the following results:

COMPARATIVE STATEMENT of Schools and Colleges in operation in Upper Canada, for

	1851.	1852.	1853.	1854.	1855.	1856.	1857.	1858.	1859.
Grammar Schools.....	54	60	64	64	65	61	72	75	81
Common Schools.....	3001	3010	3127	3244	3325	3472	3731	3866	3953
Colleges.....	7	8	8	9	10	12	12	12	13

COMPARATIVE STATEMENT of the Number of Students attending Schools, Colleges and Universities in Upper Canada, for

	1851.	1852.	1853.	1854.	1855.	1856.	1857.	1858.	1859.
Grammar Schools.....	2191	2643	3221	4287	3726	3386	4073	4459	4381
Common Schools.....	168159	179587	194736	204168	227864	251114	272637	293683	301592
Colleges, Universities, ...	632	751	756	806	1100	1335	1335	1335	1373

Comparative Statement of Amount of Local Contributions.

1851.	1852.	1853.	1854.	1855.	1856.	1857.	1858.	1859.
£121385 10 6	£139060 3 4	No Return.	£173730 15 0	£176001 7 11	£203809 1 1	£306401 11 3	$1155703 28	$1205808 25

Comparative Statement—Lower Canada.

	1853.	1854.	1855.	1856.	1857.	1858.	1859.	Increase over 1858.	Increase over 1857.	Increase over 1856.	Increase over 1855.	Increase over 1854.	Increase over 1853.
Institutions	2352	2795	2869	2919	2946	2985	3199	214	253	280	330	404	747
Pupils	108284	119733	127058	143141	148798	*156872	168148	11276	19350	25007	1090	43415	59864
Contributions	165848	238032	249136	406764	424208	459396	498436	39040	74228	91672	9300	260404	332588

The efforts made to develop our commercial facilities by the completion and maintenance of our Canal System, the construction of numerous Light Houses, both in the Lower St. Lawrence and the Great Lakes, and many other works of an extremely useful character, can be best judged by a recital of the sums expended by the Board of Works in

1852 and 1853	$1,959,239
1854 and 1855	3,217,306
1856	1,629,124
1857	1,365,640
1858	1,042,656
1859	844,769
1860	1,452,224
Total	$11,510,958

In connection with the outlay exclusively from Provincial sources upon public works, it may be well here to note the extensive introduction of Railways which has occurred since 1851, in which year there were only 91 miles in operation.

In 1852 there were opened		98	miles
1853	do	212	do
1854	do	330	do
1855	do	236	do
1856	do	435	do
1857	do	70	do
1858	do	140	do
1859	do	251	do
1860	do	29	do
Total now open for traffic,		1892	miles

Of these undertakings the following are indebted for Provincial aid :

The Grand Trunk, including the St. Lawrence and Atlantic, and Quebec and

Richmond Lines,	853 miles	$15,172,931
The Great Western,	228 do	2,810,500
The Northern,	96 do	2,311,666
		$20,295,097

The whole expenditure incurred upon Railways has probably not been less than one hundred millions of dollars, of which a large proportion has been expended within the Province, in labor and materials, tending to develope its resources, while supplying the greatest facilities for the internal trade of the Country.

The Commerce of Canada, since 1850, is shewn in the subjoined :

STATEMENT of the Imports and Exports and Duty collected from 1851 to 1860.

	Duty.	Rate per cent.	Imports.	Exports.
			$	$
1851	2955727	13½	21434791	12964721
1852	2956633	14½	20286493	15307607
1853	4119131	13	31981436	23801303
1854	4900769	12	40529325	23019190
1855	3527098	10	36086169	28188461
1856	4510128	10⅓	43584387	32047017
1857	3927208	10	39430598	27006624
1858	3368157	11½	29078527	23472609
1859	4456326	13¼	33555161	24766981
1860	4756724	14	34441621	34631890

Upon this statement it is satisfactory to notice the fact, that, notwithstanding the changes that have taken place in the Duties levied on various articles, the proportion of charge upon the whole importation of the Province is not now higher, than it was in 1851 and 1852, proving that the large engagements contracted in the various important ameliorations in the physical condition of the country, have not been attended by any increased pressure upon its industry. Taking another view of the question of Taxation by Customs Duties, it may be remarked that the amount levied *per head* in 1851, was about one dollar and sixty cents, or eight shillings; while in 1860 it will certainly not exceed $1.70, or eight shillings and six-pence, notwithstanding the enormous increase which has undoubtedly taken place in the aggregate of individual wealth within the last Decade.

The Foreign Trade has also been satisfactory, as is hereby shewn:

Ships Inwards.		Ships Outwards.	
No.	Tonnage.	No.	Tonnage.
1647	593255	1704	637447
1461	541144	1524	574126
1798	622579	1821	658853
1890	705342	2018	781755
1168	419553	1219	451241
1494	550573	1532	573648
2047	748425	1848	731367
1657	613813	1662	632046
1715	641662	1618	640571
1992	831434	1923	821791

The Internal Trade by the Canals appears to have experienced an almost uniformly steady augmentation. It has been as follows:

STATEMENT showing the Gross Movement of Tonnage Vessels and Property passed on and through the Provincial Canals, exclusive of the Rideau Canal, for ten succeeding years, viz:

Year.	Welland.	St. Lawrence.	Chambly.	Burlington Bay.	St. Ann's.	Totals.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
1851	1464250	967610	201417	540018	208340	3390635
1852	1637253	1078041	170132	631632	207703	3724761
1853	1969140	1181000	223754	307026	263463	3944383
1854	1744948	1376124	157574	246856	274425	3799927
1855	1900800	1196758	254285	443262	277551	4072656
1856	2155802	1349577	280736	547147	347087	4680349
1857	2049506	1283683	291751	212161	325801	4162902
1858	2033883	1363368	286668	212287	337147	4203353
1859	1566529	1377404	374745	196589	291822	3807089
1860	2182593	1558061	456643	264327	436765	4898389

N. B.—The Rideau Canal Returns are not included, having only been in charge of the Province during the last three years.

In considering the above Return, it must also be borne in mind that during the last three years a large movement of Tonnage has taken place by rail, which cannot appear in the ordinary Trade Tables.

The Revenue and Expenditure have, in common with all the great interests of the Province, experienced a progressive increase. The form in which the Public Accounts were submitted prior to 1858 prevents a complete comparison, but the following table has been prepared of the Income and Expenditure of the Consolidated Fund, since 1850.

STATEMENT of Income and Expenditure of the Consolidated Fund, from the 31st December, 1850, to 31st December, 1860.

YEAR.	INCOME.	EXPENDITURE.
1851	3882321	3050449
1852	3976706	3059081
1853	5282637	3478726
1854	6088110	4171941
1855	4870166	4779522
1856	5989543	5143624
1857	5352794	5692942
1858	4929709	6433274
1859	6248679	6099570
1860	7047930	7536179

N. B.—The charge for 1860, includes $490,218 additional Interest, transferred by the conversion of Debt from guaranteed Account to Consolidated Fund.

It does not fall within the scope of a Report upon the Finances and Trade of the country, to advert particularly to its legislation, but as the two important questions of the Clergy Reserves and Seignorial Tenure, both have had a vital bearing on the peace and progress of the country, and have also materially affected the charges upon the Revenue, it may not be amiss to record the fact, that, the Clergy Reserves were settled in 1854, by a measure of commutation of all existing claims, leaving the residue of the funds and lands, to the Municipalities of Upper and Lower Canada. Under this Act there has been paid to the Municipalities of Upper Canada the sum of..... $2,825,697 66
And a further sum is in hand for distribution at 1st July, 1861, of..... 310,060 33

Total $3,135,757 99
With an estimated amount to be hereafter realized from Lands sold, and to be sold, of no less than.. 2,565,959 00

In Lower Canada the funds have been applied by Parliament to the erection of Court Houses and Gaols in the new Judicial Districts.

The Seignorial Tenure was also partly adjusted in 1854, by the capitalization of certain local funds, with an aid of $600,000 (£150,000) from the Public Exchequer, and an equal amount to the Upper Canada Building Fund. But its final settlement took place in 1859, when the claims of the Seigniors were fully provided for by the grant of 6 per cent permanent annuities by the Province to an estimated amount of £30,000 ($120,000) per annum, coupled with a grant of equal amount to the Consolidated Municipal Loan Fund of Upper Canada, and the repeal of the Lower Canada Municipal Loan Fund, under which the right to borrow about four millions of dollars remained still unexercised.

As it appears not to be generally understood how far the repeal of the Lower Canada Municipal Loan Fund afforded the means of adjusting the Seignorial Tenure question with fairness towards Upper Canada, it may be proper to state that under the Upper Canada Municipal Loan Fund Act, the Municipalities of that section had borrowed almost the whole sum authorized, $7,294,800 00, whereas in Lower Canada the amount borrowed has been, up to this date, only $2,262,540 00.

Of the difference of $5,037,460 still remaining for Lower Canada, the power to borrow was repealed to the extent of about $4,000,000—the balance being held for By-laws sanctioned, but not acted upon up to this time. The interest at six per cent., therefore, on the Upper Canada Debt, is $437,888; on the Lower Canada, $135,752. By the

Auditor's Report, the rate of one shilling in the pound will yield, in Upper Canada, $240,285—and in Lower Canada estimated at $100,000, leaving a deficiency for Upper Canada of $197,603, and for Lower Canada $35,752.

In view, therefore, of the excess of charge for Upper Canada, a sum equal to the Seignorial Permanent Annuities was placed at the credit of the Upper Canada Fund, and, to prevent any increase of liability from Lower Canada, their Act was repealed; while, to compensate the Upper Canada Municipalities,—who were not debtors to the Province,—the revenues of the Municipalities (Clergy Reserve) Fund were expressly made over to them, to the exclusion of all those in default,—an arrangement which, at the valuation made of the Fund ($2,565,959) with the addition of $511,332 68, paid in 1860, and payable in 1861, indemnified them for their share in the relief afforded to the Municipalities in default. It was also provided that whenever a Municipality discharged its default to the Province, its interest in the Clergy Reserve Fund revived.

Having adverted in general terms to the progress of Canada during the last ten years, as evidenced by statistical returns, I now proceed to trace the gradual increase in the Public Debt, with a brief resumé of the Legislation by which it has been created. It is the more necessary to do so, because in almost every case where an indirect liability has become chargeable on the Revenue, it has occurred after the expenditure of the money borrowed had ceased; and the public only learn the nature and extent of burdens arising out of past Legislation simultaneously with the suspension of an outlay which, while it lasted, gave, it may be feared, an unwholesome stimulus to speculation. Thus the increased charges required to meet these demands, have arisen when the country was least prepared for them, and no doubts has caused a feeling of dissatisfaction with present legislation, which, if justifiable at all, really appertains to the acts of former Parliaments.

It does not become the undersigned, in his official report to Your Excellency, to offer any criticism upon what the Legislature has been pleased to sanction; but it is his duty to point out, with a view to the future avoidance of the evil, that, with the exception of the comparatively small sums received from the Municipalities, the whole Indirect Debt of the Province—upwards of thirty millions of dollars, created prior to 1855—has become an absolute charge upon the country, although at the time the obligations were incurred, it was not anticipated that any part would ever become payable.

To elucidate the progress of the debt, I submit the three following statements, from 1851 to 1859. The year 1860 is omitted because it

contains the transactions connected with the conversion of the debt, and would only produce confusion in any comparative review; it has also been fully stated in the first part of this Report:—

STATEMENT of the Public Debt from the year 1851 to 1860.

Year.	Direct.	Indirect.	Total.
	$ cts.	$ cts.	$ cts.
1850 Existing Debt..	.....	.....	18782565 53
1851	17807847 53	2673625 25	20481472 78
1852	18664773 05	3690640 55	22355413 60
1853	18485161 72	11437591 22	29922752 94
1854	17415797 15	21436036 63	38851833 78
1855	17242546 13	28612671 22	45855217 35
1856	18813214 92	29944404 63	48757619 55
1857	21470256 52	30864655 30	52334911 82
1858	24430975 17	30461429 98	54892405 15
1859	25535031 16	28607013 30	54142044 46

AMOUNT OF DEBENTURES REDEEMED.

In 1851, ...	$341425 27
1852, ...	76939 01
1853, ...	1310331 55
1854, ...	1244404 50
1855, ...	2766006 43
1856, ...	498262 47
1857, ...	816390 00
1858, ...	204753 34
1859, ...	2897840 69
	$10156353 26

A Statement of all Debentures issued from 1851 to 1859, showing under what Act, and the date of such Act.

UNDER WHAT ACT.		Date of Acts.	1851.	1852.	1853.	1854.	1855.	1856.	1857.	1858.	1859.	Totals.
			$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
12 Vic. Cap. 5	Public Works	25th April, 1849	381593 05	3312 00	976933 55	576664 50	2585756 67	56821 33	1903071 57	204753 33	.....	6169906 00
9 Vic. Cap. 65	Rebellion Losses	19th June, 1846	290 67	.....	.....	.....	.....	.....	.....	.....	.....	290 67
7 Vic. Cap. 34	Welland Canal	9th December, 1843	500 00	376308 22	330110 00	920 00	500 00	.....	1964 93	.....	.....	710203 15
12 Vic. Cap. 58	Rebellion Losses	25th April, 1849	9335 68	1865 95	.....	.....	.....	.....	.....	.....	.....	11204 63
Provincial Debentures, Lower Canada	Turnpike Trusts, &c.	.....	19128 00	.....	.....	.....	.....	.....	.....	.....	.....	19128 00
13 and 14 Vic. Cap. 2	Public Works	10th August, 1850	.....	423916 70	.....	.....	.....	.....	.....	.....	.....	423916 70
16 Vic. Cap. 157	do	14th June, 1853	.....	.....	.....	.....	.....	600000 00	.....	.....	.....	600000 00
18 Vic. Cap. 4	do	18th Decr., 1854	.....	.....	.....	.....	.....	494456 67	905543 33	.....	.....	1400000 00
18 Vic. Cap 3	Seigniorial Fund	do do	.....	.....	.....	.....	.....	486666 67	347777 73	.....	.....	834444 40
12 and 16 Vic. Cap. 58 and 17	Public Works	25th April, 1849 / 10th Novr., 1852	.....	.....	.....	.....	.....	.....	267474 03	.....	.....	267474 03
12 Vic. Cap. 112 & 13, & 14 Vic. Cap. 94	Court Houses, L. C.	30th May, 1849 / 10th Augt., 1850	11448 00	59457 97	33120 00	.....	.....	.....	.....	.....	.....	104065 97
13 and 14 Vic. Caps. 2 and 68	Lunatic Asylum	do do	25400 00	12600 90	.....	.....	.....	.....	.....	.....	.....	38000 00
14 and 15 Vic. Cap. 73	St. Lawrence and Atlantic Railroad	.....	.....	1946666 67	.....	.....	.....	.....	.....	.....	.....	1946666 67
	Great Western Railroad	.....	.....	973333 33	1946666 67	.....	827333 33	.....	.....	.....	.....	3747333 33
	Grand Trunk do	.....	.....	.....	4408222 67	4407740 00	4380000 00	.....	.....	.....	.....	13195966 67
	Ontario, Simcoe and Huron Railroad	.....	.....	.....	1338333 33	973333 33	.....	.....	.....	.....	.....	2311666 66
18 Vic. Cap. 164	Court House, Montreal	30th May, 1855	.....	.....	.....	.....	16800 00	83200 00	.....	.....	.....	100000 00
16 Vic. Cap. 22	Municipal Loan Fund, U. C.	10th Novr., 1853	.....	.....	1971400 00	2720266 67	1229000 00	1165994 67	213330 67	.....	.....	7299992 01
16 and 18 Vic. Caps. 22 and 13	do do L. C.	do do	.....	.....	.....	.....	684000 00	173000 00	693500 00	212500 00	428040 00	2191040 00
18 and 20 Vic. Caps. 22 and 64	Law Society	19th May, 1855 / 10th June, 1857	.....	.....	.....	.....	16000 00	.....	64000 00	.....	.....	80000 00
23 Vic. Cap. 31	do	4th May, 1859	.....	.....	.....	.....	.....	.....	.....	.....	120000 00	120000 00
19 and 20 Vic. Cap. 86	Public Works	1st July, 1856	.....	.....	.....	.....	.....	.....	.....	1000000 00	.....	1000000 00
20 Vic. Cap. 17	do	10th June, 1857	.....	.....	.....	.....	.....	.....	.....	754433 33	545566 65	1299999 98
22 Vic. Cap. 93	do	16th August, 1858	.....	.....	.....	.....	.....	.....	.....	.....	1000000 00	1000000 00
22 Vic. Caps. 84 and 14	do	4th May, 1859	.....	.....	.....	.....	.....	.....	.....	.....	644433 32	644433 32
Totals		.....	447735 40	3794463 84	11004790 22	8159924 50	9739390 00	3060139 34	4396662 26	2171686 66	2738039 97	45515832 19

It would be almost impossible, in the earlier years, to distinguish how much of each issue under some of the Acts, was chargeable to the Legislation of the Parliament in which the Act passed, and how much was on account of later years, or for redemption of Debentures falling due and authorized to be renewed, inasmuch as several of the Acts are of a general character. In the analysis below, I have, therefore, considered the issue of each year to belong to the Legislation of the same period, with the exception of the large items of Railway Guarantees, and Municipal Loan Fund. With regard to the aid to the Great Western Railroad, I have only considered the amount now outstanding, ($2,810,500) to be chargeable against the original Act, and the amount repaid in 1858, (936,833 33) to be chargeable against that year, as it was applied to the General Expenditure of the Province.

Third Parliament of Canada	Ordinary Serivces of 1851 and 1852	$1325199 24	
	Railroad Guarantees	8285500 00	
			9610699 24
Fourth Parliament of Canada	Ordinary Services of 1853 and 1854	1398748 05	
	Railroad Guarantees	7599300 00	
	Municipal Loan Fund, U. C.	7299992 01	
			16298040 06
Fifth Parliament	Ordinary Services of 1855, 1856 and 1857	8766866 26	
	Railroad Guarantees	4380000 00	
	Municipal Loan Fund, L. C	2191040 00	
			15337976 63
Sixth Parliament	Ordinary Services of 1858 and 1859		4269186 63
	Total		$45515832 19

JOHN LANGTON,
Auditor.

These statements shew that the Public Debt at 31st December, 1850, was - - - - - -	$18,782,565.53
Since issued - - - - - - - -	45,515,832.19
	$64,298,397.72
Since redeemed - - - - - - - -	$10,156,353.26
Debt at 31st December, 1859 - - - -	$54,142,044.46

In proceeding to analyse the mode in which the Public Debt has been contracted, I shall first consider the whole issue of debt,—$45,-515,832.19,—subdividing it according to the several Parliaments under whose acts it has been created.

The period antecedent to 1st January, 1851, was that in which the works of internal navigation were commenced, and in a great measure completed. It also covered the legislation of a local character, for Roads, Harbors, Bridges, &c. The policy of assisting Railways received its first sanction in 1849, when the guarantee Act was passed, though no issue of securities took place under that Act. It was subsequently amended (14 & 15 Vic. cap. 73) by extending the guarantee to the principal, and by the issue of Bonds bearing the direct engagement of the Province; whereby the Great Western, Northern, St. Lawrence and Atlantic, and Quebec and Richmond Railways were proceeded with:

For these objects, prior to 1851, a debt had been created, amounting to - - - - - - - -	$18782565 53
And as is shewn in the foregoing statement, there has been issued for ordinary services of 1851 and '52	1325199 24
For Railroad Guarantees - - - - - -	8285500 00
	28393264 77
Less redeemed in 1851 an 1852 - - - -	418364 28
Total debt authorized prior to 1852. -	27974900 49

A new Parliament was elected in the autumn of 1851, and closed in 1854. In 1852, the Grand Trunk Act passed, granting a limited amount of Provincial aid, which was afterwards increased by the sum of £900,000 sterling in 1854, in the first Session of the following Parliament. In 1853, (16 Vic. Cap. 22) the Municipal Loan Fund system was introduced in Upper Canada, unlimited in amount. The ordinary Public Works—Canals, Piers on the Lower St. Lawrence, &c., were also provided for. The Legislation of this Parliament, produce during its own continuance, a Debt of - - - $13689714 72

And as is shown, has subsequently caused the creation of Debt in fulfilment of the public faith to Railways and the Upper Canada Municipal Loan Fund,	2608325 34
	$16298040 06

During this period there was redeemed, - - -	2554736 05
Increase of Debt from Legislation of 1852-4 -	$13743304 01

The Parliaments of 1848 to 1854 were particularly characterized by legislation in the nature of guarantees—the effect was an immediate influx of capital, and great inflation during the two or three following years ; but the result has shewn the danger of thus lending the Provincial credit.

A new Parliament was called in the autumn of 1854, and dissolved in 1857. The guarantee policy was partially continued by extending the Municipal Loan Fund system to Lower Canada—coupled, however, by limiting its amount in each section to £1,500,000 sterling, with other restrictions. A further loan was also made, as already stated, of £900,000 to the Grand Trunk Railway Company. The years 1854, 1855, and 1856, were very prosperous—good harvests, high prices, and a vast expenditure by Railway Companies and Municipalities. In 1856, however, the Grand Trunk became unable to raise money to complete its works, and the first Relief Act was passed, followed in 1857 by the second Relief Act ; both, however, relating to the previously existing debt created under the legislation of 1850, 1852 and 1854, and not adding thereto. The amount of public debt created during the continuance of the Parliament of 1854-57, was, - - - - - - - - - $14697336 26

And there has since been issued, under the authority of Acts, then passed. - - - - -	640540 00
	$15337906 26
The redemption of debt during the same period was -	4080658 90
	$11257247 36

The present Parliament, elected in the winter of 1857-8 has seen the conclusion of the Decade. Its Legislation has, in a financial point of view, been confined to provisions against the heavy charges unexpectedly arising from the vast guaranteed Debt. It has repealed the laws permitting their increase. It has provided for the conversion and final liquidation of the Public Debt on terms involving no increased charge upon the Revenue. And it has readjusted the Imperial Guaranteed Loan on such terms as to afford a very sensible relief in the amount of annual charge. The only serious increase of liability has been that arising out of the Seigniorial Tenure, rendered necessary by the Legislation of 1854, which was, however, accompanied by the repeal of an indirect engagement under the L. C. Municipal Loan Fund Act, of double the amount thus assumed. The crisis and bad harvests of 1857 and 1858 most seriously affected the Province, and caused Parliament to limit its expenditure to works

considered of pressing importance, curtailing even these in the most stringent manner. Notwithstanding the reductions effected in expenditure, the failure of Revenue arising from the state of the country, coupled with the necessity of providing at the same time for the interest on Thirty Millions of guaranteed and indirect Debt, produced for the years 1857–8, a very serious deficiency in the Revenue, amounting to about $4500000, which though materially reduced in 1859 and 1860, has still continued the cause of anxiety and regret. The debt created for Public Works, and for the service of the country has amounted to - - - - - - - - - $4269186 63
And there has been redeemed, exclusive of the transactions of 1860 connected with the conversion of the Public Debt, - - - - - - - 3102594 03

$1,166,592 60

It is however, proper to remark that in the redemption of the Public Debt, is included the Debentures assumed from special funds amounting to $2,435,152, the interest on which as is shown in the Auditor's Report, still has to be provided by the Province.

In concluding his remarks upon the Public Debt, the undersigned desires to submit the following summary of its position as affected by the legislation of past years.

The legislation, prior to 1852, has produced a debt of			$27,974,900.49
From 1852 to 1854.....		$16,298,040.66	
Less Redeemed.....		2,554,736.05	13,743,304.01
From 1854 to 1858.....		15,337,906.26	
Less Redeemed.....		4,080,658.90	11,257,247.36
From 1858 to 1859.....		4,269,186.63	
Iss'd as shewn in 1860, $27264,011.77			
Do. Cons. M. L. Fund, L. C.....	71,500.00	27,335,511.77	
LESS — Redeemed 1858-9.....	3,102,594.03	31,604,698.40	
Do. Do. 1860.....	15,885,086.42		
Do. Do. India Gov'ment Stock	7,300,000.00	26,287,680.45	
			5,317,017,95
Present Debt.....			$58,292,469.81

Against which are held funds to redeem the outstanding Municipal Loan Fund Bonds, $2,936,544. Of the present debt, nearly one-half, or $27,264,011, is issued on terms providing for its ultimate liquidation; and under the authority already granted by Parliament, it may be expected that the whole remaining debt will be gradually placed in a similar position; while the results already obtained conclusively prove that no increased charge of any importance will be placed upon the Revenues of the Province.

Canada has, during the past year, been blessed with a most abundant harvest the effect of which is seen on every side. It has already, for the first time in her history caused the exports to appear in excess of the imports; and with the industry and intelligence of the people combined with the rapid developement of the resources of the country, the Province may reasonably look forward at the commencement of a new decade, with the hope that its close will afford still greater evidence of progress and prosperity.

All which is respectfully submitted.

A. T. GALT,
Minister of Finance.

Quebec, 12th April, 1861.