

other hand, the decision of that Committee were unfavourable to the Company, they would at all events still possess that claim to equitable consideration to which long usage, and the investment of extensive capital on the faith of supposed rights, might fairly entitle them; and although Her Majesty's Government could not of course give any distinct pledge in this latter event, no one acquainted with the general desire of Parliament to do justice to vested interests would be likely to apprehend serious danger.

In short, as the main, and perhaps the sole practical difficulty, in coming to the most amicable arrangements with the Company, appears to lie in ascertaining, not so much the amount of compensation, as the principle and mode on which it can be assessed with the approval of Parliament, so that difficulty appeared at once to be surmounted by ascertaining, without dispute, the nature of the right upon which claims for compensation may be fairly based.

The Directors, however, judged differently from Sir Edward Bulwer Lytton on this question. Sir Edward does not question their right to decide as they thought best for the interest of their shareholders. He can only express his regret at a determination which retains the very difficulty in the way of speedy and amicable settlement which he had sought to remove. As the case now stands, should Canada resort to legal proceedings, negotiation is of course at an end until the result of such proceedings is known. Should she refuse to do so, it will then be for Sir Edward Bulwer Lytton to consider whether negotiation with the Company can be resumed, or whether, in the last resort, Her Majesty's Government must take the matter into their own hands, and proceed on their own account as they may be advised. But in any case he can with justice assure the Directors that his determination will be founded on a regard to public interests only, and without the slightest bias of hostility towards the Company.

It remains for me to convey Sir E. B. Lytton's reply to the immediately practical part of your letter, that referring to the renewal of your licence over the non-charter territories.

The Directors reject his offer of a year's licence, but they are ready (in the public interest) to accept a renewal for twenty-one years, terminable at two years' notice.

Sir E. B. Lytton is sorry he cannot meet their views by acceding to this proposal, although he can well conceive, and would indeed desire, arrangements by which the Indian territory, and all land not likely to be soon colonizable, might be left to the jurisdiction of the Company, provided, on the other hand, the lands adapted for colonization were surrendered to the Crown; yet while the latter object remains unachieved he does not believe that Parliament or the public would be inclined or ought to assent to a measure which would give Her Majesty's Government, in concert with the Company, the power of continuing the licence for twenty-one years.

But he wishes to show every reasonable respect to the argument which you draw from the distance of many of the posts in the licence territory, which, by rendering communication with them extremely slow, would make a year's extension of comparatively trifling importance for the purposes in view. The delay in obtaining the decision of Canada may also be fairly taken into consideration as opposing obstacles to arrangements with the Company by which the objection to an ultimate extension of the licence might be removed. He is ready, therefore, to make the extension of two years' duration instead of one.

In making this proposal he believes he is acting in the interest of the Company, even in a pecuniary sense alone; that, however, is a question for the Directors and shareholders, and not for himself. He only refers to it in order to show how far he is from being actuated by any motives inimical to the Company. But the really important aspect of the question (as the Directors will fully agree with him) is that which regards the maintenance of peace and order, and the welfare of the Indian race; and while he believes that the dangers represented as likely to arise if the trade of the Company ceased to be protected by licence, are much exaggerated, yet he is desirous to guard against the possibility of such dangers during the interval that must elapse necessarily (without any fault of his own) between the abrupt termination of the Company's jurisdiction in parts so remote and the establishment of any other machinery for the safety of the Indians which it might be in the power of the Government to devise. He is certain that the Directors will take a similar view of this part of the question, and he is satisfied that if they reject his present offer they will do so on full conviction, from their own superior knowledge, that no evil consequences are to be apprehended from the sudden termination of their licence. But should this be an error in judgment on their part, the responsibility for the consequences will not lie with Her Majesty's Government.