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1849. The Canadian Government granted licences to certain companies for mining purposes on Lake Superior; one company, I think it was called the Quebec Company, took possession of an island, Michipicoton Island in Lake Superior, and established works there. Certain Indians, the Garden River Indians, known as the Garden River Tribe, and certain half-breeds, asserted that they had a right over those lands for which a licence had been granted, and they went by force and took possession of the Island of Michipicoton and of the works of the mining company. The Canadian Government of course arrested the parties, and so far as the Indians were concerned, upon the expression of their contrition for doing wrong, they were forgiven, and in the end a compensation was given to them to surrender their rights; but that cost the Canadian Government so much money, that I think whatever they might have considered as regards colonization, they have felt very much alarmed at the idea of getting into contact with Indians since.

58. Then I understand your objection to be, that money should be paid by the Canadian Government. If it were paid by the Imperial Government I suppose you would see no objection to that compensation being made?—The question of compensation as regards the Imperial Government I have not raised at all. I think if the Canadian Government required for purposes of settlement any portion of the territory which is not now within their borders, such compensation as might be considered fair they might fairly be called upon to pay.

59. You did not perceive the force of my first question. When they acquired land beyond their borders, I propounded to you the inquiry whether you thought it better that the acquired territory should be made a territory, or aggregated to Canada?—I do not think that under the system of government which exists in Canada now, such a course of acquiring new territory, and governing it by means of territorial government, would be convenient or conducive to the interests of Canada. I think they had better take what land they may require for purposes of actual settlement, say to the extent of 10, 20, 30, or 50 townships of land, and so fast as they want more, obtain it in the way I have suggested, by notice to the Hudson's Bay Company, than that they should get a large extent of country with tribes of Indians, perhaps, occupying it, and perhaps a border difficulty, or war to deal with; I think that would not be advisable.

60. Would not the difficulty arise just as much whether you acquired 20 settlements or townships or 30?—It might in that proportion of 20 and 30; but if notice were given to the Hudson's Bay Company that within 12 months or two years the Canadian Government desired to occupy such part of the country as might be fitted for settlement, the Indians whom the Hudson's Bay Company employ and deal with, finding that settlements were to be established, it might become a question of compensation to the Indians to leave their hunting ground, which I think the Canadian Government should pay, and they would remove off that part of the territory or not continue to occupy it. The thing, I hope, would be fairly and equitably done as regards the Indians, and in that way I think difficulties perhaps would not ensue. But if you take a very large extent of territory, and by so doing take away the employment which the Hudson's Bay Company at present give to tribes of Indians, and leave them in want, they may perhaps find means of helping themselves, and they may come down upon the border settlements.

61. *Mr. Kinnaird.*] You rather think that the fact of the occupation given to the Indians by the Hudson's Bay Company has been a protection to the border country?—I am clearly of that opinion.

62. *Mr. Adderley.*] To what degree do you think the Canadian Government could extend its system of administration from head quarters?—At present I am not sure that it would be convenient to extend it at all.

63. Talking of the extension of the colony of Canada, do you consider that it could, by degrees, take in the whole of the habitable part of the Hudson's Bay territory?—I think so.

64. Under the Government of Canada, without any local or subordinate system?—Yes, I think so, in case they could lay off the townships; but the fact is, that it would not be desirable to settle them any faster than that.

65. The compensation which you suggest, I suppose would be from the Canadian territory, both to the Hudson's Bay Company and to the Indians?—I have not suggested any compensation at all. I only say that if the giving of compensation