

(Copy.)

Canada, No. 33.

DOWNING STREET,

1st July, 1864.

MY LORD,

I have had under my consideration your Lordship's despatch No. 18 of the 19th of February, enclosing to the Duke of Newcastle the minute of your late Executive Council on the subject of the pending negotiation between Her Majesty's Government and the Hudson's Bay Company for the Cession of the Rights of that Company in the Hudson's Bay Territory to the Crown.

In that minute the Executive Council say they "are of opinion that, in view of the recent change in the constitution and objects of the Hudson's Bay Company, which from the correspondence laid before the House of Lords appears to have been effected; and the claims which the new organization have reiterated, with the apparent sanction of His Grace the Duke of Newcastle, to territorial rights, over a vast region not included in their original charter, it is highly expedient that steps be taken to settle definitely the North-Western boundary of Canada."

"The Committee therefore recommend that correspondence be opened with the Imperial Government with the view to the adoption of some speedy, inexpensive, and mutually satisfactory plan to determine this important question, and that the claim of Canada be asserted to all that portion of Central British America which can be shewn to have been in the possession of the French at the period of the Cession in 1763." If the proposed cession shall take place it will be necessary to make provision for the future government of the Red River settlement, and prospectively of such parts of the Territory as may from time to time become the seats of settled occupation and industry.

The Committee of the House of Commons, which in the year 1857, considered the state of the British possessions in North America which are under the administration of the Hudson's Bay Company, expressed themselves in the following terms:—"Your Committee consider that it is essential to meet the just and reasonable wishes of Canada, to be enabled to annex to her territory such portion of the land in her neighborhood as may be available to her for the purposes of settlement, with which lands she is willing to open and maintain communications, and for which she will provide the means of local administration. Your Committee apprehend that the Districts on the Red River and the Saskatchewan are among those likely to be desired for early occupation. It is of great importance that the peace and good order of those Districts should be effectually secured.

"Your Committee trust that there will be no difficulty in effecting arrangements as between Her Majesty's Government and the Hudson's Bay Company, by which these Districts may be ceded to Canada on equitable principles; and within the Districts thus annexed to her the authority of the Hudson's Bay Company would, of course, entirely cease."