upon him my anxiety that matters should be so arranged that no cause for offence should be given, and that harmony should be preserved.

5. Had that occupation been effected as I intended, I feel confident in my own mind that no further reinforcements of American troops would have been placed upon the island, no guns would have been landed, no fortifications would have been thrown up, and all the action in the case would have been in perfect accordance with our national character and feeling.

6. I have forwarded to Her Majesty's Government Captain Hornby's letter, in which he states his reasons for not landing a body of British troops, and I have expressed to Her Majesty's Government my regret that he should have thought fit to hesitate in following the course I indicated.

7. I have one further point to notice in your letter: you assert your belief that the Indian tribes would be inclined to prey on all indiscriminately. You are, perhaps, not aware of the intense hatred existing between the Indians and Americans. The Americans do not understand Indian character, and have invariably treated that people in such a manner as to arouse their worst passions. Three years ago the whole of Washington territory was engaged in war with the Indian tribes, and it was with great difficulty that they were prevented from overrunning the territory. No alarm, however, was felt at Vancouver's Island, and a feeling of perfect security prevailed everywhere in this neighbourhood. The Indians have never forgotten the occurrences of that war, and The Indians have never forgotten the occurrences of that war, and although peace was eventually made with them, yet but very recently an Indian Chief who had been engaged in the conflict was hanged in Puget Sound for deeds done during the war, and the Indians to this day never let pass any opportunity of gratifying their favourite passion of revenge. My acquaintance with Indian character is of many years' standing, and from personal communication with them I know the estimation in which they hold Englishmen, and I know their appreciation of Americans. If unhappily we were engaged in any conflict with the Americans, I know I could now with confidence rely upon Indian assistance but it would be a could now with confidence rely upon Indian assistance, but it would be a fearful power to use, and one to which I would only resort in the very last extremity. Nothing could, therefore, be more disastrous than any proceeding on our part which would lessen the prestige we now hold; for if we were reduced in the opinion of the Indians to the level of the Americans, it would then be more than probable that in the event of conflict the Indians would prey on both parties indiscriminately.

I have, &c.

JAMES DOUGLAS. (Signed)

Inclosure 10 in No. 46.

Cuptain Hornby to Rear-Admiral Baynes.

" Tribune," Griffin Bay, Island of San Juan, August 14, 1859.

Sir.

I HAVE the honour to acknowledge the receipt of your orders, No. 174, and of a confidential Memorandum dated 13th August, 1859.

2. The United States' troops are landing eight 32-pounder guns from the steam-ship "Massachusetts," as if for the purpose of fortifying them-selves. They also landed three field-pieces at the other side of the island on Friday morning, the 12th instant, in addition to the three that they originally had. A fifth company of soldiers is constantly on shore from the "Massachusetts," which, if permanently landed, will make their force amount to nearly 400 men.

3. I have sent a boat to give you this information. I have, &c.

(Signed) **GEOFFREY PHIPPS HORNBY.**

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