

APPENDIX TO REPORT FROM THE

Appendix, No.

No. 2.

Viscount Palmerston to Mr. Lawrence.

Sir,

Foreign Office, 11 April 1850.

I DID not fail to refer to Her Majesty's Principal Secretary of State for the Colonies your letter of the 12th of February last, remonstrating against the practice alleged to be pursued by the Hudson's Bay Company, of furnishing annually to the Indians who reside and hunt within the limits of the United States, large quantities of spirituous liquors; and I have now the honour to transmit to you herewith a copy of a letter which Earl Grey has received from Sir John Pelly, the Governor of the Hudson's Bay Company.

In that letter, Sir John Pelly states that spirits are never given to the Indians by the Hudson's Bay Company in the way of trade, either on the frontiers or in any other part of the territories of the Company. Sir John Pelly states, however, that persons residing at Red River Settlement and at Pembina, within the American frontier, carry on an extensive and illicit traffic in furs with the Indians residing within the territories of the Hudson's Bay Company, and that great quantities of spirituous liquors are sold to the Indians in the course of that traffic; and Sir John Pelly adds, that although the Hudson's Bay Company employ all the means in their power to suppress this traffic, their efforts have been in a great measure defeated by the encouragement which it receives on the American side of the border.

I am, &c.

(signed) *Palmerston.*

Enclosure in No. 2.

*Sir John Pelly to Earl Grey.*Hudson's Bay House, London,
9 March 1850.

My Lord,

I HAVE the honour to acknowledge the receipt of Mr. Under Secretary Hawes' letter of the 6th instant, accompanied by the copy of a letter from the office of the Secretary of State for Foreign Affairs, enclosing a remonstrance from the Government of the United States against the practice alleged to be pursued by the Hudson's Bay Company of furnishing large quantities of spirituous liquors to the Indians on the north-western frontier of those States. Mr. Hawes adds a request on the part of your Lordship that I would make a report to you on the allegations contained in those papers.

To the allegations contained in this remonstrance, and in the letter of Mr. Sibley, on which it appears to be founded, I have no hesitation in giving the most unqualified denial. Spirits are never given to the Indians by the Hudson's Bay Company in trade, either on the frontiers or in any other part of their territories.

The average quantity of spirits annually supplied to each of the frontier posts, according to the best information to which I have access at present, does not exceed twenty gallons. A small portion of this not very extravagant supply, rendered harmless by dilution, is given to the Indians as a "regale" when they bring the produce of their hunts to the station, in conformity with a custom of long standing, which it has been found impossible to discontinue without altogether abandoning the fur trade in a large district of country. Whether this can endanger the peace of the frontier, I leave your Lordship to judge.

Far be it from me, however, to say that spirits are not used, and that in large quantities, in trading with the Indians on the frontiers. The Hudson's Bay Company are well aware that an illicit traffic in furs is carried on to a great extent within the Company's territories by persons residing, some at Red River Settlement, and others at Pembina, within the American frontier; that the article chiefly used by those persons in this traffic is spirits, and that the furs so procured invariably find their way to the fur-traders at St. Peter's. This is the evil which endangers the peace of the frontier, if it be endangered, and which the Hudson's Bay Company are using every means in their power to suppress; but their efforts towards this end have been in a great measure neutralized by the encouragement given to it from the American side of the border.

The American Government, I am aware, has established stringent regulations against the use of spirits in the Indian trade, but it is a well-known fact that those regulations are evaded, and that spirits are even clandestinely introduced into the Company's territories by citizens of the United States. In a country situated as these frontier districts are, it is not an easy matter to give effect to regulations or laws, to the breach of which there is so strong a temptation in the gain to which it leads; but I can confidently assure your Lordship of the readiness of the Hudson's Bay Company to use the most strenuous exertions to carry out any measures which Her Majesty's Government and the Government of the United States may agree upon as best adapted to repress the evil in question.

I am not sorry, my Lord, that this subject has been brought under your Lordship's notice, as it affords me an opportunity of correcting the erroneous statements which have been made in Parliament, and promulgated through the press, respecting the quantities of spirits imported into their territories by the Hudson's Bay Company.

Your