

facilitate such an arrangement is withdrawn from his hands. By that decision Sir E. B. Lytton sees with regret that a process of temperate and amicable inquiry and adjudication must be exchanged for a legal conflict, where all parties concerned will be brought into antagonistic and even hostile relations, and where it is manifest that the terms of compensation, compromise, and mutual convenience, which Her Majesty's Government would, under other circumstances, have been able to negotiate, must become far more difficult of attainment, if not actually unattainable.

Unsatisfactory as this result would be, Sir E. B. Lytton will not feel at liberty to decline it. He desires that the Hudson's Bay Company should distinctly understand, that in his opinion the time for arriving at some authoritative definition of conflicting claims can no longer be postponed with safety or in justice to public interests, and that both Canada and the British Parliament might justly complain of further and unnecessary delay.

But before deciding finally upon the course to be pursued, he desires to place once more the question before the Hudson's Bay Company, with a sincere hope that on a fuller consideration they may see the expediency of modifying the determination which your letter announced.

Where on all sides interests so great and various are concerned, the wisest and most dignified course will be found, as Sir E. B. Lytton has on previous occasions pointed out, in an appeal to and a decision by the Judicial Committee of the Privy Council, with the concurrence alike of Canada and of the Hudson's Bay Company.

If the adoption of such a procedure be advantageous to the interests of all parties concerned, Sir Edward cannot but think it would be particularly for the interest of the Hudson's Bay Company. It would afford a tribunal pre-eminently fitted for the dispassionate consideration of the questions at issue; it would secure a decision which would probably be rather of the nature of an arbitration than of a judgment; and it would furnish a basis of negotiation on which reciprocal concession and the claims for compensation could be most successfully discussed.

In such an event Sir E. Lytton would be prepared to agree, that the Company, if they succeed in maintaining the full rights which they claim, should be indemnified against the costs, and that in any other result it should be understood that each party should bear its own expenses incident to the proceeding.

It is not for Sir E. Lytton to dictate to the Company the course which they should pursue, but I am to place distinctly before them his own intentions, and to leave them to decide.

If, on the one hand, the Company will meet Sir E. B. Lytton in finding the solution for a recognized difficulty, and will undertake to give all reasonable facilities for trying the validity of their disputed Charter, they may be assured that they will meet with fair and liberal treatment, so far as Her Majesty's Government are concerned; but if, on the other hand, the Hudson's Bay Company persist in declining these terms, and can suggest no other practicable mode of agreement, Sir E. B. Lytton must hold himself acquitted of further responsibility to the interests of the Hudson's Bay Company, and will take the necessary steps for closing a controversy too long open, and for securing a definite decision, which is due to the material development of British North America, and the requirements of an advancing civilization. It is only fair to add, that in such case the renewal of the exclusive licence to trade in any part of the Indian territory, a renewal which could only be justified to Parliament as part of a general arrangement, adjusted on the principles of mutual concession, must become impossible.

I have, &c.

H. H. Berens, Esq.

(Signed) CARNARVON.

COPY of a LETTER from the Earl of CARNARVON to H. H. BERENS Esq.

SIR,

Downing Street, January 28, 1859.

WITH reference to former correspondence on the pending questions between Her Majesty's Government and the Hudson's Bay Company, I am directed by Secretary Sir E. B. Lytton to request you will inform the Directors of the Hudson's Bay Company, that Her Majesty's Government, after the most matured consideration, are not prepared to grant to the Company a renewal for a term of years of the licence of exclusive trade