

Appendix:

7. The next point to be dealt with is the important question of the electric telegraph, and the opening a communication sufficient for the passage of the mails across the present territory of the Company from Canada to British Columbia.

The Committee are quite willing to accept the paper submitted by Mr. Watkin to his Grace the Duke of Newcastle as the basis of this arrangement, and are prepared to place themselves substantially in the position of the Atlantic and Pacific Transit and Telegraph Company, subject to the following alterations:—

The point at which the telegraph will probably begin on the eastern side of the territory, will be either Pembina or Rainy Lake, according as Canada may or may not adhere to the original terms proposed. If Canada should decline to fulfil what is laid down in the paper referred to, the Company will of course be compelled to make the best bargain they can with the lines traversing Minnesota, and passing through the United States; and they will have to forego the guarantee of interest originally held out from Canada. Rainy Lake is named, not as being the admitted frontier of the province, but simply as the conventional point eastward, assumed in your Despatch.

With regard to the third article in the paper referred to, the letter of its provisions is not wholly applicable to the altered state of things; but in accordance with your letter of the 5th instant, the Committee are willing to adopt its spirit as the basis of the arrangement to be made. They cannot however admit that one square mile for every lineal mile of telegraph would be an adequate allowance of wild land for such an undertaking. They believe it will be found that in all such enterprises through an unsettled country in America, the proportion of land granted to the contractors has been far larger, and they think that the claim in their case is strengthened, rather than weakened, by the fact that the land to be passed through is a very small portion of that which they themselves propose to cede for a consideration for a time, at least little more than nominal.

The Committee, on referring to the printed correspondence forwarded by you, find that Sir Frederic Rogers, in his letter of 28th August 1862 (p. 7), expressed the gratification of his Grace the Duke of Newcastle at the readiness of the Company to make a grant of land to the promoters of the proposed passenger and telegraphic communication; but they believe, on the best authority, that the most moderate demand ever made by Mr. Watkin, when then sent to the Company by his Grace, very far exceeded the breadth of five miles of wild land for every lineal mile of telegraph. Below this amount of wild land to be set out in alternate sections, as proposed in the 3rd article (p. 13) of Mr. Watkin's paper, the Committee could not reduce their demand.

8. Such, sir, are the conditions which the Committee feel bound to offer to Her Majesty's Government, after a full consideration of all the circumstances of the case. Even with these conditions they do not feel sure that they shall escape, on the part of their proprietors, the question, "What are we to obtain for this cession of our rights in so large a territory? Why are we (the Hudson's Bay Company) to purchase at so large a cost the exertion of the Queen's authority on British soil rendered necessary by no fault of ours"? Could we, under any circumstances, be worse off than we shall be in sacrificing, for a contingent consideration, this vast mass of property, and the chance of profit from its future development.

If we did not think that these questions admitted of a satisfactory answer, we should not, as trustees for the proprietors, convey to you the offers made in this letter. But it may be difficult to convince our shareholders that (as we believe) the real interests of the Company and of Her Majesty's Government will be equally promoted by their adoption in the form now suggested.

I have, &c.
(signed) *Edmund Head*, Governor.

The Right Hon. Chichester Fortescue,
&c. &c. &c.

COPY of a LETTER from Sir *F. Rogers*, Bart., to the Right Honourable
Sir *E. Head*, Bart., K.C.B.

Sir,

Downing-street, 6 June 1864.

I AM directed by Mr. Secretary Cardwell to inform you that he has had under his consideration your letter of the 13th of April last.

Mr. Cardwell will not be prepared to accept, without considerable modifications, the terms contained in it. But before sending to you, in answer, the terms to which he would be prepared to bind Her Majesty's Government, he feels that it will be necessary to consult the Lords of Her Majesty's Treasury, and to ascertain more fully the views which may be entertained by the advisers of the Governor General of Canada.

In the meantime he does not understand that you are willing to undertake to complete a line of telegraph and road to the Pacific until you shall have received the assurances from Canada, British Columbia, and Vancouver Island, to which reference has been made in the former correspondence.

I am, &c.
(signed) *Frederic Rogers*.

The Right Hon. Sir *E. Head*, Bart.
&c. &c. &c.
