

Enclosure.

to Mr. Labouchere, dated the 18th July 1857, which was laid before that Committee. For fear that that letter may have escaped your recollection, they think it essential at this moment to transmit a copy of it for your information. No change has taken place in the situation of the Company, nor in any circumstances connected with their affairs, to induce the Directors to change in any respect the course which they then announced to Her Majesty's Government it was their intention to pursue; nor have they at any time, in any subsequent communication, departed or intended in any respect to depart from the principles on which they then intended and still intend to act.

The Board were then as much aware as they are now of the unpopularity attaching to the existence of the monopoly. That consideration made it more essential that they should weigh with the greatest caution every step in their proceedings which might entail further personal responsibility upon them. No monopoly can be upheld on any ground short of a conviction of its necessity, as the best, if not the only means of accomplishing some exceptional object. The Board have therefore entreated that the Government might in the first instance decide the question of the maintenance or abolition of the monopoly, either for the present, or for any future purposes for which it may be required. If better means can be devised for maintaining order and peace in the Indian country, and for the protection of the Indian tribes from the evils which have hitherto been found inseparable from competition in the trade, as well as for the colonization and agricultural improvement of the territory, the question of the abolition of the Hudson's Bay Company should only be one of just indemnity to the shareholders for their legal rights and interests.

If, on the other hand, it should be found impossible to devise better means for the government of the country, the hands of the Directors should be strengthened, to enable them to fulfil the public purposes for which their services have been considered efficient and satisfactory for the last 40 years. Any diminution of the confidence and support they have hitherto received from the Government, or even any appearance of it, would weaken their power both with Indians and settlers in the country. The above course would not be inconsistent with any extension of colonization or settlement which either Her Majesty's Government or the Government of Canada can have in view in that part of Her Majesty's dominions now possessed or occupied by the Company, or with the accomplishment of all the objects recommended in the report of the Committee of the House of Commons.

* Page 21.

The Board lamented to see and have hitherto abstained from adverting to some expressions in your letter of the 3d November* last, imputing to them unreasonable conduct in not accepting some terms of compromise which it is alleged had been offered to them. In that letter it is stated "that you entertain an anxious desire to come to some equitable and conciliatory arrangement by which all equitable claims of the Hudson's Bay Company should be fairly considered in reference to the privileges they may be required to surrender."

† Vide House of Commons Papers No. 99, Session 1858, p. 3.

Only two propositions have been made to the Board. The first in a letter from Mr. Merivale, under date the 20th January 1858,† by which it was proposed to refer the question of the Company's boundaries to the Judicial Committee of the Privy Council, but distinctly stating that Her Majesty's Government, on public grounds, did not consider themselves authorized to raise the question of the validity of the Charter itself, and that if any parties in Canada proposed to take measures for that purpose Her Majesty's Government must leave them to take that course on their own responsibility. To that proposition the Board gave their unhesitating consent. The other proposition to this Company, which was conveyed by your letter of the 3d September 1858*, and subsequently by that of the 3d November† following, was to the effect that this Company should voluntarily concur in some inquiry having for its object to raise the question of the validity of their Charter, and should give facilities for that purpose; thus altogether repudiating the proposition previously received from Her Majesty's Government, and seeking to do the very thing to which, on public grounds, the Government had previously declined to be a party. This latter proposition, therefore, the Directors could not, in justice to their constituents, for one moment entertain, and they confidently appeal to all their previous communications with Her Majesty's Government as justifying that refusal.

* Page 19.

† Page 21.

Both the present Directors and their predecessors, in the management of the affairs of the Company, have been advised by lawyers of the first eminence and authority that the grant of their land and territories by the Crown was indisputable and inviolable. As trustees they should feel as little justified in consenting to a reference of the proprietary rights of their shareholders as in gratuitously disposing of their property. The conviction of the Directors of the firm position on which they stand has not been