

by railway would be promptly and vigorously proceeded with. It will also be requisite to secure by formal agreements that the guarantee shall cease, and the grants of land for railway purposes revert to the grantors in case of the permanent abandonment of the undertaking; of which abandonment some unambiguous test should be prescribed—such as the suspension of through communication for a stated period.

The Duke of Newcastle does not object to five years as the maximum period for the completion of the undertaking; and he thinks it fair to exclude from that period, or from the period of suspension above mentioned, any time during which any part of the line should be in occupation of a foreign enemy. But injuries from the outbreaks of Indian tribes, and other casualties which are inherent in the nature of the undertaking, must be taken as part of the risks which fall on the conductors of the enterprise, by whose resources and foresight alone they can be averted.

His Grace apprehends that the Crown Land contemplated in Article 3 is the territory lying between the eastern boundary of British Columbia, and the territory purporting to be granted to the Hudson's Bay Company by their charter. His Grace must clearly explain that Her Majesty's Government do not undertake, in performance of this article of the agreement, to go to the expense of settling any questions of disputed boundary, but only to grant land to which the Crown title is clear.

With regard to the 7th Article, the Duke of Newcastle could not hold out to the Company the prospect of protection by any military or police force in the uninhabited districts through which their line would pass; but he would consider favourably any proposal for investing the officers of the Company with such magisterial or other powers as might conduce to the preservation of order and the security of the Company's operations.

With reference to the 9th and concluding article, the Duke of Newcastle would not willingly undertake the responsible functions proposed to him, but he will agree to do so if by those means he can in any degree facilitate the project, and if he finds that the colonies concur in the proposal.

Subject to these observations, and to such questions of detail as further consideration may elicit, the Duke of Newcastle cordially approves of the Company's proposals, and is prepared to sanction the grants of land contemplated in the 3rd Article. He intends to communicate the scheme, with a copy of this letter, to the Governor-General of Canada, and the Governor of Vancouver Island, recommending the project to their attentive consideration.

I am, Sir,  
Your obedient servant,

(Signed) C. FORTESCUE.

E. W. WATKIN, Esq.