

such an organization will be highly favorable to the settlement of an immense territory, and if properly administered may prove also to be of great advantage to the trade of England.

London, 10th December, 1862.

(Signed,)

L. V. SICOTTE.
W. P. HOWLAND.

To Messrs. Glyn, Benson, Newman, Chapman, Watkin, &c., &c.

LONDON, 17th December, 1862.

GENTLEMEN,—At a conference of the gentlemen who have been in communication with you in reference to the provision of the means of telegraphic and other communication to the Pacific, held this day, at 67 Lombard street, I was requested to acknowledge the receipt of your communication of the 10th December and to thank you for it.

Referring to conversations which have taken place, and to your private suggestion that an alternative proposition should be considered under probable circumstances then discussed, I am desired further to say that, should Her Majesty's Government not accede to the proposals which we understand you have already made to the Colonial Minister, but in place thereof, should propose that British Columbia, as a Province of the Crown, shall take a larger share of the proposed responsibility, they will be ready to proceed, at your instance, and with your approval, to form a company for the purposes detailed, upon the condition that the rate of interest shall be increased, say to four and a half or five five per cent.

The simplest form of working the arrangement, in the short time now left open, would be for the Imperial and Canadian Governments to obtain the passage of measures in the ensuing sessions of Parliament, by which British Columbia and Canada agree to pay, in equal proportions, an annual sum of, say £22,500, to the company who would execute and establish the proposed works.

When all the details could be made a matter of arrangement between the Colonial Minister, on behalf of British Columbia, and the Governor General in Council, for Canada, and the promoters of the enterprise.

The adoption of this suggestion would enable measures for the formation of a company and the subscription of capital (conditional upon the granting of Parliamentary sanction) to be at once taken, and while money is still abundant; whereas, if all practical action to this end were postponed until the Parliaments have met, unforeseen financial difficulties might arise.

It is hoped, therefore, that as early an answer as possible may be given.

I have the honor to be, gentlemen,

Your most obedient servant,

(Signed,)

E. W. WATKIN.

To the Honorable Louis V. Sicotte and W. P. Howland.

Memorandum of Messrs. Sicotte and Howland, in answer to Mr. Watkin's letter of 17th December, 1862, respecting the formation of a Road and Telegraph Line between Canada and the Pacific.

Although little disposed to believe that Her Majesty's Government will not accede to the proposal of co-operation they have made in relation to the opening of communication from Canada to the Pacific, the undersigned have the honor to state, in answer to the letter of Mr. Watkin of the 17th instant, that, in their opinion, the Canadian Government will grant to a company organized as proposed in the papers already exchanged, a guarantee of interest, even on one-half the capital stated in these documents, should the Imperial Government refuse to contribute any portion of this guaranteed sum of interest.

The undersigned must state in answer to another demand made in the same letter, that the guarantee of the Canadian Government of this payment of interest ought to secure the moneys required at the rate of four per cent., and that they will not advise and press with their colleagues a higher rate of interest as the basis of the arrangement.

(Signed,)

L. V. SICOTTE.
W. P. HOWLAND.

London, 20th December, 1862.