

Str, Montreal, 16th April 1862.

I HAVE the honour to acknowledge receipt of the important communication which you have addressed to me by command of his Excellency the Governor General, under date the 15th instant, wherein you intimate the desire of the Government of Canada to establish an overland communication with British Columbia, through the Hudson's Bay Territory, as well as the steps proposed towards effecting that object, and further request the co-operation of the Hudson's Bay Company therein.

After stating that the Government of Canada, regarding the Company as de facto in possession of the intervening territories, does not wish to raise any questions as to its rights, you proceed to point out the great public interests which are involved by the formation of a chain of settlements connecting Canada with British Columbia by postal and telegraphic services, the paramount importance of which is proved by recent events. You also point out the danger of the Red River settlement from its close connexion with Minnesota, consequent on its isolated position with regard to Canada, becoming imbued with American principles and views, and passing away to our rivals, thus depriving the country of the key of the trade to British Columbia and ultimately to China.

While fully admitting the force of the above arguments, and the immediate necessity of some arrangement being come to, I am reluctantly compelled to admit my inability to meet the Government of Canada in this forward movement, for the following reasons:—

First, the Red River and Saskatchewan Valleys, though not in themselves fur-bearing districts, are the sources from whence the main supplies of winter food are procured for the Northern posts from the produce of the buffalo hunts. A chain of settlements through these valleys would not only deprive the Company of the above vital resource, but would indirectly in many other ways so interfere with their Northern trade as to render it no longer worth prosecuting on an extended scale. It would necessarily be diverted into various channels, possibly to the public benefit, but the Company could no longer exist on its present footing.

The above reasons against a partial surrender of our territories may not appear sufficiently obvious to parties not conversant with the trade or the country; but my knowledge of both, based on personal experience, and from other sources open to me, point to the conclusion that partial concessions of the districts which must necessarily be alienated would inevitably lead to the extinction of the Company.

Second, granting that the Company were willing to sacrifice its trading interests, the very act would deprive it of the means to carry out the proposed measures. There is no source of revenue to meet the most ordinary expenditure, and even under present circumstances the Company has practically no power to raise one. The co-operation proposed in calling on the Company to perform its co-relative duties pre-supposes it to stand on an equal footing with Canada.

It is not to be supposed that the Crown would grant more extensive powers to the Company than those conveyed by the Charter. If any change be made it is presumed that direct administration by the Crown would be resorted to as the only measure likely to give public satisfaction.

Not having anticipated the present question I am without instructions from the Board of Directors in London for my guidance. I believe I am, however, safe in stating my conviction that the Company will be willing to meet the wishes of the country at large by consenting to an equitable arrangement for the surrender of all the rights conveyed by the Charter.

I shall by the next mail forward copies of this correspondence to the Board of Directors in London, who will thus be prepared in the event of the subject being referred to Her Majesty's Secretary of State for the Colonies.

I may state that it is my intention to make immediate arrangements at the existing settlement of Red River for the sale of land on easy terms, free from any restrictions of trade. It would, I believe, be impolitic to make any distinction between British subjects and Foreigners. The infusion of a British element must be left to the effects of a closer connexion and identity of interests with Canada and the mother country.

Hon. Charles Alleyne,
&c. &c.

I have, &c.
(Signed) A. G. DALLAS.

No. 2.

No. 2.

COPY of a LETTER from Messrs. BARING, GLYN, and others, to his Grace the Duke of NEWCASTLE, K.G.

My Lord,

London, 5th July 1862.

THE growing interest felt by the commercial world in British Columbia, and in the communications which commerce, as well as considerations of empire, require across the continent of British North America, renders it, as it appears to us, opportune and desirable for some adequate organization to apply itself, under the sanction of Government, to the task of providing a telegraphic service, and of securing the means of travelling with regularity to the British territory on the Pacific.

Connected with a country so new and so vast, and as to which so little is popularly known, such an enterprise could only hope for success in the event of its being undertaken with the full approbation and support of Government.

As a preliminary to any practical discussion of the question, it is desirable to ascertain how far Her Majesty's Government recognize the importance and desirability of such an enterprise to be placed in proper hands, and also how far assistance would be given to aid in its prosecution.