

willingness to surrender the whole or any part of the territorial rights upon terms that would secure fair compensation to the proprietors as well as to the officers and employés in the country. The Governor at Red River Colony has instructions to make grants of land to settlers, on easy conditions, without any restriction as to the Company's right of exclusive trade; and if Her Majesty's Government, with reference to the interests of the public, consider more extensive plans for the improvement of the country expedient, the Directors of the Company will be quite ready to entertain them with the desire to meet the wishes of Her Majesty's Government in any manner not inconsistent with the vested rights of the constituents.

His Grace the Duke of Newcastle, K.G.  
&c. &c. &c.

I have, &c.  
(Signed) H. H. BERENS,  
Governor.

Encl. in No. 1.

Enclosure in No. 1.

Secretary's Office,  
Quebec, 15th April 1862.

SIR,

THE Government of Canada have had their attention very strongly directed to the important subject of an overland communication with British Columbia through the Hudson's Bay Territory, via the Red River; and I am now commanded by his Excellency the Governor General to inform you of the steps proposed towards effecting this object, and to seek the co-operation of the Hudson's Bay Company therein.

The Canadian Government do not wish at present to raise any question as to the rights of the Company, who must be regarded as de facto in possession of the country intervening between Canada and British Columbia. They consider that most important public interests demand the establishment of a practicable line of communication across the continent, and they desire to have the practical aid of your Company in carrying it into effect.

Arrangements were made within the last four years for postal service with Red River, but the want of territorial rights at Red River and along the greater part of the route defeated the plans of the Canadian Government, and after a very considerable outlay the line had to be abandoned. Another effort is now being made in the same direction, and as the Hudson's Bay Company claim the right of territory and government over this region, it is hoped they will also assume their co-relative duties, and unite with Canada in opening up the country.

The Canadian Government is about to establish steam communication with Fort William on Lake Superior immediately. A large tract of land at this point has been surveyed, and a Crown lands agent, has been recently appointed to reside there. Appropriations have been made by the Legislature for roads towards Red River, on which free grants will be made to settlers, and every effort will be made to attract settlement, the ultimate object being the connexion with the Red River and Saskatchewan. Canada is therefore now prepared to guarantee that, so far as her undisputed boundary extends, every facility will henceforward exist towards a communication with the West.

The Canadian Government cannot doubt that the Hudson's Bay Company are fully alive to the vast importance of such a communication. The recent gold discoveries on the Saskatchewan cannot fail to attract many adventurers, who must at present be principally drawn from the United States. The settlement of Red River itself has now its sole communication with Minnesota, and will naturally imbibe American principles and views unless brought into connexion with the British settlements. East and West Canada must look with some apprehension to the probable result that in a very few years the population lying to her west will be wholly foreign, and that unless facilities for settlement be afforded from Canada equal to those enjoyed from the United States, and unless efficient civil government be speedily established, British rule over this part of the continent will virtually have passed away, and the key of the trade to British Columbia, and ultimately China, have been surrendered to our rivals. The Hudson's Bay Company cannot desire a result that would equally militate against their own interests, and the Canadian Government therefore hopes for their hearty co-operation in opening up the Red River and Saskatchewan territories by a communication from Canada to British Columbia.

The Government of Canada consider that, in connexion with the means of transport across the continent, a telegraph communication should be established as especially necessary for Imperial interests, inasmuch as both the United States and Russia possess telegraphic lines to the Pacific, while Great Britain has no other mode of doing so but through the Hudson's Bay Territory. Recent events have proved the paramount importance of such a line.

Leaving untouched, therefore, all disputed questions, I am commanded by his Excellency the Governor General to state that the Canadian Government have decided at once to establish steam and stage communication to the extreme limit of the territory under their government, and are ready to unite with the Hudson's Bay Company in a mail service and post route to British Columbia. The Canadian Government is also prepared to guarantee the construction of a telegraph line to the extreme western limits of the province.

I request that you will inform me how far you will be prepared to act for the Hudson's Bay Company in carrying out objects of such great national importance, and which cannot be long delayed without the most serious injury to the interests of the empire, and especially to the future progress and security of Canada.

Alexander G. Dallas, Esq.  
&c. &c. &c.

I have, &c.  
(Signed) CHARLES ALLEYN,  
Secretary.