

every legal principle the Company's territorial ownership of the lands granted and the rights necessarily incidental thereto (as, for example, the right of excluding from their territory persons acting in violation of their regulations,) ought to be deemed to be valid.

The Board are aware that it is competent to the Canadian Government to disregard these principles, however just and well founded; but they cannot but lament to see, by a Despatch under date December 22, 1858, and published by the Provincial Legislature, that the Canadian Government should have been invited by Her Majesty's Government to adopt such a policy; a course so opposed to that which was enunciated by Mr. Labouchere in his Despatch to Sir Edmund Head of the 22d January 1858, in which he distinctly states that he did not propose to discuss the question of the validity of the claims of this Company over the whole territory known as Rupert's Land, Her Majesty's Government having come to the conclusion that it would be impossible for them to institute proceedings with a view to raise this question before a legal tribunal without departing from those principles of equity by which their conduct ought to be guided.

It is to be regretted that delay should arise on the part of the Canadian Government in determining the course which they have thus been invited to take. If such proceedings are ultimately determined upon for the purpose of contesting the validity of the Charter, we shall be prepared to maintain the rights of our proprietors.

With regard to your suggestion, that the licence should be extended for a period of two years instead of for one year, as before proposed, I beg to state that all the material objections to such a proposal which were pointed out in my former letter with respect to the proposed extension of one year apply equally to an extension for two years. I beg, however, distinctly to state that, in declining to accept a renewal of the licence for a period of two years, that refusal in no way proceeds, as you propose to assume, upon a conviction in our minds that injury to the public interest may not be the consequence of the absence of proper measures for maintaining peace and order in the territories in question. On the contrary, our reason for declining to undertake the preservation of peace upon an extension of the licence for the period of two years only arises from our conviction that such an extension would not secure to the Company a continuance of the weight and influence they have hitherto enjoyed, and so enable them to prevent the threatened mischief. So short an extension would be considered as evidence of the intention of Her Majesty's Government to determine their privileges altogether at the end of that term, and would deprive them of all moral influence over the parties frequenting those territories. We consider that the proposed extension would only give so much more time for excitement and agitation, and would produce a state of things among the unsettled population on the frontier which might with difficulty be controlled by any subsequent administration to be established on the removal of the authority of the Company.

In the opinion of the Board there is no alternative between maintaining the present system in its former efficiency, or providing by legislation a totally different government, which should possess the means for ensuring a proper administration in the Indian territories.

Should the latter alternative be decided upon, our Board will lend their most zealous assistance towards promoting any measures which may be adopted for the purpose.

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

The Right Hon. Sir E. B. Lytton, Bart.
&c. &c. &c.