

ference. Your Excellency is aware that the desire of the Government of *Canada* for a satisfactory and final adjustment of this matter has been often formally expressed. In Your Excellency's Despatch of 19th January, 1864, to the Colonial Secretary, the anxious desire of the Canadian Government was communicated "for some speedy, inexpensive, and mutually satisfactory plan," for settling definitely "the North-Western boundary of *Canada*," and the claim of *Canada* was asserted to "all that portion of Central *British America*, which can be shewn to have been in the possession of the French at the period "of the cession in 1763."

In reply to this Despatch, Mr. *Cardwell*, on 1st July, 1864, requested to be informed whether the Government of *Canada* was prepared to assist in negotiations with the *Hudson's Bay* Company, with the view of accepting any portion of the Territory now claimed by that Company, and providing the means of local administration therein; and he suggested that if so prepared it would be desirable that some person duly authorized to communicate the views of the Canadian Government should be sent to *England* for that purpose.

On the 11th November, 1864, a Minute of Council was approved by Your Excellency, in reply to Mr. *Cardwell's* Despatch. It set forth that the Government of *Canada* was ready and anxious to co-operate with the Imperial Government, in securing the early settlement of the North-West Territories, and the establishment of local Government in its settled portions; but that in its opinion the first step towards that end was the extinction of all claim by the *Hudson's Bay* Company to proprietary rights in the soil and exclusive rights of trade. It suggested that it was for the Imperial Government, and not for the Government of *Canada*, to assume the duty of bringing to an end a monopoly originating in an English Charter, and exercised so long under Imperial sanction; but that when the negotiations were brought to a close, the Government of *Canada* would be ready to arrange with the Imperial Government for the annexation to *Canada* of such portions of the Territory as might be available for settlement, as well as for the opening up of communications into the Territory and providing means of local administration. Or should the Imperial Government prefer to erect the Territory into a Crown Colony, the Canadian Government would gladly co-operate in the opening up of communication into the Territory, and the settlement of the country. The Minute finally suggested that the Honorable President of the Council while in *England* would communicate more fully to Mr. *Cardwell* the views of the Canadian Government.

The negotiations that followed on this Despatch, satisfied us of the impossibility of enforcing the end sought by *Canada* without long-protracted, vexatious and costly litigation. The *Hudson's Bay* Company were in possession, and if time were their object, could protract the proceedings indefinitely; and Her Majesty's Government appeared unwilling to ignore pretensions that had frequently received quasi recognition from the Imperial authorities. Calling to mind, therefore, the vital importance to *Canada* of having that great and fertile country opened up to Canadian enterprise, and the tide of emigration into it directed through Canadian channels—remembering also the danger of large grants of land passing into the hands of mere moneyed corporations and embarrassing the rapid settlement of the country—and the risk that the recent discoveries of gold on the eastern slope of the Rocky Mountains might throw into the country large masses of settlers unaccustomed to British Institutions—we arrived at the conclusion that the quickest solution of the question would be the best for *Canada*. We accordingly proposed to the Imperial Ministers that the whole British Territory east of the Rocky Mountains and north of the American or Canadian lines, should be made over to *Canada*, subject to such rights as the *Hudson's Bay* Company might be able to establish; and that the compensation to that Company (if any were found to be due) should be met by a loan guaranteed by *Great Britain*. The Imperial Government consented to this, and a careful investigation of the case satisfies us that the compensation to the *Hudson's Bay* Company cannot, under any circumstances, be onerous. It is but two years since the present *Hudson's Bay* Company purchased the entire property of the old Company; they paid £1,500,000 for the entire property and assets,—in which were included a large sum of cash on hand, large landed properties in *British Columbia* and elsewhere not included in our arrangement, a very large claim against the *United States* Government under the *Oregon Treaty*—and Ships, Goods, Pelts and business premises in *England* and *Canada* valued at £1,025,569.