

**Technical and Bibliographic Notes/Notes techniques et bibliographiques**

The Institute has attempted to obtain the best original copy available for filming. Features of this copy which may be bibliographically unique, which may alter any of the images in the reproduction, or which may significantly change the usual method of filming, are checked below.

L'Institut a microfilmé le meilleur exemplaire qu'il lui a été possible de se procurer. Les détails de cet exemplaire qui sont peut-être uniques du point de vue bibliographique, qui peuvent modifier une image reproduite, ou qui peuvent exiger une modification dans la méthode normale de filmage sont indiqués ci-dessous.

- |   |   |
|---|---|
| <input type="checkbox"/> Coloured covers/<br>Couverture de couleur  | <input type="checkbox"/> Coloured pages/<br>Pages de couleur  |
| <input type="checkbox"/> Covers damaged/<br>Couverture endommagée   | <input type="checkbox"/> Pages damaged/<br>Pages endommagées  |
| <input type="checkbox"/> Covers restored and/or laminated/<br>Couverture restaurée et/ou pelliculée   | <input type="checkbox"/> Pages restored and/or laminated/<br>Pages restaurées et/ou pelliculées   |
| <input type="checkbox"/> Cover title missing/<br>Le titre de couverture manque  | <input checked="" type="checkbox"/> Pages discoloured, stained or foxed/<br>Pages décolorées, tachetées ou piquées  |
| <input type="checkbox"/> Coloured maps/<br>Cartes géographiques en couleur  | <input type="checkbox"/> Pages detached/<br>Pages détachées   |
| <input type="checkbox"/> Coloured ink (i.e. other than blue or black)/<br>Encre de couleur (i.e. autre que bleue ou noire)  | <input checked="" type="checkbox"/> Showthrough/<br>Transparence  |
| <input type="checkbox"/> Coloured plates and/or illustrations/<br>Planches et/ou illustrations en couleur   | <input type="checkbox"/> Quality of print varies/<br>Qualité inégale de l'impression  |
| <input type="checkbox"/> Bound with other material/<br>Relié avec d'autres documents  | <input type="checkbox"/> Includes supplementary material/<br>Comprend du matériel supplémentaire  |
| <input type="checkbox"/> Tight binding may cause shadows or distortion along interior margin/<br>La reliure serrée peut causer de l'ombre ou de la distortion le long de la marge intérieure  | <input type="checkbox"/> Only edition available/<br>Seule édition disponible  |
| <input type="checkbox"/> Blank leaves added during restoration may appear within the text. Whenever possible, these have been omitted from filming/<br>Il se peut que certaines pages blanches ajoutées lors d'une restauration apparaissent dans le texte, mais, lorsque cela était possible, ces pages n'ont pas été filmées. | <input type="checkbox"/> Pages wholly or partially obscured by errata slips, tissues, etc., have been refilmed to ensure the best possible image/<br>Les pages totalement ou partiellement obscurcies par un feuillet d'errata, une pelure, etc., ont été filmées à nouveau de façon à obtenir la meilleure image possible. |
| <input checked="" type="checkbox"/> Additional comments:<br>Commentaires supplémentaires:   | Docket title page appears as last page in book but was filmed as first page on fiche.   |

This item is filmed at the reduction ratio checked below/  
Ce document est filmé au taux de réduction indiqué ci-dessous.

10X	12X	14X	16X	18X	20X	22X	24X	26X	28X	30X	32X
										✓	

**CANADA AND BRITISH COLUMBIA.**

---

**COPY of all CORRESPONDENCE, from 1 January 1862 to the present Time, between the Colonial Office and the Hudson's Bay Company or other Parties, relative to a Road and TERRITORY from Canada to British Columbia, and the Transfer of the Property and Rights of the Hudson's Bay Company to other Parties.**

**(Mr. Aylton.)**

---

**Ordered, by The House of Commons, to be Printed,  
15 July 1863.**

---

438.

*Under 3 oz.*



CANADA AND BRITISH COLUMBIA.

RETURN to an Address of the Honourable The House of Commons,  
dated 10 July 1863;—for,

“COPY of all CORRESPONDENCE, from the 1st day of January 1862 to the present Time, between the Colonial Office and the Hudson’s Bay Company or other Parties, relative to a ROAD and TELEGRAPH from *Canada* to *British Columbia*, and the Transfer of the Property and Rights of the HUDSON’S BAY COMPANY to other Parties.”

Colonial Office, }  
14 July 1863. }

C. FORTESCUE.

(*Mr. Aytoun.*)

Ordered, by The House of Commons, to be Printed,  
15 July 1863.

700  
971.4  
5786

## SCHEDULE.

---

CORRESPONDENCE relative to a ROAD and TELEGRAPH to BRITISH COLUMBIA, and the  
TRANSFER of the RIGHTS of the HUDSON'S BAY COMPANY to other Parties.

	Page.
1. H. H. Berens, Esq., to his Grace the Duke of Newcastle, K.G. (19 May 1862) - - -	1
2. Messrs. Baring, Glyn, and others to his Grace the Duke of Newcastle, K.G. (5 July 1862) -	5
3. Sir F. Rogers, Bart., to Thos. Baring, Esq., M.P. (31 July 1862) - - -	6
4. Sir F. Rogers, Bart., to H. H. Berens, Esq. (31 July 1862) - - -	6
5. H. H. Berens, Esq., to his Grace the Duke of Newcastle, K.G. (11 August 1862) - -	7
6. Sir F. Rogers, Bart., to Thos. Baring, Esq. M.P. (18 August 1862) - - -	7
7. Sir F. Rogers, Bart., to H. H. Berens, Esq. (28 August 1862) - - -	7
8. H. H. Berens, Esq., to his Grace the Duke of Newcastle, K.G. (5 September 1862) - -	8
9. T. F. Elliot, Esq., to H. H. Berens, Esq. (21 Nov. 1862) - - -	8
10. E. W. Watkin, Esq., to his Grace the Duke of Newcastle, K.G. (27 December 1862) - -	8
11. T. F. Elliot, Esq., to E. W. Watkin, Esq. (5 March 1863) - - -	11
12. E. W. Watkin, Esq., to his Grace the Duke of Newcastle, K.G. Extract (25 April 1863) -	12
13. E. W. Watkin, Esq., to his Grace the Duke of Newcastle, K.G. (28 April 1863) - - -	12
14. C. Fortescue, Esq., M.P., to E. W. Watkin, Esq. (1 May 1863) - - -	13
15. C. Fortescue, Esq., M.P., to H. H. Berens, Esq. (1 May 1863) - - -	15
16. C. Fortescue, Esq., M.P., to E. W. Watkin, Esq. (5 May 1863) - - -	16
17. H. H. Berens, Esq., to his Grace the Duke of Newcastle, K.G. (6 May 1863) - - -	15
18. C. Fortescue, Esq., M.P., to E. W. Watkin, Esq. (16 May 1863) - - -	16
19. H. H. Berens, Esq., to his Grace the Duke of Newcastle, K.G. (15 June 1863) - - -	17
20. The Right Hon. Sir Edmund Head, Bart., K.C.B., to his Grace the Duke of Newcastle, K.G. (3 July 1863) - - -	17
21. The Right Hon. Sir Edmund Head, Bart., K.C.B., to his Grace the Duke of Newcastle, K.G. (6 July 1863) - - -	19

### APPENDIX.

1. S. Fleming, Esq., to his Grace the Duke of Newcastle (10 June 1863) - - -	21
2. T. F. Elliot, Esq., to S. Fleming, Esq. (29 June 1863) - - -	21

---

# COPIES

OF

CORRESPONDENCE between the COLONIAL OFFICE and the HUDSON'S BAY COMPANY since 1st January 1862, relative to a ROAD AND TELEGRAPH to British Columbia, and the Transfer of the Rights of the Hudson's Bay Company to other Parties.

---

No. 1.

No. 1.

COPY of a LETTER from H. H. BERENS, Esq., to his Grace the Duke of  
NEWCASTLE, K.G.

MY LORD DUKE,

Hudson's Bay House, London, May 19, 1862.

I HAVE the honour to enclose, for your Grace's information, copy of a correspondence that has passed between Mr. Charles Alleyn, Secretary to the Government of Canada, and Mr. Dallas, who has lately succeeded Sir George Simpson in the government of the Hudson's Bay Territory in North America, on the subject of a proposed road and line of telegraphic communication between Canada and the gold regions of British Columbia.

I take the liberty of forwarding this correspondence to your Grace, because my colleagues agree with me that any negotiation on the subject should be carried on, not with the Colonial Authorities, but with Her Majesty's Government in this country.

The Canadian Government propose, in the first instance, to establish steam communication on Lake Superior, and to open up roads from Fort William in the direction of Red River; and they appear to consider that it is the duty of the Hudson's Bay Company to undertake the further prosecution of the work through their territories. Of course there is no difficulty as far as steamers on Lake Superior are concerned; but between Fort William and the heights of land, the natural difficulties of the country will make road-making a very expensive business; while the soil, which consists chiefly of rock and swamps, will offer no inducement to settlers, even if they obtain the land for nothing.

Within the last few years a considerable sum of money has been granted and expended by the Canadian Government for the purpose of opening this route; but I am not aware that there has been any practical result. Beyond Red River to the base of the Rocky Mountains, the line will pass through a vast desert, in some places without wood or water, exposed to the incursions of roving bands of Indians, and entirely destitute of any means of subsistence for emigrants, save herds of buffalo, which roam at large through the plains, and whose presence on any particular portion of these prairies can never be reckoned on. These again are followed up by Indians in pursuit of food, whose hostility will expose travellers to the greatest danger.

With regard to the establishment of a telegraphic communication, it is scarcely necessary to point at the prairie fires, the depredation of natives, and the general chapter of accidents, as presenting almost insurmountable obstacles to its success.

I have thought it my duty thus slightly to sketch the difficulties in the way of the enterprise, the subject of the correspondence which I have brought under your Grace's notice. But if it be thought that the interests of Canada and British Columbia, or of this country, require that the experiment should be made, the Hudson's Bay Company will most readily acquiesce in the decision of Her Majesty's Government. At the same time it is my duty to state that, in justice to our proprietors, the Directors of the Hudson's Bay Company cannot risk their capital in doubtful undertakings of this description, spread over such vast distances through a country where the means of maintaining them, if once made, will lead to an expenditure scarcely to be contemplated. Although, therefore, the Directors, on behalf of the Company, are ready to lend Her Majesty's Government all the moral support and assistance in their power, it must be distinctly understood that the Company have no means at their disposal beyond those employed in carrying on their trade, and cannot consequently undertake any outlay in connexion with the schemes suggested by the Canadian Government.

I think it may not be improper to take this opportunity of referring your Grace to former communications between the Hudson's Bay Company and the Colonial Office on the subject of settlement in their territories. The Company have always expressed their

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.

SIR,

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

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 Sackatchewan. 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 Sackatchewan 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 Sackatchewan 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.

Montreal, 16th April 1862.

SIR, 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.



Parliament is naturally averse to the increase of the national burdens, and it may be that a money grant might be out of the question; but without adding to the expenditure of the country, there are large resources available in the shape of territory. Would, therefore, the Government, if approving such an attempt, be ready to grant to any sound and sufficient company a considerable tract of land in aid to the construction of the means of communication by telegraph, and the provision of the means of transit across the continent?

Knowing the interest which your Grace feels in the progress of the British empire in North America, we do not hesitate thus to call attention to the subject.

We have, &c.,

(Signed)

THOMAS BARING.  
GEO. CARR GLYN.  
R. D. HODGSON.  
GEO. G. GLYN.  
R. W. CRAWFORD.  
WILLIAM CHAPMAN.

To his Grace the Duke of Newcastle, K.G.  
&c. &c. &c.

No. 3.

No. 3.

COPY of a LETTER from Sir F. ROGERS, Bart., to THOS. BARING, Esq., M.P.

SIR,

Downing Street, July 31, 1862.

THE Duke of Newcastle has received the letter signed by you and other gentlemen, dated the 5th of July, relative to the formation of a company for the purpose of opening a route for passenger traffic, and telegraphic communication across the continent of British North America to the British Colonies on the Pacific.

I am desired in reply to express the Duke of Newcastle's regret that Her Majesty's Government cannot afford any direct pecuniary assistance to this object, and that, except in British Columbia, he has no power to make any grant of land for the purpose. At the same time his Grace fully appreciates the importance of the proposed scheme, and will give it every encouragement in his power. For this purpose he has written to the Hudson's Bay Company, through whose territories any such communication must pass, to enquire what facilities they would be ready to afford to the undertaking; and the Duke of Newcastle would suggest that you, and the gentlemen associated with you, should place yourselves in communication with the chairman of that Company, and in case of any satisfactory arrangement being made with them, his Grace will write to the Governors of Canada and British Columbia, and endeavour to procure for you some concession of land from those Colonies.

Thos. Baring, Esq., M.P.

I am, &c  
(Signed) FREDERIC ROGERS.

No. 4.

COPY of a LETTER from Sir F. ROGERS, Bart., to H. H. BERENS, Esq.

No. 4.

SIR,

Downing Street, July 31, 1862.

I AM directed by the Duke of Newcastle to request that you will bring under the consideration of the Hudson's Bay Company the enclosed copy of a letter\* from Mr. Thomas Baring, M.P., and other gentlemen, relative to the formation of a company for the purpose of opening a route for passenger traffic and telegraphic communication across the continent of British North America to the British Colonies on the Pacific.

His Grace, appreciating the importance of the scheme submitted to him, is disposed to give it every encouragement in his power, and for that purpose intends to invite the co-operation of the Governments of Canada and British Columbia.

As, however, the proposed communication could only be carried through the territory over which the Hudson's Bay Company claims rights, his Grace, though not permitting himself to doubt from the tenour of your letter of the 19th of May † that the Company would afford such facilities as are in their power for co-operating in this great public object, would nevertheless be glad to learn distinctly whether they would concede a

line of territory to any company which men of such position and character as those who have signed the enclosed letter might form for the purpose.

His Grace is in communication with Mr. Baring on this subject.

I am, &c.

(Signed) FREDERIC ROGERS.

H. H. Berens, Esq.  
&c. &c.

No. 5.

No. 5.

COPY of a LETTER from H. H. BERENS, Esq., to His Grace the Duke of NEWCASTLE, K. G.

Hudson's Bay House, London,  
August 11, 1862.

MY LORD DUKE,

I HAVE communicated with my colleagues in the direction of the Hudson's Bay Company on the subject of your Grace's letter of the 31st of July, of which I had the honour to acknowledge the receipt on the 1st instant.

They direct me to assure your Grace of their readiness to co-operate with Her Majesty's Government in any measures they may be pleased to recommend for the improvement of the communication across the territories of the Company, and for the settlement of the country, provided always they are not required to advance the capital of their constituents in aid of speculations projected by other persons, of the success of which the projectors are the most competent judges.

The Directors of the Hudson's Bay Company will have no objection to make such free grant of land to any association, of which the gentlemen who have made the application to your Grace, by their letter of the 5th July,\* are the responsible Directors, as may reasonably be required for effecting the proposed communication, on the sole condition that adequate security is taken for the establishment and completion of a sufficient road for passenger traffic and telegraphic communication across the continent.

\* Page 5.

I have, &c.

(Signed) H. H. BERENS,  
Governor.

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

No. 6.

No. 6.

COPY of a LETTER from Sir F. ROGERS, Bart., to THOS. BARING, Esq., M.P.

SIR, Downing Street, August 18, 1862.

WITH reference to my letter of the 31st ult.,† I am directed by the Duke of Newcastle to transmit to you for your information a copy of a letter from the Chairman of the Hudson's Bay Company,‡ stating the extent to which the Company will be willing to co-operate with yourself and colleagues in establishing telegraphic communication with British Columbia across British North America.

† Page 6.

‡ Aug. 11, 1862  
Supra.

I have, &c.

(Signed) FREDERIC ROGERS.

T. Baring, Esq., M.P.  
&c. &c.

No. 7.

No. 7.

COPY of a LETTER from Sir FREDERIC ROGERS, Bart., to H. H. BERENS, Esq.

SIR, Downing Street, August 28, 1862.

YOUR letter of the 11th instant§ has been laid before the Duke of Newcastle, and his Grace requests that you will express to your colleagues in the management of the Hudson's Bay Company his gratification at their readiness to make a grant of land to the promoters of the contemplated undertaking of a passenger and telegraphic communication.

§ Supra.

tion between Canada and British Columbia. It will be obvious to you that the means of any association which may be formed to effect this great design must depend upon the extent of the proposed concession. His Grace, therefore, directs me to ask you to have the goodness to state what breadth of land the Governors of the Hudson's Bay Company are willing to grant for this purpose.

H. H. Berens, Esq.  
&c. &c.

I am, &c.  
(Signed) FREDERIC ROGERS.

No. 8.

No. 8.

COPY of a LETTER from H. H. BERENS, Esq., to his Grace the Duke of  
NEWCASTLE, K.G.

Hudson's Bay House, London,  
September 5, 1862.

MY LORD DUKE,

\* Page 7.

I HAVE the honour to acknowledge the receipt of Sir Frederic Rogers' letter of the 28th August,\* and am pleased to observe that your Grace is gratified by the readiness of this Company to meet the views of Her Majesty's Government in reference to the contemplated communication between Canada and British Columbia. In reply to your inquiry as to the breadth of land the Hudson's Bay Company are willing to grant for the purpose of the undertaking, I beg to say that being in utter ignorance of the sort of route projected, and in the absence of any communication from the promoters of the undertaking, it is impossible for me to state to what extent the grant would amount.

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

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

No. 9.

No. 9.

COPY of a LETTER from T. FREDERIC ELLIOT, Esq., to H. H. BERENS, Esq.

SIR,

Downing Street, November 21, 1862.

WITH reference to your interview with the Duke of Newcastle on the 18th instant, upon the subject of a proposed Postal and Telegraphic Route from the Canadian frontier to that of British Columbia, at which his Grace understood you to express the willingness of the Hudson's Bay Company to enter into personal communication with some of the gentlemen who are desirous, under certain conditions, of undertaking this scheme, and to confer with them either upon the basis of forming a road through the country comprised in the Charter of your Company, or upon that of the purchase of the whole of the Company's rights, I am directed by his Grace to inform you that he has to-day seen a deputation of the gentlemen referred to, and they, on their part, expressed their readiness to attend the proposed meeting.

The Duke of Newcastle thinks that it would be desirable that you should now arrange an interview either with Mr. Thomas Baring or with Mr. Edward Watkin, and, as it is evident that with a view to any consideration of the second proposal it would be necessary that some details of the property to be sold should be laid before the intending purchasers, he hopes that the Company will be good enough to authorize such information to be given as may be necessary, and as may not be detrimental to their own interests.

H. H. Berens, Esq.  
&c. &c.

I have, &c.  
(Signed) T. FRED. ELLIOT.

No. 10.

No. 10.

COPY of a LETTER from E. W. WATKIN, Esq., to his Grace the Duke of  
NEWCASTLE, K.G.

MY LORD DUKE,

London, December 27, 1862.

REFERRING to the interview which Messrs. G. G. Glyn, M.P., R. W. Crawford, M.P., H. Wollaston Blake, William Chapman, Robert Benson, Captain Glyn, R.N., and myself, had the honour to have with your Grace at the Colonial Office, on the 21st November, in reference to the important question of telegraphic and other means of communication through British territory to the Pacific, I have now to report to your Grace, on behalf of the gentlemen who have moved in this matter, that the subject has

been fully discussed with the Governor and Directors of the Hudson's Bay Company, and also with the delegates from Canada, the Honble. Messrs. Sicotte and Howland, who were specially authorized by their Government to deal with it, and that considerable progress has been made with the negotiation.

The Hudson's Bay Company still decline to do more in aid of telegraphic and road communication than to make a free grant of land for the actual site of the proposed works, which is much to be regretted.

The larger question raised has, however, not been forgotten, and accounts are promised on behalf of the Hudson's Bay Company, which, it is stated, will give a clear view of the financial position of that undertaking, and thereby enable calculations to be made of its real value to purchase.

It is considered desirable, however, to keep the two questions above alluded to distinct, the more especially as time is so much an object.

In the absence of a large grant of land, it will, therefore, be necessary to ask for assistance by way of guarantee from the Imperial and Provincial Governments.

The Canadian delegates, recognizing this necessity, have officially notified to us their readiness on behalf of the Canadian Government to recommend the participation by Canada in a minimum guarantee of four per cent. upon a capital of not exceeding 500,000*l.*, to be devoted to the construction of telegraph and road communication. They propose to participate to the extent of one third of the guarantee in the event of Her Majesty's Government and British Columbia joining in the responsibility, or of one half in the event of the refusal of Imperial aid; that refusal, however, they state that they cannot anticipate, considering the Imperial importance of the work.

The enterprize having now, and after much negotiation, been thus brought to a practical stage, I am desired further respectfully to ask if your Grace is prepared to recommend in like manner that Her Majesty's Government and British Columbia, or if, unfortunately, Imperial aid is impossible, then that British Columbia alone, participate in the proposed guarantee, to the extent, in the former case, of two thirds, or, in the latter case, of one half, of the very moderate responsibility suggested?

Copies of the correspondence with the Canadian delegates, detailing all that has transpired, are enclosed for your Grace's information.

Should your Grace favourably consider this request, immediate measures will be taken to raise the capital required through an influential company; and so soon as that is effected the drafts of the Bills which would have to be submitted to the Imperial and Provincial Parliaments should be discussed and settled. Those Bills would embody all the details of the arrangement as between the promoters and Her Majesty's and the Provincial Governments; and it would be most desirable that they should be discussed in the ensuing session, so that, should Parliament adopt and approve the policy of assisting these works in the manner proposed, they may, if possible, be commenced in the early part of the summer of 1863.

I have, &c.

(Signed)

E. W. WATKIN.

His Grace the Duke of Newcastle, K.G.

&c.

&c.

&c.

Enclosure in No. 10.

Encl.in No. 1

A.

MEMORANDUM.

THE gentlemen who have to-day met the Honourable Messrs. Sicotte and Howland at 67, Lombard Street, will take measures to form a company without delay for the object of carrying out—

First, the construction of a telegraph and system of posts, and the conveyance of telegraphic messages and correspondence, from the Canadian boundary at the head of Lake Superior to the Pacific, (and also, if desired, from the United States boundary to Fort Garry); and,

Second, for the provision of facilities for travel by ordinary waggon roads and steamers—

On the following conditions; viz.

1. That possession of the free grant of the right of way for an adequate width, already proposed to be made by the Hudson's Bay Company, be confirmed to the Company under Imperial and Colonial Legislation; and that a grant of land of reasonable width be in like manner made by the Imperial and Colonial Governments through their respective territories, to the east and west of the grant from the Hudson's Bay Company.

2. That similar rights and privileges as were granted to the "North-west Transit Company," and to others, by the Canadian Parliament, be secured to the Company proposed to be formed.

Memorandum.—It would be desirable, if fair terms can be agreed, that the property and rights of the Transit Company, or others, be incorporated with those of the new company, thereby securing a fair protection to any existing interests, and unity of action in Canada.

(191.)

B

3. That the Canadian and British Columbian Governments arrange for the guarantee of a minimum rate of interest of four per cent. per annum upon the capital required, which, for the telegraph and system of posts and letter express, is not to exceed three hundred thousand pounds, and for the provision of facilities for travel two hundred thousand pounds in addition; or, for the whole, a capital of not exceeding five hundred thousand pounds sterling.

4. Proper protection of the property of the Company, and of the persons employed by it, to be extended by the Governments under the laws existing for the time being, and, so far as the Hudson's Bay Territory is concerned, under the protective powers for the time being exercised by the Hudson's Bay Company.

5. That the works of the Company shall be free from all taxation for not less than thirty years.

6. That a proper tariff of rates for messages and letters be agreed upon between the Governments and the new Company, and that the Company's telegraphs and letter post be used by the Governments on terms to be agreed.

7. The Governments may have the power to purchase the whole concern after it has paid per cent. for a period of five years, at a premium of per cent.; or, after the Company has, for a past period of five years, paid six per cent. per annum, half the surplus profits may be devoted to a sinking fund.

It is desired again to repeat that the gentlemen who have this day met Messrs. Sicotte and Howland are merely desirous of seeing executed, without further delay, the works herein proposed; and do not wish to undertake any action unless with the entire approval of the delegates from Canada. Should Messrs. Sicotte and Howland consider that practical assistance to the object of their mission can be rendered in any other or better way, they will be quite ready to discuss the suggestions of the delegates, and either to co-operate or retire, as may be thought best to serve the great policy initiated by Canada.

67, Lombard Street, London.  
8th. December 1862.

B.

With a view of better enabling the gentlemen whom they met yesterday at 67, Lombard Street, to take immediate measures to form a company for the object of carrying out the construction of a telegraph line and of a road to establish frequent and easy communication between Canada and the Pacific, and to facilitate the carrying of mails, passengers, and traffic, the undersigned have the honour to state, that they are of opinion that the Canadian Government will agree to give a guarantee of interest at the rate of four per cent. upon one third of the sum expended, provided the whole sum does not exceed five hundred thousand pounds, and provided also that the same guarantee of interest will be secured upon the other two thirds of the expenditure by Imperial or Columbian contributions.

If a company composed of men of the standing and wealth of those they had the pleasure to meet is formed for the above purposes, under such conditions as will secure the interests of all parties interested, and the accomplishment of the objects they have in view, such an organization will be highly favourable to the settlement of an immense territory, and if properly administered, may prove to be also of great advantage to the trade of England.

(Signed) L. V. SICOTTE.  
(Signed) W. P. HOWLAND.

London, 10th December, 1862.  
To MM. Glynn,  
Benson,  
Chapman,  
Newmarch,  
Watkin,  
&c. &c. &c.

C.

GENTLEMEN,

London, December 17, 1862.

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 4½ or 5 per cent.

The simplest form of working the arrangements 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 agreed to pay, in equal proportions, an annual sum of say 22,500*l.* to the Company who would execute and establish the proposed works.

Then all the details could be made 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 enterprize.

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, &c.  
(Signed) EDWARD W. WATKIN.

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

D.

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 honour 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 monies required at the rate of 4 per cent., and that they will not advise and press with their colleagues a higher rate of interest as the basis of the arrangement.

London, 20th December 1862.

I have, &c.  
(Signed) L. V. SICOTTE.  
W. P. HOWLAND.

No. 11.

No. 11.

COPY of a LETTER from T. FREDK. ELLIOT, Esq., to E. W. WATKIN, Esq.

SIR,

Downing Street, March 5, 1863.

I AM directed by the Duke of Newcastle to acknowledge the receipt of your letter of the 27th of December,\* and to express his Grace's regret that so long though quite unavoidable a delay should have occurred in replying to it.

\* Page 8.

I am now desired to make to you the following communication:—

Her Majesty's Government are of opinion that they cannot apply to Parliament to sanction any share in the proposed subsidy by this country; and though they take great interest in the project contemplated with so much public spirit by the gentlemen represented by you for carrying a telegraphic and postal communication from the confines of Canada to the Pacific, they do not concur in the opinion of the Canadian delegates that the work is of such special "Imperial importance" as to induce them to introduce for the first time the principle of subsidising or guaranteeing telegraphic lines on land.

Her Majesty's Government are further of opinion that without a submarine transatlantic telegraph the proposed line in America will be of comparatively small value to the Imperial Government, and that whenever a scheme of the former kind is renewed it is almost certain that this country must be called upon to bear a much larger charge for it than that which it is now proposed to devolve upon the British Colonies in respect of the land telegraph and communication.

As Canada has offered to bear one half of the proposed guarantee the Duke of Newcastle is prepared to recommend, and his Grace has no doubt of ready acquiescence, that British Columbia and Vancouver Island shall pay the sum of 10,000*l.* per annum as their share of 20,000*l.* (being at the rate of 4*l.* per cent. on a capital of 500,000*l.*) to commence when the line is in working order.

It will, however, be necessary, before any proposal is made officially to the Colonies, that the Duke of Newcastle should receive further details.

It is requisite that his Grace should be informed what provision will be proposed as to the duration of this subsidy; what conditions as to the right of purchasing the line; and to what authorities that right should belong; and on what terms the whole arrangement may be revised in the event of the Hudson's Bay Company coming to any agreement for the sale of their territory. There will also doubtless be other provisions which the Colonies will expect.

E. W. Watkin, Esq.

I have, &c.  
(Signed) T. FREDK. ELLIOT.

No. 12.

No. 12.

EXTRACT of a LETTER from E. W. WATKIN, Esq., to his Grace the Duke of  
NEWCASTLE, K.G.

Grand Trunk Railway Office,  
21, Old Broad Street, E.C.

April 25, 1863.

I BEG to enclose an extract from a letter I have received from Mr. Howland, which I think should be in your Grace's possession.

Encl. in No. 12.

Enclosure in No. 12.

EXTRACT from a Letter from Hon. W. P. Howland to Mr. Watkin.

"However important the Intercolonial Railroad may be, the opening up of the North-west territory would increase its value, and, in fact, afford much stronger grounds for its construction than exist at present; and the immediate result of opening up that territory would, in my opinion, be productive of much greater good to the people of England and Canada than would result from the construction of the Intercolonial Railroad.

"I send by post the report of Mr. Taylor to the United States Government upon the North-west territory of British America, by which you will perceive that they attach much greater importance to the future of that country than the people of England or Canada have hitherto shown.

"The description given of the climate appears to have been compiled from reliable data, and affords the clearest information upon that point that has yet come before the public. I regret not having another copy to send his Grace the Duke of Newcastle. If he has not received one, will you be kind enough to send him this?

"Mr. Sandford Fleming, (who is an engineer of high character and ability,) is now here [Quebec] as a delegate from the people of Red River, in charge of a memorial on their behalf to the Governments of Canada and England. This memorial is accompanied with a very clear statement of the condition and prospects of the country, and a report upon the proposed communication to be made through it. I am now getting the documents printed; and, when done, I will send you a copy, and one will be forwarded by his Excellency to the Duke."

No. 13.

No. 13

COPY of a LETTER from E. W. WATKIN, Esq., to his Grace the Duke of  
NEWCASTLE, K.G.

21, Old Broad Street, London, E.C.,

April 28, 1863.

MY LORD DUKE,

REFERRING to the letter which I had the honour to receive by direction of your Grace from Mr. Elliot under date of the 5th ultimo,\* to the interview which your Grace was good enough subsequently to afford to Mr. G. G. Glyn, M.P., Mr. Benson, Mr. Blake, Mr. Chapman, and myself, and to the discussions which have recently taken place, on general details, under your Grace's instructions, with Sir Frederic Rogers and Mr. Murdoch, I have now to enclose proposals, which I trust will meet your Grace's approval, for the establishment of a postal and telegraphic route between Canada and the Pacific Ocean.

It is hoped that these proposals will be found to be such as your Grace may be able to recommend, and that their adoption by Her Majesty's Government, by Canada, by British Columbia, and by Vancouver Island, may lead to the completion of the most important work involved at a very early period.

Throughout the discussion, which has now occupied a considerable period, it has been assumed as a condition, that the Hudson's Bay Company will agree to the confirmation of the grant and consequent rights which in their letter to your Grace of the 11th August\* last they offered to afford in aid of the enterprise; and that Her Majesty's Government will carry through such measures as are requisite for securing to the Company the rights and privileges necessary to the security of the undertaking; and, considering the deep interest which your Grace has taken in proposals for connecting the Atlantic and Pacific for purposes of communication through British territory, from the first suggestion of such a measure by your Grace to this moment, the promoters of the Company have had pleasure in voluntarily adding as a concluding article of the enclosed document, a provision that any further questions of detail, or matters of difference, should any arise, shall be left to the sole decision of your Grace.

I have to observe that the rate of interest to be secured to the Company when it was assumed that Her Majesty's Government would take a direct part in the guarantee was

\* Page 11.

\* Page 7.

4 per cent. as a minimum; but at the same time it was proposed that in the event of the Colonies alone becoming responsible, a larger rate of interest would be considered necessary. A reference to the documents will show that this was the case. In the enclosed paper, therefore, the maximum rate of interest has been taken at 5 per cent., while a minimum of 4 per cent. is preserved; and it will be for your Grace, should the Colonies decide to accept the proposals, to accord, as between the parties, such a rate, and such a rate only, as the circumstances of the time may render necessary, with a view to securing the absolute success of the undertaking.

I have, &c.  
(Signed) EDWARD W. WATKIN.

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

Enclosure in No. 13.

Encl. in No. 13.

HEADS OF PROPOSAL FOR ESTABLISHING TELEGRAPHIC AND POSTAL COMMUNICATION FROM LAKE SUPERIOR TO NEW WESTMINSTER.

The "Atlantic and Pacific Transit and Telegraph Company" propose to establish and maintain communication by electric telegraph and a mail post passing at such intervals, fortnightly or otherwise, as shall be agreed upon, between a point at the head of Lake Superior and New Westminster in British Columbia, on the following terms:—

1. That the Imperial Government, the Colonies of Canada and British Columbia, and the Hudson's Bay Company, shall each, within the territories belonging to them, grant to the Company such land belonging to the Crown or Company, and all such rights, as may be required for the post route, telegraph, and necessary stations, and for the proper working thereof.

2. The line of telegraph shall be divided into proper sections, and so soon as telegraphic communication is established throughout any such section, the Colonies of Canada, Vancouver Island, and British Columbia will guarantee to the Company a rate of profit on the capital expended at the rate of not less than 4 nor more than 5 per cent.; provided that the total amount of the capital guaranteed shall be limited at 500,000*l.*, and that the total annual payment to be made by Vancouver Island and British Columbia together shall not exceed 12,500*l.*; provided also, that the interest accruing upon the money paid up by the shareholders until the above guarantee shall take effect shall be reckoned as capital; and provided further, that in case the telegraphic line shall not be completed within five years, unless by reason of war or commotion, or of any interruption not arising from any wilful default of the Company, the above guarantee shall be suspended till the line shall be so completed.

3. In case the route shall run through Crown land not within the limits of Canada or British Columbia, nor within the territory claimable by the Hudson's Bay Company, the Company shall be entitled to demand Crown grants to the extent of five square miles for every mile of telegraph line within such Crown land. Such grants shall be demandable so soon as the telegraph communication shall be completed across such Crown land, and the blocks granted shall be adjacent to the telegraph line, and shall be as near as may be five miles square, and shall alternate on each side of the line with blocks of similar size and frontage, which shall remain in the possession of the Crown. The Company is not to sell this land except under effectual conditions of settlement, and in case the undertaking shall be permanently abandoned the land not so sold is to revert to the Crown.

4. The Company shall not dispose of the telegraph without the consent of the Imperial Government.

5. The Colonial Governments within their respective limits, or the Imperial Government in any part of the line, may at any time take temporary possession of the telegraph line in case the public interest requires it, on payment of a rate of compensation to be hereafter agreed, and Government messages shall at all times when demanded have priority over all others.

6. The Home Government, with the consent of the parties, will introduce into Parliament such measures as may be requisite to give effect to this proposal.

7. The telegraph and works, and the servants and agents of the Company, shall be considered as under the protection of the Crown and of the Colonial Governments, as fully as if in the settled districts of British North America.

8. The company and its works shall be exempt from all taxation for a period of 30 years.

9. Any further matters of detail, or questions of difference requiring discussion, to be remitted to the sole decision of his Grace the Duke of Newcastle, Her Majesty's Principal Secretary of State for the Colonies.

No. 14.

No. 14.

COPY of a LETTER from C. FORTESCUE, Esq., M.P., to E. W. WATKIN, Esq.

SIR,

Downing Street, May 1, 1863.

I AM directed by the Duke of Newcastle to state that he has had much satisfaction in receiving your letter of the 28th ult.,\* enclosing the heads of a proposal for establishing telegraphic and postal communication between Lake Superior and New Westminster through the agency of the Atlantic and Pacific Transit and Telegraph Company. These proposals call for some observations from his Grace.

\* Page 12.

(191.)

B 3



New Westminster is named as the Pacific terminus of the road and telegraph. His Grace takes for granted that if the Imperial Government and that of British Columbia should find on further inquiry that some other point on the coast would supply a more convenient terminus the Company would be ready to adopt it.

Article 1. His Grace sees no objection to the grant of land contemplated in this Article, but the "rights" stipulated for are so indeterminate that without further explanation they could scarcely be promised in the shape in which they are asked. He anticipates, however, no practical difficulty on this head.

Nos. 1 and 2. The Duke of Newcastle, on the part of British Columbia and Vancouver Island, sees no objection to the maximum rate of guarantee proposed by the Company, provided that the liability of the Colonies is clearly limited to 12,500% per annum. Nor does he think it unfair that the Government guarantee should cover periods of temporary interruption from causes of an exceptional character, and over which the Company has no control.

But he thinks it indispensable that the Colonies should be sufficiently secured against having to pay for any lengthened period an annual sum of 12,500% without receiving the corresponding benefit, that is to say, the benefit of direct telegraphic communication between the seat of Government in Canada and the coast of the Pacific.

It must therefore be understood that the commencement of the undertaking must depend on the willingness of the Canadian Government and Legislature to complete telegraphic communication from the seat of Government to the point on Lake Superior at which the Company will take it up. Nor could his Grace strongly urge on the Colonies of Vancouver Island and British Columbia the large annual guarantee which this project contemplates, unless there were good reason to expect that the kindred enterprise of connecting Halifax and Montreal by railway would be promptly and vigorously proceeded with. It will also be requisite to secure by formal agreement that the guarantee shall cease, and the grants of land for railway purposes revert to the grantors, in case of the permanent abandonment of the undertaking, of which abandonment some unambiguous test should be prescribed, such as the suspension of through communication for a stated period.

The Duke of Newcastle does not object to five years as the maximum period for the completion of the undertaking, and he thinks it fair to exclude from that period, or from the period of suspension above mentioned, any time during which any part of the line should be in occupation of a foreign enemy. But injuries from the outbreaks of Indian tribes, and other casualties which are inherent in the nature of the undertaking, must be taken as part of the risks which fall on the conductors of the enterprise, by whose resource and foresight alone they can be averted.

His Grace apprehends that the Crown land contemplated in Article 3. is the territory lying between the eastern boundary of British Columbia and the territory purporting to be granted to the Hudson's Bay Company by their Charter. His Grace must clearly explain that Her Majesty's Government do not undertake in performance of this Article of the agreement to go to the expense of settling any questions of disputed boundary, but only to grant land to which the Crown title is clear.

With regard to the 7th Article the Duke of Newcastle could not hold out to the Company the prospect of protection by any military or police force in the uninhabited districts through which their line would pass, but he would consider favourably any proposal for investing the officers of the Company with such magisterial or other powers as might conduce to the preservation of order and the security of the Company's operations.

With reference to the 9th and concluding Article, the Duke of Newcastle would not willingly undertake the responsible functions proposed to him, but he will agree to do so if by those means he can in any degree facilitate the project, and if he finds that the Colonies concur in the proposal.

Subject to these observations, and to such questions of detail as further consideration may elicit, the Duke of Newcastle cordially approves of the Company's proposals, and is prepared to sanction the grants of land contemplated in the 3d Article. He intends to communicate the scheme, with a copy of this letter, to the Governor General of Canada and the Governor of Vancouver Island, recommending the project to their attentive consideration.

E. W. Watkin, Esq.

I am, &c.  
(Signed) C. FORTESCUE.

No. 15

No. 15.

COPY of a LETTER from C. FORTESCUE, Esq., M.P., to H. H. BERENS, Esq.

SIR, Downing Street, May 1, 1863.

I AM directed by the Duke of Newcastle to enclose the heads of a proposal\* made to me by Mr. Watkin, acting on behalf of the "Atlantic and Pacific Transit and Telegraph Company," with a view to the establishment of telegraphic and postal communication from Lake Superior to New Westminster.

\* Printed at page 13.

With reference to your letters to this office of 11th August and 5th September last,† I am to call your attention to the article numbered 1 in this paper, and to request that you will inform his Grace whether this clause expresses correctly the concessions which the Hudson's Bay Company is prepared to make to the proposed Company.

† Pages 7 and 8.

H. H. Berens, Esq.

I have, &c.  
(Signed) C. FORTESCUE.

No. 16.

No. 16.

COPY of a LETTER from C. FORTESCUE, Esq., M.P., to E. W. WATKIN, Esq.

SIR, Downing Street, May 5, 1863.

I AM directed by the Duke of Newcastle to acknowledge the receipt of your letter of the 25th ultimo, enclosing a copy of one which you had received from the Hon. Mr. Howland of Canada, relative to the Intercolonial Railway, and the opening up of the North-west territory.

E. W. Watkin, Esq.

I have, &c.  
(Signed) C. FORTESCUE.

No. 17.

No. 17.

COPY of a LETTER from H. H. BERENS, Esq., to his Grace the Duke of  
NEWCASTLE, K. G.

MY LORD DUKE,

Hudson's Bay House, London,  
May 6, 1863.

I HAVE the honour to acknowledge the receipt of Mr. Under Secretary Fortescue's letter of the 1st instant,\* enclosing the heads of a proposal from the Atlantic and Pacific Transit and Telegraph Company in reference to the establishment of telegraphic and postal communication from Lake Superior to New Westminster.

\* Page 15.

Referring to the Article numbered 1 in this paper, I beg to state that so far as this Company is concerned we shall be prepared to grant such portion of land within the territories belonging to us as may reasonably be required for the purpose of the proposed post route, telegraph, and necessary stations. As to any other rights which the Company may require for the proper working of their undertaking, we presume the grant of these would rest with Her Majesty's Government.

We of course assume that Her Majesty's Government does not assent to the application now made to them, unless they are satisfied with the intentions and ability of the parties to carry out the project; but, of course, should it ultimately be abandoned, the land given up by this Company will revert to them.

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

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

No. 18.

No. 18.

COPY of a LETTER from C. FORTESCUE, Esq., M.P., to E. W. WATKIN, Esq.

SIR,

Downing Street, May 16, 1863.

\* Page 13.

WITH reference to my letter of the 5th instant,\* on the subject of the proposed telegraphic and postal communication between Canada and British Columbia, I am directed by the Duke of Newcastle to enclose for your information a copy of a letter from Mr. Berens, stating that the Hudson's Bay Company will be prepared to grant such portion of land within their territories as may reasonably be required for carrying out the undertaking.

I am also directed to transmit to you the accompanying copies of Despatches addressed to the Governors of Canada and British Columbia, on the receipt of your letter of the 28th ultimo.

E. W. Watkin, Esq.

I have, &c.  
(Signed) C. FORTESCUE.

Encl. 1. in 18.

Enclosure 1. in No. 18.

SIR,

Downing Street, 1 May 1863.

\* Page 13.

I ENCLOSE copies of a letter addressed to me by Mr. Watkin on the part of the Atlantic and Pacific Transit and Telegraph Company, in which he transmits the heads of a proposal\* made by that Company for establishing telegraphic and postal communication between British Columbia and the head of Lake Superior.

I also enclose copies of the answer which I caused to be returned to that letter, and of a despatch which I have addressed to the Governor General of Canada on the subject.

This proposal I apprehend to be made in the confident expectation that the Canadian Government will provide similar means of communication up to the head of Lake Superior, and that means will be adopted for completing the communication by railway from Halifax to Montreal, thus establishing a chain of telegraphic communication, and facilitating enormously the rapid transit of letters and passengers across British North America.

I need hardly insist on the advantages which such an enterprise, if completed in all its parts, will confer on the British Colonies on the Pacific. It is difficult to say whether they will be greater in war or peace. In war the rapid communication of intelligence will relieve those Colonies from the constant apprehension of surprise by an enemy, and will give to the harbours of Vancouver Island, as a station for Her Majesty's Navy, an importance immeasurably beyond what they can at present attain. In peace it can hardly fail to add a powerful and healthy stimulus to that immigration which is principally wanting to develop the resources of the Colonies.

I should hope that the colonists, without whose concurrence I am by no means desirous of proceeding, will agree with me in thinking that the guarantee of 12,500*l.* per annum to be paid (if necessary) by British Columbia and Vancouver Island, in such proportions as the two Governments may agree upon, is no unreasonable price for advantages of so great magnitude.

I have had no hesitation in giving a conditional consent on the part of the Imperial Government to the grants of land contemplated in the first and third of the conditions set forth in the enclosed paper, and I shall transmit a copy of this draft and of its enclosures to Canada, recommending the project to the consideration of the Canadian Government.

I have to request that you will submit these papers to the Legislature of Vancouver Island, and will ascertain the sentiments of the inhabitants of British Columbia respecting the proposed undertaking; and I shall receive with great satisfaction the intelligence that laws are to be enacted which will enable you, if the Canadian Government shall afford their co-operation in the matter, to conclude in detail an arrangement with the Company on the basis of the enclosed proposals.

Governor Douglas, C.B.  
&c. &c. &c.I have, &c.  
(Signed) NEWCASTLE.

Enclosure 2, in No. 18.

Encl. 2. in 18.

MY LORD,

Downing Street, 1st May 1863.

\* Page 13.

I ENCLOSE copies of a letter addressed to me by Mr. Watkin, on behalf of the "Atlantic and Pacific Transit and Telegraph Company," and transmitting the heads of a proposal\* made by that Company for establishing telegraphic and postal communication from Lake Superior to New Westminster.

I also enclose copies of the answer which I have caused to be returned to that letter, and of a despatch which I have addressed to the Governor of Vancouver Island. From these you will perceive that I value highly the advantages promised by this scheme, taken as it ought to be as part of a large scheme for connecting, through British territory, the shores of the Atlantic with that of the Pacific; that I am prepared to accede, on the part of Her Majesty's Government, to the grant of land contemplated in the 3d Article of the "Heads of Proposal"; and that I have recommended the project to the acceptance of the Colonies of British Columbia and Vancouver Island, subject to such modifications of detail, if any, as further examination may show to be necessary. With this information I should wish you to submit the proposal for the consideration of your Government.

The Viscount Monck,  
&c. &c. &c.I have, &c.  
(Signed) NEWCASTLE.

No. 19.

COPY of a LETTER from H. H. BERENS, Esq., to his Grace the Duke of  
NEWCASTLE, K.G.

No. 19.

Hudson's Bay House,  
London, June 15, 1863.

MY LORD DUKE,

WITH reference to Mr. Elliot's letter of the 21st of November last,\* expressing your Grace's desire that this Board should place itself in communication with Mr. Edward Watkin, with a view to the consideration of proposals for the purchase of the whole of the rights of the Hudson's Bay Company, I have now the honour to inform your Grace, that in compliance with your Grace's suggestion, terms have been agreed upon, by which the whole interests of the Hudson's Bay Company are to be transferred to the parties represented by Mr. Edward Watkin. \* Page 8.

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

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

No. 20.

COPY of a LETTER from the Right Hon. Sir EDMUND HEAD, Bart., K.C.B., to his  
Grace the Duke of NEWCASTLE, K.G.

No. 20.

MY LORD DUKE,

London, July 3, 1863.

I think it right to inform your Grace that I was yesterday elected Governor of the Hudson's Bay Company under the following circumstances.

A large majority of the proprietors of the Hudson's Bay Company have disposed of their shares to the International Financial Association, Limited, which has found the money for completing at once so important a purchase without delay or obstacle.

This transfer could only have been effected by this process, which was a matter of difficulty on account of the large sum required to be paid down at once.

The Association are about to re-issue the shares thus transferred to a new body of proprietors, who are to carry on the present trade of the Company under the Charter; whilst they will it is hoped, administer its affairs on such principles as to allow the gradual settlement of such portions of the territory as admit of it, and facilitate the communication across British North America by telegraph or otherwise. The Governor and the greater part of the Committee or governing body of the Hudson's Bay Company, having thus disposed of their interest in the Company, the re-organization of such body has become necessary, and accordingly a new Committee has been formed comprising some members of the former body, joined with a number of gentlemen of high standing in the City of London, under a new Governor and Deputy Governor. The latter and the Committee have this day been sworn in by me, after a Court of Proprietors had been held for the purpose of making certain changes in the bye laws.

The majority of the proprietors present at this court were persons who have held stock in the Company up to the present time, and the transfers are only effected as proprietors call and ask for the cheques in exchange for their stock.

I enclose, for your Grace's information, a copy of the prospectus this day circulated by the International Financial Society, and I hope soon to be able to communicate with you on the subject of the steps which it may be necessary to take for attaining some of the objects therein referred to.

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

I have, &c.  
(Signed) EDMUND HEAD.

Enclosure in No. 20.

Encl. in No. 20.

THE INTERNATIONAL FINANCIAL SOCIETY, LIMITED,

Are prepared to receive subscriptions for the issue at par of capital stock in the Hudson's Bay Company, incorporated by Royal Charter, 1670.

The stock will be issued in certificates of 20L each, and the instalments will be payable as follows:—

1L,	being	5	per	cent.,	on	application.	} To be returned in the event of no allotment being made.
4L	"	20	"	"	on	allotment.	
5L	"	25	"	"	on	1 Sept. 1863.	
5L	"	25	"	"	on	2 Nov. 1863.	
5L	"	25	"	"	on	1 January 1864.	

20L.

With an option of prepayment in full on allotment, or on either of the days fixed for payment of the instalments, under discount at the rate of 4 per cent. per annum.

The capital of the Hudson's Bay Company has been duly fixed at 2,000,000*l.*, of which amount the International Financial Society, Limited, have obtained, and are prepared to offer to the public, 1,930,000*l.*

The subscribers will be entitled to an interest, corresponding to the amount of their subscription, in—

1. The assets (exclusive of Nos. 2 and 3) of the Hudson's Bay Company, recently and specially valued by competent valuers at 1,028,569*l.*
2. The landed territory of the Company, held under their Charter, and which extends over an estimated area of more than 1,400,000 square miles, or upwards of 896,000,000 acres.
3. A cash balance of 370,000*l.*

The present net income, available for dividend amongst stockholders of the Company, secures a minimum interest exceeding 4 per cent. on the above 2,000,000*l.* stock.

The Directors of the Hudson's Bay Company are as under:—

The Right Honourable Sir Edmund Head, Bart., K.C.B. (late Governor General of Canada), Governor.  
 Curtis Miranda Lampson, Esq. (C. M. Lampson and Co.), Deputy Governor.  
 Eden Colvile, Esq., Hudson's Bay House, Fenchurch Street.  
 George Lyall, Esq., M.P., Headley Park, Surrey.  
 Daniel Meinertzhagen, Esq. (F. Huth and Co.)  
 James Stewart Hodgson, Esq. (Finlay, Hodgson, and Co.)  
 John Henry William Schröder, Esq. (J. H. Schröder and Co.)  
 Richard Potter, Esq., Standish House, Gloucestershire.

The Hudson's Bay Company were incorporated, under a Royal Charter granted by King Charles II. in 1670, by the name of "The Governor and Company of Adventurers of England trading into Hudson's Bay," and, by the Charter, a vast tract of territory was vested in the Company, together with the sole right of trade and commerce, and all "mines royal," as well then discovered as not discovered, within the said territory.

The operations of the Company, which, with slight exceptions, have been hitherto exclusively of a trading character, have been prosecuted from the date of the Charter to the present day.

It has become evident that the time has arrived when those operations must be extended, and the immense resources of the Company's territory, lying as it does between Canada and British Columbia, should be developed, in accordance with the industrial spirit of the age and the rapid advancement which colonisation has made in the countries adjacent to the Hudson's Bay territories.

The average net annual profits of the Company (after setting aside 40 per cent. of them as remuneration to the factors and servants at the Company's posts and stations) for the ten years ending the 31st May 1862 amount to 81,000*l.*, or upwards of 4 per cent. on the present nominal capital of 2,000,000*l.* A portion only of this income has been distributed as dividend, while the remainder is represented in the assets and balances. The assets of the Company, in which the subscribers will be entitled to an interest corresponding to the amount of their subscription, will consist of goods in the interior, on shipboard, and other stock in trade, including shipping, business premises, and other buildings necessary for carrying on the fur trade, in addition to which there will be funds immediately available for the proposed extended operations of the Company, derived partly from the cash balance of the Hudson's Bay Company, and partly from the new issue of stock, and amounting in the whole to a sum not less than 370,000*l.*

The Company's territory embraces an estimated area of more than 1,400,000 square miles, or eight hundred and ninety-six millions of acres, of which a large area, on the Southern frontier, is well adapted for European colonization. The soil of this portion of the territory is fertile, producing in abundance wheat and other cereal crops, and is capable of sustaining a numerous population. It contains 1,400 miles of navigable lakes and rivers, running for the greater part east and west, which constitute an important feature in plans for establishing the means of communication between the Atlantic and Pacific Oceans, across the continent of British North America, as well as for immediate settlement in the intervening country. The territory is, moreover, rich in mineral wealth, including coal, lead, and iron.

In addition to its chartered territory, the Company possess the following valuable landed property: several plots of land in British Columbia, occupying most favourable sites at the mouths of rivers, the titles to which have been confirmed by Her Majesty's Government; farms, building sites in Vancouver's Island; and in Canada ten square miles at Laclache, on Lake Huron, and tracts of land at fourteen other places.

The trading operations of the Company are chiefly carried on in the fur-bearing and northern portion of the territory, where the climate is too severe for European colonization. These trading operations will be actively continued, and as far as possible extended, whilst the management will be judiciously economized.

Consistently with these objects, the outlying estates and valuable farms will be realized where the land is not required for the use of the Company. The southern district will be opened to European colonization, under a liberal and systematic scheme of land settlement. Possessing a staff of factors and officers who are distributed in small centres of civilization over the territory, the Company can, without creating new and costly establishments, inaugurate the new policy of colonization, and at the same time dispose of mining grants.

With the view of providing the means of telegraphic and postal communication between Canada and British Columbia, across the Company's territory, and thereby of connecting the Atlantic and Pacific Oceans by an exclusively British route, negotiations have been pending for some time past between certain parties and Her Majesty's Government and the representatives of the Government of Canada, and preliminary arrangements for the accomplishment of these objects have been made through Her Majesty's Government (subject to the final sanction of the Colonies), based upon a 5 per cent. guarantee from the Governments of Canada, British Columbia, and Vancouver Island. In further aid of these Imperial objects, Her Majesty's Government have signified their intention to make grants of land to the extent of about 1,000,000 acres. in portions of the Crown territory traversed by the proposed telegraphic line.

One of the first objects of the Company will be to examine the facilities and consider the best means for carrying out this most important work, and there can be little doubt that it will be successfully executed, either by the Hudson's Bay Company itself, or with their aid and sanction.

For this as well as for the other proposed objects, Mr. Edward Watkin, who is now in Canada, will be commissioned, with other gentlemen specially qualified for the duty, to visit the Red River and Southern districts, to consult the officers of the Company there, and to report as to the best and safest means of giving effect to the contemplated operations.

Applications for allotments of certificates of stock of 20l. each to be made to the International Financial Society (Limited), at their offices, 54, Old Broad Street, E. C.

A preference in allotment will be given to parties hitherto holders of stock in the Hudson's Bay Company, and to the shareholders in the International Financial Society (Limited).

No application will be received after Wednesday, 8 July, at 12 o'clock.

HUDSON'S BAY COMPANY.

*Form of Application for Allotment of Stock.*

No. To the Directors of the INTERNATIONAL FINANCIAL SOCIETY, LIMITED.

GENTLEMEN,

I REQUEST you to allot me certificates of 20l. each of the stock in the "Company of Adventurers of England trading into Hudson's Bay," and I hereby agree to become a member of that Company, subject to its rules and regulations, and to accept such stock, or any less amount that may be allotted to me.

I am, gentlemen,  
Your obedient servant,

Name in full

Address in full

Date

N.B.—If the applicant has hitherto been a holder of Hudson's Bay stock, or is a proprietor of shares in the International Financial Society, Limited, the fact should be stated, together with a memorandum of the amount of the holding.

HUDSON'S BAY COMPANY.

*Bankers' Receipt for Deposit on Application for Allotment of Stock.*

No. RECEIVED the day of 1863, of on account of the Directors of the International Financial Society, Limited, the sum of £ being the first instalment made in accordance with the terms of the prospectus on an application for an allotment of certificates of 20l. each in the above undertaking.  
For Messrs. Glyn, Mills, & Co.,

£ : :

No. 21.

COPY of a LETTER from the Right Hon. Sir E. HEAD, Bart., K.C.B., to his Grace the Duke of NEWCASTLE, K. G.

No. 21.

MY LORD DUKE,

Hudson's Bay House, 6 July 1863.

In my letter of the 3d instant \* I intimated a hope that I should have to communicate again with your Grace shortly.

\* Page 17.

Accordingly I have now the honour to enclose a copy of a minute this day passed at a meeting of the Committee of the Hudson's Bay Company.

His Grace the Duke of Newcastle, K.G. (Signed) EDMUND HEAD.  
&c. &c. &c.

EXTRACT of a Minute of the Committee of the Hudson's Bay Company, dated 6 July 1863.

" That Mr. Edw. Watkin be authorized to proceed to the Red River Settlement without delay, for the purpose of reporting on the condition of that settlement, the condition of the neighbouring territory, the prospects of settlement therein, and the possibility of commencing operations for a telegraph line across the southern district of Rupert's Land.

" That, looking to the lateness of the season, it will be impossible for Mr. Watkin to do more at present than make preliminary inquiries on these subjects, with a view to a more exact and complete examination of them next spring.

" That Governor Dallas and Chief Factor William Mactavish be informed of Mr. Watkin's employment, and that the former be associated with Mr. Watkin in all the above inquiries.

" Further, that the Governor be authorized to communicate a copy of this minute to his Grace the Duke of Newcastle."

---

A P P E N D I X.

APPENDIX No. 1.

COPY of a LETTER from SANDFORD FLEMING, Esq., to his Grace the Duke of NEWCASTLE.

MY LORD DUKE,

London, June 10, 1863.

I HAVE the honour to solicit permission to present a Despatch from his Excellency the Governor General of Canada, which was placed in my hands before leaving Quebec a short time ago, in order that I might convey it to your Grace.

The Despatch, I believe, contains my credentials, and it will probably inform your Grace that I have been nominated to represent to the Imperial as well as the Canadian Governments the views entertained at the Red River Settlement, in the interior of British North America, regarding the extreme importance of opening up a line of communication to the Settlement for the conveyance of the mails, and for traffic, entirely through British territory, at the earliest possible moment.

His Excellency the Governor General of Canada was pleased to honour me with an interview, and to receive the memorial of the people of Red River, which I was charged to present. His Excellency was also pleased to allow me to accompany the document referred to, with some observations on the adaptability of the country for settlement; its climate, soil, and mineral wealth; the political and commercial importance of a line of communication to the settlers, without being dependent on a foreign power for the means of ingress and egress; together with remarks on the establishment of a great territorial road from Canada to British Columbia.

I now venture to ask permission to enclose copies of these documents,\* and I do myself the honour to solicit your Grace's attention to them.

Your Grace will probably pardon me for here respectfully stating that an early and favourable consideration of the subject alluded to is all important to the people of Red River Settlement, who, if we except the postal and commercial accommodation extended to them by a foreign government, are at present in an isolated and unsatisfactory condition.

\* These papers are not inserted here, as they form a printed pamphlet.

I have, &c.

(Signed) SANDFORD FLEMING.

His Grace the Duke of Newcastle, K.G.

&c. &c. &c.

APPENDIX No. 2.

COPY of a LETTER from T. FREDK. ELLIOT, Esq., to SANDFORD FLEMING, Esq.

SIR,

Downing Street, June 29, 1863.

WITH reference to your letter of the 10th instant, I am directed by the Duke of Newcastle to acquaint you that he has given his best attention to the memorial which was entrusted to you by the inhabitants of the Red River Settlement on the establishment of a regular communication with Canada.

The question of forming such a communication has long been under his Grace's anxious consideration; and at length he has every reason to hope that it will shortly be accomplished. A scheme is in preparation, and almost matured, for establishing a postal and telegraphic communication, embracing the Red River Settlement in the route between Canada and British Columbia. With the aid of those two Colonies, which have already been addressed on the subject, and by means of a concession to the promoters of the enterprise of land in the district of country which is free from the rights of the Hudson's Bay Company, the Duke of Newcastle trusts that the execution of the project will be entered upon at no distant date.

I have, &c.

(Signed) T. FREDK. ELLIOT.

Sandford Fleming, Esq.

&c. &c.