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MAILS (CANADA AND UNITED STATES).

COPIES of CORRESPONDENCE, since 1st June 1859, between the Secretary of State for the Colonies and John Rose, Esq., Member of the Cambrian Government, respecting the CONVEYANCE of MAILS between Canada and the United Kingdom, and the CONTRACT for the CONVEYANCE of MAILS from the United Kingdom to the United States.

(*Mr. Edward Pleydell Bouverie*).

*Ordered, by The House of Commons, to be Printed,
29 February 1860.*

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MAILS (CANADA AND UNITED STATES).

RETURN to an Address of the Honourable The House of Commons,
dated 17 February 1860;—for,

“ COPIES of any CORRESPONDENCE since the 1st day of June last between the Secretary of State for the Colonies and any Member of the Canadian Government, respecting the CONVEYANCE of MAILS between *Canada* and the United Kingdom, and the CONTRACT now existing for the CONVEYANCE of MAILS from the United Kingdom to the United States.”

Colonial Office, }
28 February 1860. }

C. FORTESCUE.

COPY of a LETTER from *John Rose*, Esq., to the Duke of Newcastle.

My Lord Duke,

No. 91, Victoria Street, Westminster,
16 August 1859.

REFERRING to the interview with which I was favoured some days ago, and to the subject of the transatlantic packet arrangements then discussed, I have now the honour to state in writing the substance of the objections which Canada entertains to these arrangements, and to renew the expression of my earnest hope that a just consideration may yet be extended to colonial interests by the Imperial Government.

John Rose, Esq.,
to the Duke of
Newcastle.
16 August 1859.

Your Grace is aware that an address of the Legislature of Canada to Her Majesty was adopted last Session, in which the position of the Colony, and the injurious operation of the two lines subsidised by Great Britain to foreign ports were fully pointed out. I would here, however, briefly again advert to them.

The avowed intention of the first contract entered into with Mr. Cunard, was to facilitate communication between the parent State and her North American Dependencies, and the mails for Canada were for some time conveyed by a branch steamer from Halifax to Quebec. The Cunard Company, however, finding it difficult and expensive to keep up this branch steam service, it was discontinued. The great bulk of the Canada mails have since been conveyed from England direct to New York and Boston, and thence across the United States territory to the province.

No objection was made in Canada at the time to this arrangement, both because the enterprise was a new and deserving one, and because the Colony did not then possess any railway communication of its own from the seaboard to the interior of the country; nor had the new interests arising from the completion of the public works of Canada then come into existence. During the continuance of the various Cunard contracts, the province felt that it could not ask in its own interest for any change which might involve the slightest breach of faith towards the contractors; but a confident expectation was indulged, that when the period arrived for considering the continuation of the service, no renewal of the agreement would take place without negotiations to which Canada might be a party, and that the new and important relations of a national character which had arisen in the meantime would be fully discussed.

That she was justified in indulging this expectation will, I think, be abundantly manifest by referring to the communications which have taken place between the two Governments, to some of which I will presently advert.

It is not merely with reference to the postal requirements and convenience of Canada, however, that this question is to be considered. It involves considerations of a higher and more extensive character, which affect as well the future prosperity of the province, as the extensive and various interests of British subjects existing there. To these general considerations I would first very briefly call the attention of your Grace.

The efforts of Canada have for many years been directed to develop the trade of the St. Lawrence, and attract the commerce of the Western States of America to Europe through her territory, by the construction of extensive and costly works of internal communication.

So important were these works considered, that in the year 1842 Her Majesty's Government called on Parliament to afford its assistance in aid of the undertakings, and a loan was accordingly raised on the Imperial credit for that purpose. I cannot better point out to your Grace the importance of these works than by quoting the words of Lord Derby, then Principal Secretary of State for the Colonies, in a Despatch addressed to the Governor General of Canada, on the 2d April 1842 :

“ It remains to be considered what are the public works towards the accomplishment of which it would be most desirable that the credit of this country should be applied ; and I apprehend that there can be no doubt as to the principle to be applied in selecting such as partake least of a local, and most of a general character, as tend most to the extension of the great lines of communication, and the promotion of trade and intercourse, rather than such as tend more to the immediate local advantage of particular districts. These last are objects, perhaps, for aid from the Provincial Treasury, but primarily to be promoted by local exertion. The former are objects of colonial, and I may even add of national interest and importance.

“ Foremost among them stands the improvement of the navigation of St. Lawrence: this mighty stream, with its chain of lakes and its tributary rivers, forms the great natural highway of Canada, and not only of Canada, but also of a great portion of the United States, and of very extensive tracts of unoccupied fertile country, belonging both to ourselves and our neighbours, which will form flourishing states and provinces in the time of our children and grandchildren.

“ To throw this great highway completely open, by means of substantial and permanent public works, would be an undertaking worthy of British enterprise, and one which, although chiefly and primarily essential to the advancement of Canada, would probably, both in a commercial and political point of view, not be without its advantage to the mother country.

“ I do not at all question the propriety of a public expenditure for objects of this description ; and in authorising you to state to the Provincial Parliament that Her Majesty's Government will be prepared to sanction a loan of 1,500,000 *l.* for the improvement of the public communications in Canada, whether by land or water, you will understand that the Legislature will exercise a discretion as to the works to be undertaken, so that the improvement of the St. Lawrence and the lakes be the first object, and that the total amount to be raised on British credit do not exceed the stipulated sum of 1,500,000 *l.*”

It may not be improper to add, that the same course of policy had been approved of and adopted by Lord John Russell, who preceded Lord Derby as Colonial Secretary, and that he addressed Despatches of similar import to Lord Sydenham in January and May 1841.

Since that period Canada has steadily pursued the policy of extending her works of internal improvement to the full measure of her resources. Canals, uniting the great lakes, and affording uninterrupted navigation, even for sea-going vessels, to the foot of Lake Superior, have been constructed. Numerous lighthouses, extending from the western frontier of the province to the coast of Labrador, on the Atlantic, a distance of nearly 1,600 miles, have also been erected, and are maintained at a very heavy annual charge by the Colony, without the exaction of any dues on shipping for their support. There is likewise maintained, by the payment of a large provincial subsidy, a line of powerful iron tug steamers, in the Gulf of St. Lawrence, which are available, at almost nominal rates, for the towage of vessels trading to Canadian ports. It may fairly be asserted that the

the province possesses the most extensive and complete system of inland water communication in the world.

In these enterprises nearly the whole direct public debt of Canada, amounting to about 7,000,000 *l.*, has been expended.

There have also been constructed lines of railway, extending from the Atlantic sea-board as far west as Sarnia, on Lake Huron, by means of which, on the completion of the Victoria Bridge in November of the present year, an unbroken communication by the Grand Trunk Railway alone, of nearly 1,100 miles to the interior of the country, exist. Other lines, extending to all important sections of the province, have likewise been built, and these Canadian roads, at their westerly extremities, connect with the United States lines leading north as far as Minnesota on the one hand, and south to New Orleans on the other. Provincial aid has been largely extended towards their construction, and many millions of British capital are invested in them.

The magnitude and importance of the trade of the regions lying to the west of Canada, which seek an outlet to Europe for their products, are well known to your Grace, and will be admitted fully to have warranted this large outlay to secure it.

It has been conclusively shown that these Canadian channels of communication afford the nearest and most direct route from Europe to the Western States of America; and it was confidently anticipated that, on completion of her canals and railways, the province would obtain a share of this commerce, which might alike render her own provincial works productive, and the private enterprises adverted to remunerative to the projectors.

In endeavouring to attract this western trade, she had to incur not only the competition of the American cities of Boston and New York, and of the powerful interests connected with the railways leading to them, but also the direct rivalry of the State of New York itself, by which the Erie Canal, from the lake of that name to the navigable waters of the Hudson River, had been constructed as a Government undertaking.

The large subsidy paid by the British Government to the Cunard steam ships has, it is well known, operated as a direct bounty to the ports of New York and Boston, and, as was shown by evidence laid before the Canadian Legislature, the effect was greatly to draw the trade into the American channels leading to those cities, thus defeating the object which Canada sought to accomplish in the construction of her public works.

So painfully adverse to the interests of the Colony was the course of trade becoming, that Canada felt herself compelled to undertake a direct mail steam ship service with Liverpool from the St. Lawrence fortnightly in summer, and monthly in winter, to Portland, in the State of Maine, the Atlantic terminus of the Grand Trunk Railway.

The establishment of this even occasional communication so abundantly showed the advantages of the St. Lawrence route, and the provincial objects to be attained were so important, that the Government increased the service to a weekly line, by granting a subsidy of 55,000 *l.* currency, or about 45,000 *l.* sterling a year, and this line has been in successful operation since April last. It is composed of eight first-class screw steamers, of the burden of from 1,786 to 2,200 tons, and from 350 to 450 nominal horse-power. These ships have been built expressly for the service, at a cost of nearly 650,000 *l.* sterling, including the necessary tenders, and their voyages for regularity and speed can compare most favourably with those of any other company. The average length of their voyages has, I am informed by the contractor, been 10 days and 23 hours eastward, and 11 days and 17 hours westward; while that of the Cunard ships was, westward to Boston, 12 days and 21 hours, and to New York 12 days and 15 hours, and eastward from Boston 11 days and four hours, and from New York 10 days and 21 hours. During the present year, since the new ships have been placed on the line, the contrast is presumed to be still more in favour of the Canadian ships; one of them, the "Hungarian," having performed three consecutive voyages across the Atlantic in 27 days and 23 hours. The eminent success of this line has clearly demonstrated the superior advantages which the route offers, as well for emigration and commerce as for the transmission of mail matter to all parts of America.

When the experiment was entered upon by Canada, these considerations were placed before Her Majesty's advisers, and I would take leave to direct the attention of your Grace to a Despatch, dated the 2d September 1856, from the Governor

General of Canada to the Colonial Secretary, wherein the claims of the Canadian line to Imperial consideration are thus stated :

“ I may perhaps be allowed to add, that there is a point of view, in which a Canadian may look at the whole question somewhat different from that in which it has presented itself to the authorities at the General Post Office.

“ A Canadian may ask, ‘ Why are we in Canada obliged to pay a subsidy at all for a line of steamers running into the St. Lawrence to a British port by a route which we hold to be the most advantageous route ? The merits of the route itself might make our subsidy unnecessary, were it not that Her Majesty’s Government give a large bounty to a line running to foreign parts.’

“ It may be admitted that Canada was benefited by the rapid transmission of the mails through the United States, but she was no party to the arrangement as one which could never be revoked. Canada now thinks that she can arrange for the conveyance of her own mails to and fro by way of Quebec in summer, and Portland in winter, more rapidly and advantageously than by Boston and New York. Why should Her Majesty’s Government discourage this new enterprise on the part of Her Majesty’s subjects, and, by a large subsidy, drive the business only to the United States ports ?

“ As a matter of course, we cannot ask for any breach of faith towards the present contractors. We cannot ask for a sudden termination to an arrangement of which we have had the full benefit ; but we may surely ask that no renewal of that arrangement should be made without hearing what Canada has to say, when the opportunity occurs. We may hope that no course will be pursued adverse to the principles of free trade by the continuance of a large bounty to the Boston and New York lines.

“ Leave the natural advantages of the St. Lawrence and Portland route to find their own level in the market, and in the meantime do not use all the influence of the British Post Office, and the assumed meaning of the existing arrangement respecting the 6 *d.* and 5 *d.* postage, so as to bear as hardly as possible on the first effort of this Colony to open the St. Lawrence to a regular line of British steamers.”

In reply to this Despatch, the then Colonial Secretary informed the Government of Canada, on the 3d December 1856, that, after communication with the Lords Commissioners of the Treasury, he was apprised by their Lordships that the existing arrangements with respect to the Canadian mail service would be continued until the expiration of Mr. Cunard’s contract, when they hoped that an arrangement more in conformity with what they would “ regard as an equitable consideration for the finances of this country might be effected.”

After these communications, and knowing that the Imperial Government had been made aware of the continued existence and successful working of the Colonial line, Canada had a full reliance that no new arrangement with the Cunard line, or any other, would be made, and that no extension of existing contracts would be granted for the continued conveyance of the mails to Boston and New York without previous intimation to the Provincial Government, and then only after a full discussion of the relative advantages of the different routes, and of the important national considerations which were inseparable from the service.

It was therefore with surprise and regret that the Canadian Government became aware, through certain members of it who were in England on public business in November last, that it had pleased Her Majesty’s Government to renew the Cunard contract several years in anticipation of its expiring, without any intimation whatever to Canada, or giving her any opportunity of showing not only that the American and Canadian mail service could have been performed more expeditiously, and far more cheaply, by the St. Lawrence in summer, and by Portland in winter, but that a serious and lasting injury would be inflicted on the commerce and revenue of the Colony to the advantage of a foreign country. One of the objects which are stated to be aimed at in the extended arrangement is thus defined in a communication, dated the 19th June 1858, from the Secretary of the Admiralty to the Secretary of the Treasury :

“ My Lords have to observe, that the present contracts by which the weekly communication with North America is maintained, are not terminable (excepting on default) till the 1st of January 1862, and that the ostensible object of the contractors in their application at this early date for an extension of the period

is to enable them, on the security so afforded, of the continuance of the Government subsidy to embark additional capital in the construction of still more powerful steam ships by which to outstrip all competitors, and maintain the superiority of the British line. This object appears to my Lords of national importance, and in the maintenance of this line considerations of greater moment than those of a postal nature must have weight when it is borne in mind that it is the connecting link between this country and her vast possessions across the Atlantic, and that in the event of the withdrawal of adequate support, the British line will be supplanted by foreign competitors, whose Government would probably again grant to them larger subsidies than those paid by this country."

It will not, I trust, be considered unreasonable if I express my profound regret that one of the most important of these possessions was precluded from the opportunity of showing in what way the objects aimed at could be best accomplished; and that the course actually taken is more calculated to destroy than maintain the true connecting link between England and that possession.

It is with equally painful emotions that Her Majesty's Canadian subjects have become aware that another line, known as the Lever Line, has been subsidised by the Imperial authorities, which is likewise intended to ply to United States ports. The establishment and continuance of such a line cannot fail to augment the injury to the commerce, and continue the unsatisfactory and irritating arrangements by means of which the postal communications with Canada are effected. Whatever Imperial considerations may have induced Her Majesty's Government to provide for a direct communication between Ireland and America, the Canadian Government cannot believe that it was intended thereby invidiously to foster the commerce of and emigration to the United States, to the distinct injury of Canadian interests, a result which must necessarily follow, if the cities of New York and Boston are made the terminal ports of this line on the American side.

It would certainly seem that Canada is placed in a much less favourable position than other English Colonies in regard even to the postal intercourse with Great Britain. Lines are maintained by large subsidies to the British possessions in Australia, in South America, in the West Indies, and in the Mediterranean; but with respect to Canada, her mails are conveyed first to a foreign country, and then through that foreign country at a heavy expense to her own territories.

Having thus adverted to the more general considerations which affect the question, I deem it my duty respectfully to point out to your Grace the consequences which, in my opinion, must follow the failure of the Canadian line. The fact that an enterprise so essentially tending to promote the general interests of an important Colony, and necessary to prevent its trade from being diverted into foreign channels, is crushed by the superior advantages conferred by England on lines whose interests are avowedly and exclusively with a foreign country, cannot but produce deep and general dissatisfaction; and in the absence of more cogent reasons than have yet been assigned for the renewal of the one, and the establishment of the other, give rise to an opinion that Colonial prosperity has been needlessly sacrificed to promote the interests of private companies. Apart from this, the considerations that many millions of English capital are invested in the Grand Trunk, the Great Western, the Northern Railways of Canada, and other private undertakings of a similar character, which undertakings it has been the effort of Canada to make productive, by attracting, through the means already adverted to, a direct trade between Europe and the West, and that the future prosperity of these enterprises will be most disastrously affected by the withdrawal of the Canadian weekly steam service, ought not to be without their weight. A return to the former service to New York and Boston, maintained by Imperial subsidy, will continue to make every inhabitant of Canada a direct contributor to the United States revenue. The amount of postage on the Canada mail matter by the Cunard Line is* estimated at from 32,000*l.* to 39,000*l.* a year, of which the United States transit charge is about one-third, or from 11,000*l.* to 13,000*l.* a year. When it is considered that not only need no portion of this amount be paid, that it is a tax on the Canadian people, directly attributable to the continuance of the Imperial subsidy to United States lines, and moreover, that delay in the receipt of the mails to the Canadian community is entailed by the circuitous route, so fostered, through a foreign country, it will not be surprising if a state of things so anomalous, which the colony is struggling to the full measure of its resources to

* I understand, though I cannot vouch for the exact figures.

remove, will, if continued, produce extreme irritation among its inhabitants, since every mail reminds them of a direct contribution to the American Exchequer. I need hardly advert to the obvious fact, that by the subsidies in question, a bonus is given to divert the most needed class of emigrants from proceeding to a British Colony, where their labour and capital are so much needed, and to encourage their settlement in the United States.

I have thus imperfectly, though I fear at somewhat too great length, endeavoured to point out to your Grace the peculiar and exceptional position of the province whose interests I am charged to represent, its special claims to Imperial consideration, and the injury which the existing state of things will, if continued, inflict upon it. In what form and to what extent a proper measure of relief can be accorded, I leave to the consideration of the Government of which your Grace is a member. I would, however, venture to suggest one or other of the following plans, as being likely to attain the object which we seek to accomplish :

1. A direct subsidy to the colonial steamers. If it be true, as Mr. Cunard states his belief to be, that the amount of postage received by his ships is equal to the sum paid to him by the British Government, and that his line is kept up without cost to the country, surely the Canada postal communications are sufficiently important to justify an imperial subsidy, equal at least to that which the Colony contributes, even if the important commercial considerations which I have adverted to were to be disregarded.

2. A payment by Great Britain of a stipulated sum for the conveyance across the Atlantic and to the western limits of Canada of the mails to British Columbia, which the province has offered to perform in terms of the Minute of Council of the 13th June last, to which I have had the honour of again calling your Grace's attention in a separate communication.

3. If it is found that the arrangements with the Cunard line and the Galway line have gone so far as to be irretraceable, then that some such modification of the service be, if possible, required of one or other of the contractors as may, by means of its joint performance by the Canadian and English contractors, still continue to Canada a direct weekly communication. I am not prepared to say how far this latter suggestion is practicable in detail, but I doubt not the Canadian Government would be prepared to listen favourably to any reasonable proposal that would prevent the important objects which the province had in view in the establishment of the line from being defeated, which they would be, should the Canadian line be forced to succumb, as it soon will, under the competition maintained by the two Imperial subsidies.

I beg your Grace will accept as my apology for the length of this communication, that I feel in common with, I believe, all Her Majesty's subjects in Canada, a strong sense of the serious injury to which the interests of the Colony are exposed, and that I entertain a firm assurance that your Grace will not only give an impartial and careful consideration to the facts I have stated, but will be disposed to promote the reasonable claims of this important dependency of the Empire.

I have, &c.
(signed) *John Rose.*

COPY of a LETTER from *C. Fortescue, Esq., M. P.*, to *John Rose, Esq.*

Sir,

Downing Street, 12 September 1859.

C. Fortescue, Esq.,
M. P., to *John Rose,*
Esq.
12 Sept. 1859.

I AM directed by the Duke of Newcastle to acquaint you, that he has had under his consideration your letter of the 16th of August, on the subject of the contracts recently entered into by Her Majesty's Government for the conveyance of mails across the Atlantic, and urging upon his Grace's attention the claims of the Canadian Line of Steamers to Imperial consideration.

I am desired to state that it is the Duke of Newcastle's earnest desire that in any arrangements for the conveyance of mails to British North America the interests of Canada should be fully considered, and his Grace regrets that in the
late

late transactions the Canadian Government had not ample opportunity of stating their views. The Duke of Newcastle cannot, however, enter into the details of your letter, or give any opinion, much less any pledge, as to the future course which Her Majesty's Government may think right to adopt, as the subject of these contracts is under the consideration of a Committee of the House of Commons, and until its report is made, no decision can be formed. His Grace can therefore only assure you of his continued regard to the statements you have laid before him, and his resolve to watch over the interests of the Colony in this important matter.

(signed) C. Fortescue.

COPY of a LETTER from John Rose, Esq., to the Duke of Newcastle.

91, Victoria Street, Westminster,
17 August 1859.

My Lord Duke,

I HAVE the honour to bring under the notice of your Grace a recent communication from the Government of Canada, on the subject of a proposal to carry the mails from Great Britain through British America to the Pacific.

John Rose, Esq.,
to the Duke of
Newcastle.
17 August 1859.

In a Report of the Committee of Council, under date the 13th June last, approved by his Excellency the Governor General, the Canadian Government expresses its willingness, on the conditions there stated, to place at the disposal of the British Government, or of any parties who may contract with that Government, the "Ocean" steamship and Inland Mail Service of Canada, from Liverpool to Red River, on payment of the sum of 30,000 l. per annum.

I need not here impress on your Grace, by argument, the considerations which induced the Government to make this offer. The completion of such an arrangement would be of great importance to the Colony, and the undertaking of it at the present moment would be especially so in connexion with the position in which the Canadian ocean steamers are placed.

I would respectfully solicit the early and favourable consideration of your Grace to this proposal, and I shall be happy to afford any information which may not be already supplied through the official communications of record in the department.

I have, &c.
(signed) John Rose.

COPY of a LETTER from C. Fortescue, Esq., M. P., to John Rose, Esq.

Sir,

Downing Street, 12 September 1859.

I AM directed by the Duke of Newcastle to acknowledge the receipt of your letter dated the 17th ultimo, on the subject of the conveyance of the mails from Great Britain to the Pacific, through British North America, and the proposal of the Government of Canada to place at the disposal of the British Government the "Ocean" steamship and Inland Mail Service of Canada, from Liverpool to Red River, on payment of the sum of 30,000 l. per annum.

C. Fortescue, Esq.,
M. P., to John Rose,
Esq.
12 Sept. 1859.

I am desired to state that, after receiving a deputation from the North-West Transit Company, and carefully considering their proposals, as well as the communication received from the Government of Canada, the Duke of Newcastle could not feel justified in recommending so very large an assistance (80,000 l. in all) for a service so small as the conveyance of letters to British Columbia and Vancouver's Island; and that whilst his Grace recognises the great value, both to this country and to Canada, of a thorough communication across the British North American Continent, he hopes that the present delay may lead to a more complete scheme.

(signed) C. Fortescue.