I need not assure you that I have given the most loyal support possible to Mr. Huddart since I was instructed to do so by your predecessor and yourself, and regret that anything should occur to interfere with his interests, but of course the vitally important question is to ensure the complete success of this service and make it accomplish for Canada all that we have hoped. I am forced therefore reluctantly to the conclusion that to accomplish that object it will be necessary to devise some means by which a combination may be effected between the Government and the Canadian Pacific Railway Company.

The great difficulty which the Company experienced arose I believe from the fear that from the time of undertaking this enterprise until it could go into operation their interest might be severely jeopardised by the parties at present engaged with the Steamship communication between this country and Canada. Would it not be possible for the Government to intervene directly and assume the liability for the construction of the ships and have a Contract, if necessary, secret, between the Government and the Canadian Pacific Railway Company, to take the work over and become responsible for its ownership and management as soon as the service was ready to go into operation ?

Of course I should be very glad if in connection with any such change it were found possible to utilise the services of Mr. Huddart, and promote his interests, but of course that is a matter entirely secondary and subsidiary to the great object of making this important work a thorough success.

In the hope that means may be found to accomplish

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