

MONTREAL, June 26th, 1887.

To Hon. A. A. C. LaRiviere, Provincial Treasurer:

Dominion Government officially disapproving in London purposes of loan. Our people reluctantly compelled withdraw. Am writing" (Sd.) A. T. DRUMMOND.

On the next day the following letter was sent :-

Fraser Buildings, St. Sacrament Street,

MONTREAL, 27 June, 1887.

Hon. A. A. C. LaRiviere, Provincial Treasurer
Winnipeg, Man.

DEAR SIR - I regret to say that the Dominion Government officially advised our London friends that it disapproves of the purposes for which this loan is obtained, and that our friends feel that with the Dominion Government opposing them in London it is a hopeless task to float the loan, and that they must withdraw in consequence. I have not yet received copy of the Act under which the loan is to be raised.

(Sgd) A. T. DRUMMOND.

It appeared that the Government did not think it necessary, even yet, that the official papers should reach the agent in Montreal. The agent, it appeared, subsequently presented an account for his services, claiming, the speaker thought, \$20,000 commission. In reply to a letter making the demand the following was written:-

WINNIPEG, 12th July, 1887.

SIR, - I have to acknowledge the receipt of your favor of the 2nd inst, in which you intimate that you look to this Government to reimburse your expenses incurred in attempting to carry through a loan on its behalf.

I was under the impression that you were perfectly aware of the probability of the act authorizing the loan being disallowed, and that your offer was made with the full knowledge of the circumstances under which the bonds were to be issued, and that when you informed Mr. LaRiviere that you would take the bonds at 2 1/2 per cent, and he wired you back that your offer was accepted he was under the impression that the matter was closed; AND NOTWITHSTANDING SUBSEQUENT OFFERS WERE RECEIVED ONE OF WHICH WAS REALLY BETTER THAN YOURS, THEY WERE DECLINED IN THE BELIEF THAT YOU WOULD SET UP TO WHAT WE WERE LED TO BELIEVE WAS YOUR INTENTION AND PURPOSE, by the telegrams which conveyed to us your last offer.

Under the circumstances I think that the damages if any, are justly due to the Government, for after having concluded in all good faith an arrangement with you, we are subsequently, without any reason, informed that the offer was withdrawn simply because the Federal Government disapproved of the loan, which I think will be held by the courts to be no justification for the breach of engagement by yourself and friends.

I have the honor to be
Your obedient servant,
(Sgd) JOHN NORQUAY.

On the 20th of July Mr. Drummond wrote a letter from Montreal, of which the following is an excerpt :-

"As a fact the Dominion Government took the earliest opportunity by cable to object to their legality, and with such a power in the market against them no London firms could expect anything but failures in floating the bonds. As I wired you we were reluctantly compelled by the action of the Dominion Government to withdraw."

A month and four days after the loan had been arranged for by telegram between Mr. Drummond and Hon. Mr. LaRiviere, the latter wrote as follows:-

Winnipeg, 20th July, 1887.

SIR - I beg to acknowledge receipt of your letters of 22nd June and 2nd July, respectively re your offer for the purchase of the Provincial bonds in accordance with your proposition, and in answer have to state that I regret that while you were thoroughly acquainted with the situation, I cannot understand that you should now claim to have been deceived and if your friends in London have refused to confirm that offer, I cannot see how you can claim anything for your trouble and as stated by the Hon. Mr. Norquay in his reply to your letter, I think that the Province has a good claim against you for not carrying out your proposition. Our bonds have not been issued yet and we have not offered them since we failed to conclude with you, and I am not in a position to state what the Government intend to do later on, as we have all the money that we require for the time being.

Yours truly,
A. A. C. LaRiviere.

(Sgd.) A. T. Drummond, Esq., Fraser Building, St. Sacrament Street, Montreal.

The speaker desired to call attention to the statements in the above, "Our bonds have not been issued yet." (This was 34 days after the offer had been made and accepted, and 27 days after it had been cancelled); and "we have not offered them since we failed to conclude with you;" also, "I am not in a position to state what the Government intend to do later on, as we have all the money we require for the time being." Hon. Mr. Jones submitted that what had frequently been stated by the opponents of the late Government was proved, and

MORE THAN PROVED

by the letter he had read, that that Government had made no determined effort to get the money;-(applause)-and therefore had made no effort such as was expected of them to complete the R. R. V. R. At the time the letter was written the Government had let the contract for \$780,000, in which it was agreed that the road should be completed by the 1st of October. A very large portion of the money became payable at an early date, because the Government had agreed to pay for a large quantity of material ordered by the contractors from time to time. It was reasonable to expect that by the 20th of July a considerable amount of money would be asked for by those furnishing the material and doing the work. On the 1st July the Government had received the subsidy of \$200,000 and this was all gone on the 6th of August; yet in the face of the fact that \$780,000 was to be paid in a few months, the treasurer of the province writes that he has all the money required for the time being! He (Hon. Mr. Jones) had no doubt that this was the case; for the purposes they intended they had all the money they required; because if they had all that was necessary, if they had floated the loan, it