

"and Mr. *Wm. Kersteman*, who were agitating the subject of a Canadian Pacific R. R.,
 "and who introduced the matter to my notice, with a view to organize a Company to
 "build the proposed road. After looking at the surveys and explorations of Mr.
 "*Waddington*, who was well informed on the physical nature of the Pacific coast, I con-
 "cluded to take the subject before some friends with a view to its serious consideration.
 "In a few weeks, at my request, Mr. *Waddington* and Mr. *Kersteman* visited Chicago,
 "and the result was, on their representations, that with my friends I proposed to organize
 "a Company which would undertake to build the road, on terms approximating those
 "which current rumour reported the Government as willing to recommend to Parliament.
 "We visited New York and Philadelphia shortly afterwards, and in about six weeks later
 "(being early in July, 1871,) we visited Ottawa with an informal proposal from partic-
 "of the highest respectability for undertaking the work. The only members of the
 "Government whom we met were Sir *John A. Macdonald* and Sir *Francis Hincks*; and
 "it speedily became apparent to myself and associates that Mr. *Waddington* had been over-
 "sanguine in his ideas that the formation of a Company would be entrusted to his hands.
 "After some conversation which tended to make this clear, and which intimated that the
 "Government would wish to incorporate prominent Canadian names in any company
 "undertaking the work, we left our address with the two Ministers, with the understand-
 "ing that if occasion for it arose we were to hear from them. Some few weeks afterwards
 "Mr. *Chas. M. Smith*, of Chicago, who was my colleague in this matter, received a letter
 "from Sir *Hugh Allan*, stating that Sir *Francis Hincks* had requested him to communicate
 "with us in order to effect a union of Canadian and American interests in the Pacific
 "Railroad Company that was to be formed.

"I afterwards found that Sir *Francis Hincks* had visited New York in the early part
 "of August, 1871, and at interviews with two prominent railway bankers, whose names
 "will readily occur to him, had advised them and their associates to cease negotiations
 "through Messrs *Smith* and myself, and open them directly with Sir *Hugh Allan*, who,
 "being a leading Canadian, was looked upon by the Government as a proper person to
 "figure prominently in the matter. As the gentlemen applied to were both unwilling
 "and unable to change existing arrangements, Sir *Francis*, on his return, seems to have
 "given the address left with him in July to Sir *Hugh Allan*, and his letter to us followed.
 "The result was an interview in Montreal, early in September, 1871, at which pre-
 "liminaries were settled between Sir *Hugh Allan*, *Charles M. Smith* and myself, by which
 "Sir *Hugh* was to receive a large personal interest in the stock, and an amount for distri-
 "bution among persons whose accession would be desirable, and that the cash instalments
 "on such stock should be advanced and carried by others in interest. An interview was
 "held by myself with Sir *John A. Macdonald*, at the St. Lawrence Hall the day before
 "we met *Allan*, at which he expressed the approval of the Government at the proposed
 "meeting, and requested me to meet him at Ottawa, after it was over, to let him know
 "the result. I accordingly went to Ottawa, and explained to him that Sir *Hugh* had en-
 "tered into verbal arrangements which would soon assume a more formal shape, and that
 "we had provided for the easy accession of such other Canadian gentlemen as would be of
 "advantage. He seemed quite pleased with it, and promised, on communication with
 "*Allan*, to set an early day for entering into preliminary arrangements with the Govern-
 "ment, in order that the whole matter might be in shape for an early presentation to
 "Parliament. Shortly afterwards, in accordance with this understanding, Sir *Hugh*
 "notified Mr. *Smith* and myself to come, and we three met the Cabinet at Ottawa, Oct.
 "5th, 1871, to settle, as we supposed, the general features of the scheme. There were
 "present Sir *John A. Macdonald*, Sir *Francis Hincks*, Sir *G. E. Cartier*, and Messrs.
 "*Tilley*, *Tupper*, *Mitchell*, *Morris*, *Aikins* and *Chapais*. It was at once apparent that
 "they were not fully in accord among themselves, in consequence, as Sir *F. Hincks* in-
 "formed me, of Grand Trunk jealousy of *Allan*, represented by the important personage of
 "Sir *George Cartier*. The settlement of matters had, therefore, to be postponed until the
 "return of Sir *Hugh Allan* from England, he sailing on October 7th, and returning the