

municating with gentlemen in the United States who were parties to and interested in the arrangement made with Sir Hugh Allan, that they consider the same to be still in force, but that owing to the feeling existing in Canada against the Canadian Pacific Railway being owned by Americans, they, the Americans, would not in future be known in the project.

"The American capitalists had been led to expect that the amalgamation of the two Canadian Companies would have been effected in September last.

"The undersigned are given to understand, through the same source, that the scheme of the 'American' or 'Allan' combination for constructing and running the railway, is to connect at Sault St. Marie and at Pembina with the Northern Pacific Railway, and use that line when built between the two points named; that it is intended to send all the traffic between the West, including British Columbia and the Atlantic cities, by the American lines of railway, via St. Paul, and sending through Canada only the traffic destined for Europe and the Maritime Provinces.

"This information was obtained by the undersigned about the time the Memorandum of the Committee of the Canada Pacific Company, under consideration, was written. The undersigned feel bound to communicate it to the Government. It confirms in a remarkable manner the opinion expressed to the Government by the Interoceanic Company, and justifies the decision of that Company against amalgamation.

"The correspondent to whom the undersigned are indebted for this information uses the following language in commenting upon it, in which the undersigned fully concur: 'If this (scheme) is carried out, our great national enterprise, instead of being the 'successful rival of the American Company, competing for the Asiatic trade, which is now 'in its infancy, and building up the Dominion as no other undertaking can do, will simply 'be the Canadian branch of the Northern Pacific Railroad, entirely under its control and 'dictated to by it relentlessly.'

"The undersigned beg to say that they do not yield to any Company or individual in the earnest desire to promote the earliest possible construction of the Canadian Pacific Railway, compatible with its being a strictly Canadian and British enterprise, and the Canadian Pacific Company cannot more sincerely than the undersigned desire to aid the Government in carrying out this great national undertaking. It would, however, be doing the Government poor service to agree to amalgamation unless the Interoceanic Company believe that the Amalgamated Company would constitute a distinctively Canadian Company of sufficient strength to carry the undertaking to a successful issue. The undersigned are of opinion that amalgamation with the Canada Pacific Company would not lead to this result. They deem it their duty to state to the Government that in their opinion the admitted negotiations of Sir Hugh Allan with gentlemen in the United States, resulting in an arrangement or understanding which is considered opposed to Canadian interests, and which the undersigned, from information in their possession and referred to above, have reason to believe is still substantially existing, will continue to cause the Canadian people to view with suspicion, and prevent their subscribing stock in any Company in which Sir Hugh Allan and his associates appear controlling parties. The undersigned are of opinion that this feeling, instead of being confined to a limited circle, as the Committee of the Canada Pacific Company allege, will be found to influence the people of the whole Dominion.

"The undersigned venture to remind the Government that books for applications for stock in the Canada Pacific Company have been open for months at the capitals of, and large towns in, all the Provinces of the Dominion.

"The Pacific Company have thus had the best means of ascertaining the favour with which they are regarded by the capitalists and people of Canada.

"It is somewhat surprising that their Committee do not, in their Memorandum, inform the Government what amount of stock has been applied for and subscribed up to a given day, say to the first day of October last. Instead of doing so, the Committee's Memorandum is conspicuously silent in respect to the countenance and aid their Company expect from Canadian sources.

"From this silence, were it not for their repeated protestations that their Company would be pre-eminently Canadian and British, it might fairly be assumed that the Directors had little or no expectation of making it so. For the reasons given above, and those stated in their communication of the 30th September last, the undersigned, on behalf of the Interoceanic Company, feel themselves under the necessity of again declining amalgamation with the Canada Pacific Company; but they beg to reiterate, that from the assurances they have received from capitalists in this and the other Provinces and in England, the Interoceanic Company, as an independent organization,