

The proposed arrangement, therefore, will not have the advantage of affording the fullest competition to the North-west with the great commercial centres of Canada, and I have not the slightest hesitation in stating, as above alleged, that it will, on the contrary tend to perpetuate the existing monopoly.

I have already referred in my letter of the 24th instant, to the fact that the proposed leasing arrangements must have the effect of diverting traffic from the through Canadian route. I have now to suggest for your consideration that the proposed introduction of American influence tends to prevent the passage of east bound business through the Dominion at all. The American management, with which the Canadian Pacific has so intimately allied itself, practically controls a great railway system between Boston, New York and Philadelphia, and Winnipeg; and the most powerful railway combination in America will lose no opportunity or inducement to direct Northwestern traffic over its railways.

I would further point out to you that, whatever may be the main object of the proposed leasing arrangements, their effect will certainly be to bring into existence a competitive route to the Grand Trunk throughout Canada, to Detroit, Chicago and the western portion of the American Continent; and it surely is inconsistent with the policy recognized when the eastern section of this railway was purchased by the Government, and when it was conditioned that the purchase money should be applied for securing an extension to Chicago of this Company's system, that another—mainly foreign—and competing Chicago route, should be so soon aided by Government influence and the public money to the most serious prejudice of this Company.

It is more or less generally avowed that Government Railways do not expect commercial results, and though that may not be entirely the case with the Pacific Company, yet it is, according to the views recently expressed by its President, so immensely endowed, subsidized, and favored by the