

"On his return to Canada, Mr. Waddington employed a respectable legal firm in Toronto, as solicitors to the promoters of the railway, and visited Ottawa, armed with a document, signed by a number of gentlemen of known wealth, in which they stated the terms on which they would undertake to construct the railway. The deputation had interviews with some members of the Government, who received them courteously, and listened to their proposals, but informed them that the Government was not then in a position to enter into negotiations. Meantime, the members of the Government, aware of the necessity that existed of proposing a definite scheme during the next Session of Parliament, availed themselves of every opportunity of endeavouring to ascertain the terms on which Canadian capitalists would be willing to undertake the work.

"The scheme, however, was, so far as they could learn, coldly received, and for several months no proposition was received by the Government for the construction of the road, except that already referred to, which was obtained through Mr. Waddington and some friends of his in Toronto. At this stage, a member of the Government, during a casual visit to Montreal, happened to meet Sir Hugh Allan, when he informed him of the proposition which had been made, and mentioned to him the names of the Americans who had made the proposition to the Government. He expressed to Sir Hugh Allan his regret that such a work should be allowed to fall into the hands of foreigners, owing to the apathy of Canadian capitalists. It was after, and in consequence of this conversation, that Sir Hugh Allan put himself in communication with the American gentlemen already referred to, and it is not a little remarkable that the suggestion made to Sir Hugh Allan arose from a desire to carry out the object which the Committee of the Interoceanic Company appear to have in view. That object was to secure the construction of the work under Canadian management, no doubt being entertained that there would be no difficulty in finding safeguards against the dangers anticipated by the Interoceanic Company; such were the circumstances under which Sir Hugh Allan's connection with the American capitalists took place. Sir Hugh Allan was the first Canadian capitalist who made a proposition for the construction of the line, and to him the Government is indebted for the information which enabled them to decide with confidence as to the scheme to be submitted to Parliament. The Committee of the Privy Council think it unadvisable to enter into any discussion of the respective merits or influence of the rival Companies, especially because they remain of opinion that it would be highly inexpedient to select either Company to the exclusion of the other.

"Should they fail in obtaining the concurrence of both Companies to their proposition for an amalgamation on just and equitable principles, they will be compelled, from a sense of duty, to adopt other means to secure their object, which is a cordial co-operation of the Canadian people of all classes and from all sections of the Dominion, in the construction of the Pacific Railroad.

"The Committee of the Privy Council have, in conclusion, to state that they have received the most positive assurances that it is not contemplated by the promoters of the Canada Pacific Company to associate themselves with foreigners, and also that the Company is prepared to accept any proposition made by the Government for the purpose of preventing the enterprise falling into the hands of an alien proprietary. They cannot, under the circumstances, recommend that the individual who was the first Canadian capitalist who entered into negotiations with the Government for the construction of the Pacific Railroad should, with all its associates, be excluded from the management of a work which, as is admitted in the Report under consideration, requires, in order to ensure success, the cordial co-operation of the Canadian people. The Committee of the Privy Council are not without hope that on a reconsideration of the subject, the Interoceanic Company may come to the conclusion that the course which would be most for the advantage of the country that they should follow, would be to act on the suggestion of the Government, and to consent to an amalgamation with the Pacific Company; and they therefore recommend that a copy of this Minute be sent to both Companies, and that they be urged to make an early and earnest attempt to reconcile their differences, and to form an united Company for the construction of the Pacific Railroad.

"Certified,

"W. H. HIMSWORTH.

"Clerk, Privy Council."