

ports of the Shannon; and without any consideration of the question whether, assuming that the interests of Ireland warranted the establishment of a service from Galway, that object might not have been secured by an arrangement which would, at the same time, have provided for the wants, and satisfied the just claims, of Canada.

Q. 2551 2578.
2584.

That such an arrangement might have been made has been clearly proved to Your Committee. Indeed, in the tender of the Lever Company, they offered to the Government the alternative of making either Portland, Boston, or New York the packet port on the other side of the Atlantic, and the former of these ports being the terminus of the Canadian Grand Trunk Railway, its selection would, for the winter months, have in a great measure served the purposes of Canada, though the Government, in accepting the offer, fixed on Boston and New York as the ports for alternate voyages, and left out Portland altogether.

Further, however, the Montreal and Ocean Company have since given the most conclusive of all proofs that such an arrangement would have been attainable, by actually agreeing to undertake the service stipulated for in the Galway Contract, but making Portland the station on the American side, along with that under the contract which they at present hold from the Government of Canada.

Shortly after the Committee of last Session rose, negotiations were entered into between Mr. Allan, manager in Canada of the Montreal Company, then in this country, and the directors of the Lever Company, resulting in an agreement on that of the Montreal Company, dependent on the consent of the Home Government (which was necessary, in consequence of a prohibitory clause in the contract) being obtained to a transfer of the Galway Contract; but, subject to that consent, binding on the Montreal Company, who were to undertake its obligations, and to pay the Lever Company a *bonus*, calculated at the rate of 25,000*l.* a year, during the subsistence of the contract. The Government declined to interfere while the matter was before a Committee of the House of Commons, and the transaction fell to the ground; but the Montreal Company were then and still are perfectly ready to carry the agreement into effect, if the sanction of the Government were given, and the Galway Company were willing now to concur in it.

Q. 4390 et seq.
3601.

Q. 4406 et seq.

4427.

Your Committee regret the failure of these negotiations, and they are of opinion, that if matters remain on the footing on which they now stand, the results must be serious.

Besides the oversight of the pledge to the Liverpool and New York Company, the people of Canada will have been disappointed in expectations they had been led to entertain in regard to a matter, deemed by them of vital importance. They must for several years to come be subjected to injury, for which the Home Government would not be in a position to provide a remedy or compensation. Still less could it place them on a footing with our other colonies.

This country, in reference to all its intercolonial mail services, bears a proportion of the expense, in no case less than one-half, and generally far beyond that amount. While, however, she has forced on the Canadian Government, by her subsidies to other lines, the necessity of burdening their finances with a large subsidy to their own line (increased to 90,000*l.* since the Galway contract was agreed to), for a service which they believe could have been obtained, but for the subsidies given by the Home Government for the postage alone, she will have precluded herself during the subsistence of these contracts from giving any relief to Canada, except at an expense which, in a financial point of view, and with reference to the interests of this country, would be altogether unwarranted.

The whole revenue derived from the ocean postage of the correspondence between this country and North America is 112,000*l.* The cost of the sea conveyance is 191,000*l.*, being, (according to the calculation of the Post Office), an excess of expenditure of 79,000*l.* Under the Galway Contract 78,000*l.* will be payable, which must all be added to the excess; because, while the letters which will be carried by the new line will simply be transferred to it from the Cunard line, no deduction in the subsidy payable to the Cunard Company will take place in consequence of the transference. The total excess, therefore, for