

Canada, intituled, 'An Act to provide for the Examination of Witnesses on Oath by Committees of the Senate and House of Commons, in certain cases,' was received at this Department on the 22nd day of May, 1873.

"Given under my hand and seal, this 1st day of July, 1873.

"KIMBERLEY."

No. 4.

The EARL OF DUFFERIN to The EARL OF KIMBERLEY.

MY LORD,

Canada, August 15, 1873.

I HAVE the honour to state, for your Lordship's information, that at half-past three of the afternoon of Wednesday the 13th instant I prorogued Parliament.

As this event is likely to be regarded with dissatisfaction by one of the great political parties in this country, and has been already animadverted upon in no measured terms by a portion of the Canadian press, I propose to give your Lordship a full account of the circumstances under which it has taken place.

Although I have already acquainted your Lordship from time to time with everything which has occurred in connection with the grant of the Pacific Railway Charter, as well as with the proceedings in and out of Parliament to which it has given rise, it may be well to preface my intended statement by a brief recapitulation of its previous history.

The scheme of a Canadian line of railway from the Atlantic to the Pacific first acquired a practical character in 1871, when its construction within ten years from that date became one of the conditions on which British Columbia covenanted to enter into confederation.

The first move towards the realization of the project seems to have been initiated, not by a Canadian, but by an Englishman of the name of Waddington, who, after broaching his proposals in Toronto and elsewhere, apparently without success, eventually succeeded in obtaining the co-operation of a number of capitalists in Chicago and New York, most of whom, though not all, were interested in the "Northern Pacific Railway," a United States line, connecting at Lyndon with the continental system, which it is intended to carry across the northernmost States of the Union to a port on the Pacific, and which will consequently run parallel—though at a lower latitude and over a wider arc—with the proposed Canadian line.

A deputation from these gentlemen seems to have visited Ottawa in the autumn of 1871, and to have had an interview with some members of the Canadian Government, by whom they were informed that the time for entering into negotiations for the construction of the railway had not arrived. For several months no other proposition was received by the Government; but it is stated by Sir Francis Hincks, in a letter of which I append a copy, that, being in Montreal in the month of July of the same year, he met Sir Hugh Allan, and, giving him the names of some of the Americans who had made these advances, expressed his regret that a work of such importance should fall into the hands of foreigners. Acting upon this suggestion, Sir Hugh Allan turned his attention to the matter, and eventually, in conjunction with these American gentlemen and some Quebec friends of his own, formed a Company for the prosecution of the work. But as the Session of 1872 approached, it became evident that the admission of parties connected with the American Pacific to a share in the contract for the Canada Pacific was become unpopular, and, Parliament appearing to share this feeling, it was announced by the Government to Sir Hugh Allan that no proposals emanating from an American Company would be entertained.

On this intimation, Sir H. Allan appears to have addressed himself to the organization of a purely Canadian Company, and gave to the Government the most positive assurances that he had entirely dissociated himself from his American friends.

In the meantime another Company had been formed in Toronto, called the "Inter-oceanic Company," of which Mr. Macpherson, a gentleman of very high standing and character, and a Dominion Senator, was Chairman.

During the ensuing Session—that is, in the Spring of 1872—both the Companies, the "Interoceanic" and "Canada Pacific," as Sir Hugh's was now called, obtained Acts of Incorporation, and, at the same time, an Act of Parliament was passed enabling the Government to enter into a contract with one or other of the above-mentioned Companies,