

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 No. 1. 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, or with an amalgamation of the two, or, if they should see fit, to grant a Royal Charter to a new and altogether distinct company, in case an agreement should be found impossible with those already in existence.

The terms which Government was authorized to grant to whatever Company undertook the contract, were settled in the last Parliament, and will already have been communicated to Your Lordship by my predecessor, Lord *Lisgar*, who, up to this time, was still in office; but it may be convenient to mention that the principal concessions consisted of a grant, under certain conditions, of 50,000,000 acres of land, in alternate