

In another despatch I propose to address Your Lordship on the subject of the Commission.

I have the honour to be, my Lord,

Your Lordship's most obedient servant,

(Signed,)

DUFFERIN.

The Right Hon. the Earl of KIMBERLEY,  
&c., &c., &c.

[Enclosure No. 1, in No. 19, August 15, 1873.]

MONTREAL, July 18th.

The following letter has been addressed by Sir *Francis Hincks* to the *Gazette*, and will appear in that paper to-morrow morning:—

"To the Editor of the *Gazette*.

"SIR,—Although reluctant to anticipate the formal enquiry into Mr. *Huntington's* charges, I cannot allow the statement made in the *Herald* of yesterday by Mr. *Geo. W. McMullen* to remain unnoticed. In all my proceedings regarding the construction of the Pacific Railway, I have been governed by an opinion, early expressed and never modified, which was that if the construction of that work was undertaken by proper parties, the Government and the country, instead of thinking that they had conferred a favour on such parties, should feel deeply indebted to them. I shall at present confine my remarks on Mr. *McMullen's* letter to what affects myself here personally. I have a distinct recollection of Mr. *McMullen's* visit to Ottawa in July, 1871. He was accompanied by Mr. *Smith*, of Chicago, Mr. *James Beaty, Jr.*, Barrister, of Toronto, Mr. *Waddington* and Mr. *Kersteman*. They were bearers of an informal proposal for undertaking the work, and it is true that they had the names of several parties of the highest respectability. Mr. *McMullen* admits that it speedily became apparent to myself and associates that Mr. *Waddington* had been over sanguine in the idea that the formation of any company would be entrusted to his hand. I do not pretend to recollect all that passed in the brief conversation that took place, but the substance was that the Government was not in a position to negotiate on the subject. After the return of the party to Toronto, I had some further correspondence on the subject, which I only refer to that I may show how I came into communication with Sir *Hugh Allan*. I received a letter on the 24th of July, acquainting me that the writer intended going, during the following week, to Montreal, along with a gentleman who has been active in promoting railway enterprises, with a view to bringing this scheme under the notice of Sir *Hugh Allan* and other capitalists in Montreal. I at once sent the following reply:—

"Confidential.

"OTTAWA, July 20th, 1871.

"MY DEAR SIR,—I have received your letter of the 24th inst. I note that you had yourself arrived at the conclusion that 'the whole matter was disorganized and required complete reconstruction.' You mention your intention of proceeding with Mr. \_\_\_\_\_ to Montreal to see certain parties. Mr. \_\_\_\_\_ is reported to be a shrewd business man, and yet, from your account, he is about to see persons regarding a scheme, of the advantages of which neither he nor you can have the slightest idea. At least I certainly am very ignorant at this moment what aid in land and money the Government will recommend Parliament to grant. How any one under such circumstances can talk to men of business about being concerned in the scheme, I am at a loss to comprehend, and I am persuaded that, owing to Mr. *Kersteman's* most injudicious proceedings, the greatest injury has been done to a great undertaking."

"I am,

"F. HINCKS.

"James Beaty, Jr., Esq."