

correctness of the inferences sought to be deduced from them. On the whole, as far as I could gather from the tone of the press, and from conversation, these revelations rather improved than otherwise the position of the Ministry. On the one hand, Sir *Hugh Allan's* letters accounted for and justified Mr. *Huntington's* pertinacity, on the other, his affidavit,—or rather, Sir *John Macdonald's* telegram quoted in the affidavit,—satisfactorily proved that so far from yielding himself or allowing his colleague, Sir *George Cartier*, to yield to the pressure put upon him by Sir *Hugh Allan* in the height of the election contest, my Prime Minister had required the immediate and complete cancelling of an arrangement favourable to Sir *Hugh* to which Sir *George* had evinced a willingness to subscribe. In illustration of this point, I subjoin Sir *George Cartier's* letter as well as Sir *Hugh Allan's* reference to Sir *John Macdonald's* telegram concerning it.

[COPY]

"MONTREAL, 30TH JULY, 1872.

"DEAR SIR HUGH,—

"I enclose you copies of telegrams received from Sir *John A. Macdonald*; and with reference to their contents I would say that, in my opinion the Governor in Council will approve of the amalgamation of your Company with the Inter-oceanic Company, under the name of the Canadian Pacific Railway Company, the Provincial Board of the amalgamated Company to be composed of seventeen members, of whom four shall be named from the Province of Quebec by the Canada Pacific Railway Company, four from the Province of Ontario by the Inter-oceanic Railway Company, and the remainder by the Government; the amalgamated Company to have the powers specified in the tenth section of the Act, incorporating the Canada Pacific Railway Company, &c., the agreement of amalgamation to be executed between the companies within two months from this date.

"The Canada Pacific Company might take the initiative in procuring the amalgamation; and if the Inter-oceanic Company should not execute an agreement of amalgamation upon such terms and within such limited time, I think the contemplated arrangements should be made with the Canada Pacific Company under its charter.

"Upon the subscription and payment on account of stock, being made, as required by the Act of last Session, respecting the Canadian Pacific Railway Company, I have no doubt but that the Governor in Council will agree with the Company for the construction and working of the Canadian Pacific Railway with such branches as shall be agreed upon, and will grant to the Company all such subsidies and assistance as they are empowered to do by the Government Act. I believe all the advantages which the Government Act empowers the Government to confer upon any Company will be required to enable the works contemplated to be successfully carried through, and I am convinced that they will be accorded to the Company to be formed by amalgamation, or to the Canada Pacific Company, as the case may be.

"I would add, that as I approve of the measures to which I have referred in this letter, I shall use my best endeavours to have them carried into effect.

"(Signed,)

"Very truly yours,

"GEO. E. CARTIER."

*Extract from Sir H. Allan's affidavit of July 5th.*

"On the same day that I received the above letter from Sir *George Cartier*, I informed Sir *John A. Macdonald* of the contents of it, and asked for his sanction of the views which it contained. But he declined to concur in the terms of Sir *George's* letter, telegraphing to him that he would not agree to them, and that he would come down to Montreal and confer with him respecting them. Thereupon, I immediately informed Sir *George Cartier* that I should consider the letter addressed to me as being withdrawn; and to my knowledge Sir *George* telegraphed Sir *John* that he had seen me and that as