

of its credit and the averting of disaster, I was in the position of being supposed to have had power while I was impotent to save. Under these circumstances I felt that there was only one course for me to pursue, namely, to place my resignation in his Excellency's hands. I thought it necessary to address this answer to Sir John:—

"MONTREAL, 22nd Oct., 1867.

"MY DEAR SIR JOHN,—At two a.m. I received the following telegram from you.

"Private.—Council met and considered your telegrams—information as to condition of Bank, character of security offered, and reasons why other banks declined to help, insufficient to warrant any action by Government."

"The grounds stated for the refusal of the Government to act appear to me to imply both censure and want of confidence. As regards the alleged want of information, I must remind you that I went to Ottawa with Mr. Cartwright, the President of the Commercial Bank, on Thursday last, for the purpose of submitting the whole case to Council, and only at your express desire abstained from doing so. The whole state of facts were thus known to you, and also to other members of the Government. If you supposed any change had taken place, you could have sought and obtained this information by telegraph last night, before adopting the resolution you have communicated to me.

"Had the Government seen fit to rest their decision upon the want of proper authority, or the inconvenience of establishing a precedent, I might have consented to share the responsibility of this action; but I must decline to do so upon the grounds stated in your telegram.

"I have therefore only to place my resignation in your hands, and to request that you will submit the same to His Excellency the Governor General.

"Believe me, &c., &,"

(Signed,) "A. T. GALT.

"Hon. Sir J. A. Macdonald, K.C.B."

That letter was written on the 22nd October, the day in fact of the suspension of the Commercial Bank. I did not receive an answer until Wednesday morning, when Sir John telegraphed me that I had entirely misunderstood the action of the Council; explanations were due between us, and that he wished me to come up to Ottawa. I still felt, under the feeling of very severe disappointment, not to use a stronger term, which I then entertained, that I could not

accede to his request. I therefore replied that I must decline his proposition, and stated that any explanations must be in writing.—Sir John then did me the favor, and I must thank him for the consideration which he displayed towards me, of telegraphing to say that he had engaged a special train and would come down to Montreal. On Thursday, the 24th, we met, not until two o'clock, the train on which he was having been delayed. He stated to me that I quite misunderstood the intention of the Government; that they had no wish to throw any undue responsibility upon me; and added that I was entirely mistaken in supposing that either himself or Mr. Cartier, or any of the other members of the Government, had any lack of confidence in me, or any intention of withholding their support from me. We had considerable discussion together, but I still remained under the impression that I should be obliged to adhere to my first resolution. However, I had an appointment with Mr. King at the Bank of Montreal, at five o'clock—because I was still anxiously watching the effect of the failure on the Banks of Western Canada—and my honorable friend the Premier had also an appointment with the present Finance Minister at the same hour. I therefore left him and went to see Mr. King, who met me with the statement that the crisis had commenced in the Province of Ontario, and he read to me a message in cypher, which said that a run had commenced on the Royal Canadian Bank, and threatened to extend to the other Banks in Western Canada, and might assume a general character on the next morning. He urged me most strongly to withdraw my resignation, and not to leave the charge of the finances of the country at the moment when a crisis had come upon us. There was the more force in the demand which he made upon me at that time, because in view of the possible crisis which might arise, he had with my knowledge and full concurrence, but certainly at the risk of some inconvenience to the Bank, provided himself with a large amount of specie from New York, both sent to Toronto and to Montreal. Consequently he had made all possible provision for the crisis if it did occur, and for extending aid if necessary. Therefore Mr. King was warranted under the circumstances in asking me not to insist upon retiring from the Government on this particular question, and at a time when if my retirement had been known it might have caused much public embarrassment. Finally I made up my mind, under