

an advantage over the indirect, as to popularity, as to freedom of operations, and as to the exceptional privileges of the Agencies which they can safely establish in the interior. The reason, as before mentioned, being that so large a share of their capital is held in Germany, and by such influential persons. In Prussia general concessions are granted only to Agents of direct lines.

I have the honour to enclose extracts from the laws in force at the port of Hamburgh. These contain all that is essential to be considered in connection with the question.

From these you will see that in minor details also the direct lines are in a better position.

Second. That we could deal with greater advantage directly with the Hamburg Agents of Canadian lines than we can with their principals at Liverpool. I have already given reasons for this opinion, but it was confirmed by the opinion of the Agents above-mentioned.

I have here for a moment to endeavour to distinguish in regard to this point, between two possible expedients.

1. The first is the expedient of dealing *indiscriminately* with the direct and indirect lines for the delivery of emigrants in Montreal, Toronto, or Manitoba, as the case might be. In this case what would occur would be this. I should receive from you an authorisation to proceed to Hamburgh, and call together the Agents of the various lines and to ask them to unite in quoting to me some rate which they would adopt for the season. (It should be observed that in the present state of the law that rate could only be quoted to New York or to Quebec, and not inland; but I shall refer to this matter directly. The rate having been agreed upon, the whole of the lines indiscriminately—that is to say, the Allan, Dominion, Anchor, and direct lines would all agree to book to Canada at a certain rate, and that rate would be advertised throughout Germany. In addition to the Agencies already at work in our favour, *we should then have the whole of the Agency of the direct lines*, and the value of that assistance can hardly be overestimated. But I have grounds to state in addition that, we have good reason to hope that through the influence of the direct lines, which would then be interested in the matter, we might obtain a relaxation of the law which forbids the issuing at German ports, of tickets good for inland transit beyond the port of debarkation.

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