may be given to a question of such magnitude and importance to the people This was defeated at of the Dominion." by the narrow majority of ten , the numbers being, Year Nays 85. And this result was only gained by an assurance privately conveyed to Ministerial members, and af-terwards embodied in a formal resolution that the subsidy grauted "should not in-"erease the present rate of taxation."

Secret Motives.

The reckless and lavish agreement en tered into, UNASKED, by the Government of Canada was at the time inexplicable but future events served to solve the mystery. In 1867 the Hon. Wm. McDougall, then a member of Sir John A. Mac donald's Government, publicly bossted that the Intercolonial Railway—less than 500 miles in length—would give the Ministry "A TEN YEARS' LEASE OF POWER;" and the only possible interpretation of the conduct of the same Administration in forcing down the throats of their own supporters a bargain no one had saked them to make, was to be found in a renewed determination to repea with the Canadian Pacific, and on a m gigantic scale, the experiment partially successful in the case of the Intercolonial.

Sir John A. Macdonald had only been

able to hold office in 1867 by "size crise and by the disruption of the Liberal party sansed by the escension of some of their lead ers to the ranks of the enemy. The violations of the Constitution in the case o Nova Scotie; the gross bungling, amount-ing as nearly as possible to treason, in the acquisition of the North-west Territories; trifling with grave public interests in the matter of the "National policy;" a series of outrages on the Indeper sence of series of outrages on the Indeper iones of Parliament; the enormous inert are in the expenditure, and a growing perception of the character of the juggle in which the 67 Coalition had originated, all threstended agege to the Government, when, in 1872, an appeal should have to be made to the country. At that time, too, the Premier was at Washington, secretly betraying the interests of Canada to a foreign author, and well know what a storm of traying the interests of Canada to a foreign mation, and well know what a storm of indignation his conduct would excite when that transaction should excite when that transaction should excite when that transaction should excite the light. The local slections in Outside 1807, and the "Tatent Combination." an imitation of the Coalition at Otteva, was already doomed. Onario threatened a heatile and independent majority in the House of Commons, in place of a cervite Minority, Quebec was fast disentangling hereoff from Cartier's domination, and the Maritime Pravinces were held by too tu-Maritime Provinces were held by too un-certein a tenure to be relied upon. Thus it was that, watching his opportunity, Sor John A. Macdonald, in the specious form obtained possession of the huge bribe with which he was to procure for himself or his party, it might be, a ten, or twenty, or thirty years' lease of power.

But it was necessary to his purpose that But it was necessary to his purpose that his control over the railway, with all its advantages and accessories, should be absolute. Ho, and he alone, must have the entire disposal of its fat contracts and the enormous patronage such an enterprise involved. The pledge to build the railway within a limited time, rashly agreed to by Parliament, gave him the plausible exuse for instaining on being vested with the most extraordinary powers in the time and manner agreed upon.

The Usurpation Act.

This measure, introduced in the session of 1872 to give affect to the terms of union so far as the railway was concerned, was of a character nuneralleled in the history of responsible government. It handed over everything to the hands of the Governor in Council-in other words, the Prime Minister. It empowered him to raise a loan of 30,000,000 of dollars as a money subsidy for the road. It authorized him to appropriate one hundred millions of acres of the public lands, allotting ione of acres or the public dance, allocura-one moisty to the constructing cam-pany, and retaining the other moisty to, be disposed of in such a manner as might be agreed upon between the Government and the Company, it enabled him to give to whomsoever he pleased the contract to

"yestima concernid were of the highest stansing and influence. They had, however, applied for Acts of I cooperation instead of the the Government, and these applications invested of the Course, go to the Rullway Committee." Again, on the 22nd of May, 1872. Sir George E. Cartiev, cose more alleding to the same topic, asadd:—'There were now value, of the comment of the Course of

The Americans Appear on The Scene.

For the grand act of corruption they had long been preparing. The terms of union with British Columbia were agreed to in the early part of 1871. In July of that year, certain American gentlemen, who were also promoters of or interested in the Northern Pacific Italiway, a rival line, visited Ottawa, and made proposals touching the construction of the Pacific Railway. They saw Sir Fran-ois Hinoke and Sir John A. Macdonald. No definite oncouragement was given to them at the time, but they left, in the hands of the Ministers, a list of capitalists in the United States willing to co-operate in this scheme. Amongst them were General Case, Mr. Scott, of Philadelphia, Mr. C. A. Smith, and Mr. G. W. MoMallen, of Chicago. These gentiemen proposed to open communications with Sir Haga Mine, bet were discovered by Sir Franciz II locks from taking that words communicated himself with Sir Hagh All-Cas, and gave Sir Hugh the names of the Americans above referred to. He also went to New York, and andeavoured to induce certain of the parties resident there to join in the enterprise. Sir Hugh Allan entered into orrespondence with the Americans, and visited Ottawa with them in October, 1871, where they had an interview with the full Cabinch, but without any result. It was then ovident, however, that Sir George E. Cartier looked with disfavour on Sir Hugh being the premoter of other railways in competition with the Grand Trunt, cheme. Amongst them were General Case, Allah sinduseds in the mastes, white of orthor allways in competition with the Grand Trunk, of which line Sir George E. Car're was collector. This has to be borne in mind in connection with whit occurred afterwards. The issue of the negotiations between Sir Hugh Allan and his American confederates was an agreement in wr'ing on the 23rd of December, 1871, of which the follow

" New York, Dec. 23rd, 1871, "The undersigned hereby agree to associate themselves together for the following purposes, to wit:

"First -To form the Cauada Pacific Rail-

"First - To form the Canada Pacific Raily asy Company, under a charter authentially as agreed upon, and subject to such modification or chacages as shall be hereafter mutually accounted to; which charter is to be prounted by Mesara. Sir Hugh Allan, Charles M. Smith, and George W. McMulles from the Parliament of Canada, at its approaching ession.

"Scoot—Under and by authority of said charter, the undersigned propose to construct

"Second—Under and by authority of sand charter, the undersigned propose to construct the said railway. For those purposes, we, the undersigned, each for himself, and not for the others, agree to enhacribe, in all, the sum of ten millions of dollars to the cepital stock of the said Canada Pacific Railway

stool of the said Canada Pacific Railway Company.

And such others as they may associate with them shall subscribe five millions five hundred thousand dollars (\$5,000,000), and Nor Hugh Alan. Charles M. Smith, and George W. Mode lien, and such others as they may seasociate with them, shall subscribe four millions five hundred thousand dollars (\$1,501,000). And it is further agreed that the above named parties who shall subscribe for live millions five hundred thousand dollars of said sook, shall pay in the sum of ten per centrem on the whole ten millions of the parties of the said sook, shall pay in the sum of dollars of stock to be subscribed as aforesaid,

he subject to the same conditions of payment and refunding with interest as are therein ask forth.

ast forth.

"And we hereby authorize the said Committee to take such ther action for us at they may deem necessary in the premise consistent with the general terms of the contract of Dezember 23, 1871, and as monified hereby. " New York, March 23th, 1872.

"New Yoar, March 23th, 1872.
"(Signed) Jay Cooke & Co., J. Gregory
Staith, B. P. Choney for celf and W. J.
Fargo, R. D. Rica, Thot. H. Canfield, A. H.
Barney, G. W. Casa, Daniel McLeven, by J.
W. Ellis, Frederick Billings, Wn. Windows,
H. E. Payson, F. E. Canda, O. J. Canda,
Samuel Wilkison, W. B. Ogden, Walter
Hinohman, Hagh Allan, Charles Mather
Smith, George W. MoMullen,
"It will be arolized, in anways to the preference It will be noticed, in answer to the preter

the Government that they were ignoran of the Government that they were ignorant of Alian's negotiations, that the precise terms as to the land and money asheldy embodied in the Pasi6o Railway Act are those manued in the above document, which had clearly resulted from actual negotiations between the parties above named and the Go rernment of Canada.

The Competitors

In the session of 1872 two companies applie for Acts of Incorporation—the "Inter Oceanic," promoted by Sensior Macpherson, the "Canada Pacific," by Sir Hagh Allas and his American allies. The sames of oreigners were, however, omitted from the Canada Pacific Bill, and both that Bill and the "Inter Oceanio" Bill were cetensibly promoted by Canadians of standing and capital from various parts of the Dominion. Si George E. Cartier's speechas, before quoted were designed to convey the impression that the Government favoured competition, and desired only to guard against the amalgama tion of these two great organizations, which might result in a too powerful memopoly. No obstraction was therefore offered to Allan re-eived from his American frieuds the sum of \$40,000, which he represented to be necessary for engineering his scheme through the Legislature. The actual ex-penses were not more than from two to three hundred dollars.

The Plotters at Work.

Immediately after the Government Cana dian Pacific Railway Bill with its extraordi nary powers was passed, and Parliament had dispersed, Bir John A. Maedonald began to turn its provisions to account.

The Ministry felt their position to be extremly oritical. These of the last importance that no misunderstanding should occur between the Government and Mr. Macpherson, as the coverement and arr. mapparture, and cold, tried, and wealthy supporter. It was also important to conciliate Sir Hugh Allan, who had been easierly pressing for the contract, and who was already sudangering the safety of Sir George E. Cartier's seat in Monreal, hy assuming towards Sir George an at titude of hostility. In Sic John A. Mac-donald's evidence before the Commission he saye, on this point :-

donald's evidence before the Commission he says, on this point:—

"I had regretted to find that there had been a sort of coolness between Sir Hogh Adhana act of coolness between Sir Hogh Adhana act of coolness between Sir Hogh Adhana the Sir George Cartier and Sir Hugh Adhan but between Sir George and his Lower Canadian triends. They had got the idea that Sir George was not so friendly as he ought to have been to the North 1 colonization Road, in which a large nut ... of Lower Canadians took great interest, especially the Moutrealers, and of which Sir Hugh Allan throwing cold water on all not, they had got the impression that Fir George Cartier was throwing cold water on all not, they had got throwing cold water on all not, they had got throwing cold water on all those enterprises this of course, and less it was removed, would be fatal to Sir George Cartier, and in Lower Canada would lose his Parliamentary support, and, of course, lose the Gaverment Parliamentary support, The idea had been industricularly support, The idea had been industricularly support, and of course, lose the Gaverment Parliamentary support, The idea had been industriantly support of the Grand to the Canada would lose his Parliamentary support. The idea had been industriantly support of the Gaverment Parliamentary support, when the support of the Grand to the Canada, of course of the Grand to the Canada, of course of the Grand to the course of the Grand to t ways, extending the Northern Colo ways, extending the Paoide Railway, a the Montreal interest, as represente Hugh Allan, should not be ignored."

Sir Hugh Operating on Cartier tier. Writing on July 1st, 1872, to General Cass, he save :-

Rullwy, also to come to Turonto and discussed makes were by Mr. Massin and it. Hu. Allan wrote me that it makes possible for him to come up, hat that Mr. Aboott mile for him to come up, hat that Mr. Aboott mile before, and you will find in the svidence given by Mr. Macpharon a memorandum of the substance of the conference between these wro gentlemes. That memorandum I believe to be substantially correct from the information that I had from both of the gentlemen who attended it.

"I left Toronto to go to Kingston to attend to my own alcotton, impressed with the idea that there were no insupershile difficulties in the way of analgamsation.

"They that annoached ware macky and

"They had approached very nearly each other. There were only two points of difference. The one was the question of the Presidency, and the other was the number of Directors.

rectors. We regards the Presidency, Mr. Macpherson always held to the same position; that he did not look forward to it himself, he but he had not look forward to it himself, he but he thought that fir. High Allan from his having originally made this arrangement with the American; it he were placed in the position of President, from his saknowledged wealth and inflaence, would have too much power on the Baarl, and that he mighter-scrice that yower is farour of bringing in American capital."

Mr. Maopherson, ia his evidence, saye: Mr. Maopherson, is his evidence, eaye:—
"The only matter at all personal to Sir Hugh Allan and mweel was the question of the Fresidency, Mr. Abbots wished that I would consent to the office being filled by Bir High Allan. I told him I would not assent to the advance, but I sat up no alsa to the office wheel. I shought it should be left to the free shales of the Directors if assages mattor about the place."

The Ministere had taken care, too, that no inconvenient provisions of the election law should thwart their designs, and had resisted etrenuously and successfully proposals to hold the elections in one day, and to transfer to the judges the duty of trying election petitions -two of the most effectual preventatives against electoral corruption.

The Crisis Approaching.

Mattere were now approaching a orisis The write had been issued on the 15th and the first election trak place on the 21th of July. Sir John A. Mardonald thus describe the situation :-

"When Sir George Cartler and I parted in Ottawa, he is go to Montreal and I te go to Uronoto, of course, as leading members of the Government, we were anxions for the encoses of our Parliamentary supporters at the elections, and I said to Bir George that the elections, and I said to Bir George that the elections, and I said to Bir George that the elections and I said to Bir George that the election at the United States of the Chirl South I was the Ontario Government could give to us and to our triends, at the polic. I caid to him you must try and raise such fused a you can be help us, we are going to have the chirl South there. I monitioned the names of a tew friends to whom he might upply, and Sir Hugh Alfan among the rest, and that he can interested in all those enterprises which the Government had been formed in the control of the country of the

John A Approaches Allan.

The means by which a complete . econciliation was nitimately effected between Sir George E. Cartier and Sir Hugh Allan was a telegram sent by Sir John A. Macdonald to Cartier on July 26th, 1872, in the following

"Have seen Macpherson. He has no personal ambition, but cannot, in justice to Ontario, concede any preference to Quebec in the matter of the Presidency, or in any other particular. He says the question about the Presidency should be left to the Board Unter these circumstances, I authorize you to source Alian that the indiance of the Overrient of i resident. The other terms to be as agreed on between Macopheron and Abbott. The whole matter to be kept quiet until after the election. Then the two goutlemns to moet the Privy Connoil at Ottawa and settle to terms of a provisional agreement. This is the only practical solution of the difficulty, and should be accepted at once by Allan." tario, concede any preference to Quebec in

The Final Bargain,

On the 29th of July Sir Hugh Allan received a message from Cartier asking him (Alian) to call on the following day. Sir Hogh accordingly went, accompanied by Mr. Abbott, his confidential adviser and solici-Sir Hugh Allan, in the correspondence he put in as part of his aworn testimony, is too, and also a member of Parliament. Mr. "Abbott, his confidential advisor and conversely the control of the control Commission, tellethe etery of this memorable

the two letters which Sir Hugh has pro-duced this morning. And that my recond-lection differs are the morning of the first from that of Sir Hugh. I think that the terns of the first letter, referring to the reli-way, were agreed to, but that it was not written or signed at the first interview; that is, we were leaving, and, after the terms had been agreed to, Sir George spoke to him about the mosey in the manner in which Sir Hugh Allan has indicated, and that in the afternoon the two letters were signed."

The following are the two letters referred

The following are the two letters referred to by Mr. Abbotts-

"Private and Confidential.

"MONTREAL, 30th July, 1872,

"Dake Siz Hook,—The friends of the Government will expect to be assisted with funds is the pending alections; and any amount which yon, or your Company, shall advance for that purpose, shall be recouped A memorandum of immediate require

"Yery truly yours,
('Gigued) "GEO, E, CARTIER,
"Sir Hugh Allan,

	"Bir John A. Macdonald	\$25,000
	"Bir John A. Macdonald	15,000
	"Sir G. E C	20,000
	" Sir J. A. (add'l)	10,000
ŀ	" Hon. Mr. Langevin (add'l)	10,000
	"Bir G. E. O	30,000

"MONTREAL, 30th July, 1872,

"Montreat, 30th July, 1872,

"Data Six Huon, —I evolose you copies of telegrams from Sir July A. Macdocald, and with reference to their contents I would say that in my opinion the Governor in Consoil will approve of the amalgamation of your Company with the Inter-Ossanio Company, under the name of the Canadian Parion Railway Company, the Provincial Board of the amalgamated Company to be composed of seventeen members, of whom four shall be anmed from the Trovince of Quebec by the company of the company to the company of a malgamation to the seconted between the Companies within two months from this date of amalgamation to be seconted between the Companies within two months from this date with the Companies within two months from this date of amalgamation to be seconted between the Companies within two months from this date when and within anoth limited time, I think the contemplated arrangements should be made with the Canada Facido Company and rei its charter.

"Upon the subscription and payment on account of the base of the contemplated arrangements to the count of the country of the the country of the the country of the countr

be made with the Canada Pasida Company under its sharter.

"Upon the subscription and payment on account of shock being made, as required by the Act of Last seasion respecting the Canadian-Pacida Railway, I hare no doubt but that the Governor its Council will agree with the the Governor to 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 ruch subsidies and assertance as they are empowered to do by the Government Act on Deverment Act on Deverment Act on Deverment and the Company will be required to enable the works uplated to be encosefully carried thin cap., and I am convinced that thew will be accorded to the Company to be formed by an algamation or to the Canada Pacific Company, as the case may be. "I would said that as I approve of the

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

"Very truly yours,

(Signed) "GEO, E. CARTIER."

Sir John A. Macdonald has alleged that on receiving intelligence of these transacions, he at once telegraphed repudiating the letter referring to the railway, and even offered, if necessary, to leave his own elec-tion to go to Montreal and settle matters.

He put in as evidence the two following telegrams, received from Cartier and Allan reepectively :-

"KINGSTON, 31st July, 1672, "(By Telegraph from Montreal.) To Sin John A. Macdonald:

"Have seen Sir Hugh. He withdraws let terwitten son since you make objection to it, and relies for basis of arrangement on your telegram to me of which I gave him copy.

"Matters go on well here. Hope they are me with you. Don't think it is necessary same with you. Don't think it is necessary for you to come down here Saturday. I want to be out of town on Sanday, but will remain here if you specially desire to see me. An-

"G. E. CARTIER." (Signed)

"Kinaston, July 31, 1872. "(By Telegraph from Montreal.)
"To Sig John A. Michonalo:

"I have seen Sir Gee, Cartier te-day. You may return my letter or regard it as waste pe-

"The policy I ad cessful. The stron ceeded in obtaining coatrof the electic Government realize were unwilling to they opened negoti

"It is unnecessary
phases through whi
sult is that we yest
ment by which, on
CONDITIONS, the OOND/ITONS, the puty, of which I as any views, to give a just of the swork, so formed the control the terms of the A are \$30,000,000 in areas of land, with privilegee which ca Act, and they agree the final contract is weeks from the final contract is weeks from the

"Oer opponents the stock, and the stock, and the selective and distinct the selective and selective and on that is chiged to stipula appear as a sharehol former ory of sellin arn Paeific, and encase. The shores the distriction friends, a la my name for som "We shall get \$6 of the whole capita

"I agein sek you to take the reduced "As is my duty,

"As is my dnty, re plenty desirons on the amounts will deposited in the has security, but will be soon as the work is penses incurred in his point have been very paid away about \$25 poy at least \$50,000 this month. I don't fish his but I how I have this month, I don't

"Of course this we the subvaribers of the subvaribers of the year elect to go on will visit New York much to acttle the reply as early as co. "I am, you

(Bigned) On the ninth of addressing the ale thus, after alludi shows, and the is

n the arrangements "Your represe
Cartier, coincides and in the hasis e
has agreed to recont
the Ministry on the
tion, they have bee

I think no I think no ting the contract pre-as the Gueernment reason to be satisfied done, and I believ proved by all."

And finally, on t wrote as follows :-

"Mo: The Man Ma. Mathis time to have a see what our friend do, but to-day I he Cass stating that h for Chicago, ther and the two are They say no meetin November, which

November, which was a long or to ten di tract signed, and after to go to Engli build the line. I he gold which I want still to pay \$13,500 thing off.
"I will go to Net tract is signed, as would be glad to m

(Signed) G. W. McMuala '553 Washing

Sir Hogh had ole own experience the February :-"I th blind in the matter already paid \$8,50

We have thus bearing upon the with the most cha tory of the whole p