

In reference to this point, I may observe that, although I have no means of knowing either when or to what extent my Ministers may have pledged themselves to favour Sir *Hugh Allan's* election to the chairmanship, the selection of such a person, the originator of the Oceanic line of communication between Great Britain and Canada, a gentleman who might fairly be regarded as the representative capitalist of the Dominion, and who would be more likely than any other to make an impression upon the English money market, was a choice which, at that time, few seemed disposed to question.

Baffled in their efforts to effect the amalgamation they desired, Sir *John Macdonald* and his colleagues announced their intention of promoting the formation of a new and independent Company, out of whatever elements of strength were to be found throughout the Dominion, and shortly before the meeting of the new Parliament in March, a Board of Directors was constituted, which included not only some of the leading promoters of the two defunct companies, but representative men from each of the Provinces of the Dominion. Of this Board, Sir *Hugh Allan* seems to have been elected Chairman as a matter of course, and to the company it represented the Charter was eventually issued.

In previous despatches I have already described to Your Lordship the precautions which were taken to prevent any American interest or foreign capital ever obtaining control over the concern. I am not sufficiently conversant with railway financing to assert, on my own authority, that the restrictions introduced into the Charter, with this view are sufficient for their purpose. Money, like water, has a very narrow shoulder, and will find its way wherever it is likely to fructify,—but as far as I can judge, every reasonable precaution seems to have been taken. All the Directors must be British subjects. The President and the majority of the Directors must reside in Canada, and though the shares are transferable, no transfer can be made for the first six years without the consent of the Government, nor after six years without the consent of the Directors,—the transfers in both cases being registered in the books of the company.

Another subject which seemed constantly to pre-occupy the mind of my Prime Minister at this time was the necessity of preventing any one individual, or any one interest, or combination of interests whether represented by Sir *Hugh Allan* or another, from acquiring a predominant influence on the directory. Here again I am not sufficiently familiar with the arcana of Board-rooms to know whether the adjustments on which Sir *John* relied were as effectual for the purpose as they appeared to me to be, but I may observe, that although the scrutiny of Parliament was directed under the light of subsequent events to these especial points, neither House has expressed dissatisfaction with the provisions of the Railway Charter, or the *personnel* of the governing body. On the contrary, up to the last moment of the session, on repeated occasions, Parliament continued to manifest its confidence in those who framed the one and constituted the other. If, therefore, as is alleged, a corrupt modification of the Pacific Railway Charter to the advantage of Sir *Hugh Allan* and his American friends, was the consideration for which these personages squandered the enormous sums asserted to have been spent, it would seem that they have scarcely obtained their money's worth, a result I should imagine, foreign to the experience of such shrewd men of business.

But though the Parliament of Canada thus unmistakably ratified the Railway policy of my Ministers, its verdict on the subject was not destined to pass unchallenged. On the 2nd of April, Mr. *Lucius Seth Huntington*, a distinguished member of the House of Commons, startled his immediate auditory, as well as the whole political world of Canada by the unexpected introduction of the following motion :

“Hon. Mr. *Huntington* moved, that Mr. *Huntington*, a member of the House, having “stated in his place, that he is credibly informed and believes that he can establish by “satisfactory evidence,—

“That, in anticipation of the legislation of last Session, as to the Pacific Railway, “an agreement was made between Sir *Hugh Allan*, acting for himself, and certain other “Canadian promoters, and *G. W. McMullen*, acting for certain United States capitalists, “whereby the latter agreed to furnish all the funds necessary for the construction of the