

The Agents also state that the serious objection taken to the Company's second offer is as follows:—

“The lump price is altogether too high. The Government will never oblige themselves to pay to the extent of one half of \$125,000,000.”

It was clear to the London Syndicate from these negotiations that the Government were not by any means assured as to the cost of the proposed works: and furthermore that they did not at that time seriously propose to proceed with the construction of the Canal, intending, as subsequent events showed, to undertake in preference the construction of the new Transcontinental Railway.

The British Company reported accordingly to Messrs. Glyn, and Sir Alexander Henderson, and their other friends.

No further financial proposals were then submitted to the Government.

The Government subsequently had estimates and Surveys made of the cost of the Canal, which proved that the British Company were not far from the mark in their Estimate of Cost.

It will be apparent that if a British Company had then been organised on the basis of cashing £10,000,000 to £15,000,000 sterling of Bonds at 3 per cent. and had also undertaken to build for \$75,000,000 work which could not have been built for less than \$125,000,000, such a Company must manifestly have been a great financial disaster, and would have brought discredit on everybody associated with it, and would have seriously affected all other Canadian Government securities.

The  
Company's  
financial  
proposals.

11. The efforts which were made in 1901 by the British Syndicate and their financial advisers to come to some satisfactory arrangement with the Government for the commencement of the construction of the Ottawa Waterway have been referred to in some detail for the purpose of showing that the English Company from the very outset of their association with this enterprise saw the importance of obtaining the support of British Financial Houses of great strength, who, if they undertook the business would be able to carry through the Canal enterprise to a satisfactory conclusion.

The friends and the promoters of the Canal enterprise have sometimes been severely criticised, especially by the advocates of the Welland widening, on the ground that they had submitted no proposals to the Government from responsible people for carrying out this work, and were moreover only busy on a speculative contractors' job. It would have been an easy thing for the Canal Company to dispose of these unjust aspersions had they cared to do so.

The facts above stated, which cannot be refuted, prove that the British Company in 1901 submitted financial proposals to the Government which if