

Letter No. 14.

MONTREAL, July 16, 1872.

MY DEAR MR. McMULLEN,—I feared you had got entirely lost in the depths of matrimony, but I am glad to notice, by your letter dated 11th inst., that you have got safely back.

Since I saw you last, the Pacific Railroad (Canada) scheme has gone through many phases, and its present position is difficult to describe.

Sir George Cartier has been in town for some days, and I have had several interviews with him. He now tells me that he does not now, and never did intend, to deal with either Macpherson's Company or ours, and that he only allowed them to get incorporated as a matter of amusement. But he says, he always intended that the Government would form its own Company, who would carry on the work *under the orders of the Government, according to the views of the Government engineers, and with money furnished by the Government.* He says, that he and Sir John A. made up their minds to this long ago, but did not tell any of their colleagues.

A kind of negotiation is going on with both Macpherson and myself, relative to the composition of this Government Company, but it has not come to anything as yet. Meantime, the period of the elections is drawing near, and unless the matter is arranged satisfactorily to Lower Canada, Sir George Cartier's prospect of being returned is very slim indeed. I cannot foresee with any certainty the ultimate result, but the decision cannot be long put off.

I will advise you as soon as anything is positively known.

Yours truly,
(Signed,) HUGH ALLAN.

Letter No. 15.

MONTREAL, August 6th, 1872.

DEAR MR. McMULLEN,—I have been hoping, from day to day, that some conclusion, which I could communicate to you, would be arrived at respecting the Pacific Railroad negotiation, but some obstacle to cause delay always intervened. The near approach of the elections, however, and the stand taken by my French friends, that they would lend no help till I pronounced myself satisfied, has at length brought the matter to a crisis, and I think the game I have been playing is now likely to be attended with success.

Yesterday we entered into an agreement, by which the Government bound itself to form a Company of Canadians, only, according to my wishes. That this Company will make me President, and that I and my friends will get a majority of the stock, and that the contract for building the road will be given to this company, in terms of the Act of Parliament. Americans are to be carefully excluded, in the fear that they will sell it to the Northern Pacific, but I fancy we can get over that some way or other.

This position has not been attained without large payments of money. I have already paid over \$200,000, and I will have at least \$100,000 more to pay. I must now soon know what our New York friends are going to do. They did not answer my last letter.

Yours truly,
(Signed,) HUGH ALLAN.