

“The Canada Pacific Company might take the initiative in procuring the amalgamation; and if the Interoceanic Company should not execute an agreement of amalgamation upon such terms and within such limited time, I think the contemplated arrangements should be made with the Canada Pacific Company under its charter.

“Upon the subscription and payment on account of stock, being made, as required by the Act of last Session, respecting the Canadian Pacific Railway Company, I have no doubt but that the Governor in 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 such subsidies and assistance as they are empowered to do by the Government Act. I believe all the advantages which the Government Act empowers the Government to confer upon any Company will be required to enable the works contemplated to be successfully carried through, and I am convinced that they will be accorded to the Company to be formed by amalgamation, or to the Canada Pacific Company, as the case may be.

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

Very truly yours,

“(Signed,)”

“GEO. E. CARTIER.”

Extract from Sir H. Allan's affidavit of July 6th.

“On the same day that I received the above letter from Sir George Cartier, I informed Sir John A. Macdonald of the contents of it, and asked for his sanction of the views which it contained. But he declined to concur in the terms of Sir George's letter, telegraphing to him that he would not agree to them, and that he would come down to Montreal and confer with him respecting them. Thereupon, I immediately informed Sir George Cartier that I should consider the letter addressed to me as being withdrawn; and to my knowledge Sir George telegraphed Sir John that he had seen me and that as he (Sir John) objected to Sir George's letter, it had been withdrawn. I also telegraphed to Sir John on the same day (July 31st) to the effect that I had seen Sir George Cartier, and that he (Sir John) might return my letter or regard it as waste paper, and that I was satisfied with the telegram of the 26th as expressive of the views of the Government.”

But any reaction in favour of the Government which might have thus set in was more than counterbalanced by the appearance of another series of letters, which I also re-append, and which are now generally known as the *McMullen* correspondence. Amid No. 5. these productions there have been introduced documents of a very compromising character, the one a letter from Sir George Cartier asking for twenty thousand more dollars (\$20,000 = £4,000 sterling), and the other a telegram from Sir John Macdonald demanding an additional ten thousand dollars (\$10,000 = £2,000 sterling). These latter I subjoin:—

“MONTREAL, Aug. 24, 1872.

“DEAR MR. ABBOTT,—In the absence of Sir Hugh Allan, I shall be obliged by your supplying the Central Committee with a further sum of twenty thousand dollars upon the same conditions as the amount written by me at the foot of my letter to Sir Hugh Allan of the 30th ultimo.

“GEORGE E. CARTIER.

“P.S.—Please also send Sir John A. Macdonald ten thousand dollars more on the same terms.”