the £75,000 if the tenders should show that that sum is required.

I will also send you to-day a letter from Mr. Thomas Reynolds, who was invited by Mr. Benham to go to Barrow with him for consultation with the Naval Armaments Company upon this subject. Mr. Reynolds was closely associated with the late Mr. Bryce Douglas in the former negotiations, and Mr. Benham has requested him to give me the result of the consultation with Mr. Adamson, the Manager of the firm.

I think it desirable to give you, as promptly as possible, all the inform ation I can bearing upon this subject, as if the service is to go into operation on the opening of the St. Lawrence navigation two years hence, no time must be lost in getting in the tenders in response to the invitation of the Canadian Government.

I am confirmed in the opinion that the success of this measure depends upon obtaining the closest cooperation of the Canadian Pacific Railw ay Company. Without the responsibility of the management and the results being thrown upon that Company in such a way as to secure the most complete co-operation, notwithstanding the large subsidy proposed, it would, I believe, be very difficult to obtain the necessary capital unless the Government itself becomes responsible, and I do not see how that could be done safely unless the Canadian Pacific Railway Company was committed in the fullest manner to secure the success of the Steamship Line.

I hope you will be able to cable me the general terms of the specification as soon as possible in order that Mr. Chamberlain's approval - which is essential - may be obtained without delay, and the tenders invited at an early day.

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