the Oriental Bank the chairman spoke favorably of the projected Canadian line. When the want of Mr. Fleming's projected cable has become felt in this way, it is brought one step nearer to realization.

CONVERSION OF THE QUEBEC DEBT.

The promised resolutions providing for the conversion of the Provincial debt of Quebec have at last made their appearance. They authorize the Provincial Treasurer to raise a loan equal in amount to the present debt, at a rate of interest not exceeding four per cent. The new debentures may be either perpetual, or redeemable after sixty-five years on one year's notice being given, or terminable annuities may be issued. It is also provided that the conversion may be effected by an exchange of debentures, at the option of present hold ers; and if necessary a discount on the new debentures, making them equal to what they would bring in cash, may be granted

Objections are made to enforced conversion, but it is not clear that force can be used or is intended. It is open to both parties to make their own bargain. The resolutions propose to make it lawful for the Lieutenant-Governor to take steps for calling in the present debentures, by redeeming them in cash or exchanging them for new debentures. But is there not here implied, as a condition, the consent of the holders of the debentures? And if they consent no harm can be done. Without their consent would conversion be legal? We apprehend that it would not. Government would have power to negotiate, but if the holders of the debentures declined to negotiate, it is difficult to see how any progress could be possible. The resolutions show that the conversion is to be made a subject of agreement with the present holders.

It is quite natural that the Government should desire to take advantage of the fall in the rate of interest. By experience, it has learned that it can float a four per cent. loan nearly at par. On the old loans it is paying a great deal more than this. But the existing debentures are all payable at fixed dates, and the nearer they approach maturity of less value they will be, for they could be replaced at reduced interest. It is quite conceivable that many holders might be willing to exchange for perpetual debentures, bearing four per cent., especially if they got the new debentures at a discount. To make the new issue either perpetual or payable after sixty-five years at the option of the Government, would reduce their selling value. The option would be a valuable one, and would have to be paid for. At the end of sixty-five years the Government might be able to borrow on better terms than at present, or it might not; if it were, it would gain by being in a position to take advantage of a lower rate; if it were not, its interest would be not to redeem. And it might happen that it would not suit its purpose to redeem when sixty-five years had passed, and the case might be altered a few years later. The value of the option is unmistakable; but, visible guarantees.

like all things of value, it will have to be paid for. What it will cost is one of the things which cannot be foretold; we can only know when the experiment is made. But the chances are that the Government can ascertain pretty nearly in advance, in fact that it has already felt its way and knows pretty well how the land lies.

To issue a perpetual debenture at a fixed interest is to shut yourself out from any benefit that might arise from a further decline in the market-rate; if issued by a Government, it would, in our present lights, be folly; if by a commercial corporation, it might be fraught with distant peril. Such a debenture would realise most, because the option of purchase, after a fixed term, would not have to be paid for. The double option is the best thing, viding it does not cost too much. The sale of terminable annuities is a middle course. It would cost less than the double option, but would not be so valuable. Apparently, the power to issue annuities to run from sixty-five to one hundred and thirty years is a third string to the bow, to be used in case the other two do not answer the purpose in view. There can be no objection to a third alternative; by including it, the ground is more effectually covered.

Unfortunately, the future of the finances of the Province of Quebec is not unclouded. It is not prudent systematically to overrun in expenditure the amount of the annual revenue. The resources of the Province are by no means unlimited, and there must be some limit to expenditure. The general decline in the rate of interest enabled the Province to borrow at a lower rate to-day than ever before, in spite of its rapidly accumulated debt. This is satisfactory to the borrower, but it should not be permitted to prove a dangerous temptation. A large part of the debt will probably be converted, and this will somewhat ease the burthen. The great defect of the financial management of Quebec, and indeed of most of the provinces, is the entire absence of rational revenue system. They, most of them, do nothing beyond pulling at the mother's apron strings and begging for help, when they ought to help themselves. The conversion would be more easily made, and on better terms, if the sources of local revenue of which the Province is at liberty to avail itself were systematically uti-

It cannot be denied that Quebec has something to show for her debt, in the shape of a system of railways, which form a valuable aid to production. But even if we grant that the money has been fairly well laid out, and that what was got for it is worth all it cost, there is a limit to justifiable expenditure. It is time to reform the budget, to put an end to deficits. If this be not done, the Province will not be able sixty-five years hence to borrow on better terms than it can make to-day. A change of financial system should accompany and be a condition of conversion. Then conversion would be made easy, the best possible terms would be got, and the future would be assured. But that this is going to happen there are at present no

RAILWAY PROGRESS IN CANADA.

The suggestion was made to us the other day that it would be of interest to ascertain how the present receipts of railway companies in Canada compare with receipts ten years ago, or say before the Canadian Pacific Railway was begun. By way of reply to the question we have been favored with some figures bearing on the point, from Mr. George Johnson, statistician at Ottawa. It appears that the Government does not collect statistics except by a yearly statement, the latest of which is for the year ended June 30th, 1887.

The receipts per train mile were '961 cents in 1879, and \$1.155 in 1887. Thus the increase was 19.4 cents per train mile. The number of train miles run in 1879 was 20,781,689, and in 1887 they had increased to 38,638,748, an increase of more than one half.

The receipts of the railways in 1887 show an increase of 20 per cent. over 1879, and the expenses an increase of only $5\frac{1}{5}$ per cent. Receipts from freight traffic are almost doubled, thus showing a greater relative increase than those from passengers. From freight traffic was

Rates for freight, says Mr. Johnson, cannot be given with accuracy, as the only true plan to do that—viz., by the ton mile plan, as used in the United States, has not been adopted in Canada. The Railway Commission, however, state that Canada's ton-mile rate is lower than that of any other country.

"With respect to 'present receipts,' that is those for the present year, I judge from statements made public that though the Grand Trunk receipts have not been as large as in 1887, yet that taking all our railways, the receipts for the year ended June 30th, 1888, will be larger than those of the previous year. For the 23 weeks to June 21st of present year the Grand Trunk receipts were about \$800,000 short of those of corresponding period of 1887. But on the other hand the earnings of the C.P.R. for four month ended 30th April last, were over 900,000 more than in corresponding period, 1887."

-The New York Herald acquits itself of the following jug-handled paragraph :- "Still another bank clerk has a very intense longing for Canada. The list of defaulters is a long one about long enough we think; but Canada as a safe asylum for roguery is a premium on crime in the States." Has the Herald forgotten that Canada, in her anxiety to rid both countries of the perpetual nuisance of malefactors from either country taking refuge within the boundaries of the other, proposed a reasonable extradition treaty between the States and Canada? Also that the American Senate refused to sanction such a treaty? It is not the fault of Canada that American thieves are in hiding here untaken.