30 years is to be appropriated by the Government on the revenues of the Province for the payment of the interest, and £20,000 are to be remitted to London every six months for the payment of the semi-annual coupons. The French capitalists buy from the Government the 40,000 bonds, bearing interest from the 1st of July, at the rate of 490 francs per bond, or 19,600,000 francs for the whole issue, and shall pay for the same in Paris; 9,800,000 francs on the 1st of July and 9,800,000 on the 10th of same month, against delivery of two provisional bonds of 10,000,000 francs each, to be exchanged within three months against the 40,000 regular bonds. These bonds are to be provided with the English or French stamp at the expense of the Quebec Government, according to demand. The admission of the loan at the Paris Bourse is to be solicited and obtained by the Quebec Government, who shall place in the hands of the French bankers at the maturity of the loan £800,000 for its redemption. A commission of one half of one per cent. shall be paid besides by the Government to the bankers on all the sums remitted for payment of coupons. The other clauses of contract A stipulate that all contestations are to be settled by arbitration, and in case of any loan up to 10,000,000 francs being wanted by the Government within one year, preference shall be given on the same terms and conditions to the contractors of the present one. By the last clause, all expenses are borne by the Government.

The contract B contains a tender to the Provincial Government by the same parties of a loan of same amount (frs. 19,600,000) at the same specified dates, and the engagement on the part of the Government of appropriating annually, during thirty-nine consecutive years, out of the revenues of the Province, a sum of £48,000 for the payment of the interest and the redemption of the loan. To represent the thirty-nine annuities, the Government shall issue and remit to the French bankers 43,930 bonds of a nominal amount of 500 francs, or £20 each, bearing 4½ per cent. interest, and having 78 semi-annual attached coupons due on the 1st of January and 1st of July. The bonds are to be redeemed at par in seventy-eight semi-annual allotments up to the 1st of January, 1920, and a drawing shall take place twice a year in Paris, one month before the maturity of the bonds, to designate the numbers or the series of bonds to be called in on the following interest day. The annuity of £48,000 represents 6 per cent. interest on the par value of the bonds, viz., 20 millions of francs, or £800,000 sterling. The interest accruing semi-annually on the redeemed bonds forms the sinking fund, and thus secures the total redemption of the loan within the thirty-nine years. The stipulations in regard to exemption from taxes, stamping of the bonds, admission to Paris Bourse, commission on the payments, are the same as in the other document. The drawing by lot of the bonds to be redeemed shows a good deal of the French *mise en scène* that obtains on the continent. A wheel containing 8,786 tickets of 5 numbers each corresponding to the 43,930 debentures issued, is to be used, with its usual escort of blind boys to work it and draw the fated bonds, in presence of a Quebec Government delegate and after due advertising in newspapers; the wheel is to be stored away in the Bank to be used with the same ceremonial six months afterwards, and all expenses pertaining to the drawing, building of the wheel, advertising, etc., are to be borne by the Government.

A peculiarity of both loans is that they are to be made in francs and redeemable in pounds sterling, under an erroneous equation of 25 francs to one pound sterling; when in gold coin, £1 = fr. 25.22c, and short sight Exchange on London is quoted in Paris frs. 25.33. The money for the loan being held in Paris, at the disposal of the Government, the loss on its exchange for transmission here, and amounting to 1 2-10 per cent., is incurred by the borrower.

For the first loan marked A, having 30 years to run, the calculation of the cost may be figured as follows:

Nominal Loan, frs. 20,000,000, or........	£800,000
Taken at 98 per cent., frs. 19,600,000, or..	784,000
Loss..............................	£ 16,000
Frs. 19,600,000; remitted to London, at f. 25.30 per £ = £774,703. Loss.. ..	9,297
Commission ½ per cent. on £40,000 yearly. Interest, 30 years = £1,200,000.......	6,000
Commission ½ per cent. on £800,000, at maturity of Loan	4,000
Stamps on £800,000, 2s 6d per £100......	1,000
Admission fees to Paris Bourse, 1 p. mil.	800
Total charges....	£ 37,097

Equal on £800,000 to a cost of 4.63 per cent. leaving net 95⅜c on 100c borrowed.

The proposed loan marked B, 4½ per cent., interest and redeemable in 39 years, may be figured as follows:

43,930 Bonds of £20 each	£878,600
Sold for frs. 19,600,000, or..................	784,000
Loss..............................	£ 94,600
frs. 19,600,000 remitted to London at f 25.30 = £774,703. Loss.............	9,297
Commission ½ per cent. on 39 annuities of £48,000 = £1,872,000	9,360
Stamps on £878,600, 2s 6d per £100......	1,098
Fees on admission at Paris Bourse.......	878
Total charges..................	£115,233

Equal on £878,600 to a cost of 13⅛ per cent., leaving net 86⅞c on 100c borrowed.

The difference in cost of the two loans is no criterion of the advantage the one has over the other, as no comparison can be made between them. A pays 5 per cent. interest, and after 30 years has to reimburse the capital, while B pays only 6, and within 39 years has redeemed all its bonds by semi-annual drawings.

The comparison of the nett proceeds of the loans with the amount of money disbursed for interest and redemption of capital, and the taking in account of the duration of the loan, will at once exhibit the more advantageous form of borrowing to be adopted by the province.

A Loan....	£800,000	Loan repaid	£800,000	
Charges....	37,097	Int. 5 p.c 30 yrs	1,200,000	
Net proc'ds	£763,003	Cost	£2,000,000	for 30 y.
B Loan ...	£878,600	Loan repaid in		
Charges...	115,233	39 annuities...	£1,872,000	
Net proc'ds	£763,367	Cost.........	£1,872,000	for 39 y.

The second form of loan seems on its face more advantageous to the Province; but if simple interest on the larger annual outlay of £8,000 per annum during 30 years, and amounting to £173,600, be added to the cost, the first form will be seen to have the preference.

In the foregoing calculation no reference has been made to the sinking fund of 1 per cent. which is to be provided by the Government on loan A and to be managed by them.

THE QUEBEC BUDGET.

We believe that there is a general feeling of disappointment at the budget speech of Mr. Robertson. It was far too controversial; and, considering the very brief period during which the Joly Government was in power, and the efforts made by it to avoid the necessity of resorting to additional taxation to meet the increased burthens consequent on the railway policy of their predecessors, the line taken by Mr. Robertson was far from judicious. We are by no means inclined to join in the predictions of ruin and insolvency, which are but too prevalent, and our chief ground of complaint against Mr. Robertson is that he has made no announcement in his speech of the mode by which he intends to provide for an admitted deficiency in the revenue. The cause of the financial difficulty in which the Province of Quebec is involved is the investment of large sums of money in railroads, which previous experience should have satisfied the Government and Legislature would be unremunerative.

We are not inclined to think that the opposition are entirely free from responsibility as to this expenditure, and, at all events, it is too late to discuss the merits of the works on which it has been made. There is no proposal to enter upon any new works of magnitude, and what is