

and with increasing enterprise on the part of the people and greater competition between banks, there would be more disposition on the part of the latter to accept risky business for the purpose of securing large circulation, and there would cease to be practical safety under a system like the present.

Under a system which prevented banks from issuing a single note until they had deposited its value with Government, there could be no over-circulation, and the temptation to too large issues of notes would be reduced to a minimum. At the same time, it would always be for the interest of bankers to provide circulation sufficient for the legitimate wants of the community, and they would always keep in their vaults a reserve of notes equal to the demand experience would prove to be necessary.

As regards, then, the question of security to the public as holders of bank notes, we unhesitatingly declare in favour of Mr. Rose's system; and unless it can be shewn that other disadvantages more than counterbalance this advantage, we feel confident that the mature judgment of the country will pronounce in its favour. We will discuss by-and-by the usual arguments brought against it, and see what weight they are entitled to in deciding this important question.

The next point to be considered is the effect on deposits of the two systems. Looked at superficially and hastily, the existing system does not appear defective, and, as we have already seen, bank deposits have been increasing very rapidly. Nevertheless, it would not take many more bank failures to engender such a want of confidence on the part more especially of depositors in easy circumstances, as would lead them to look for other and safer investments for their spare means. With good management of banks and a long period free from failures, under any system deposits would be certain to increase in a country where the people on an average were spending less than they made. The question to determine is which system most tends to secure good management and that wholesome prudence which prefers steady though moderate returns to larger profits attended with a greater degree of risk. And we conceive that in this respect also, Mr. Rose's system must be allowed to be the best, inasmuch as it exacts from every bank as it were a pledge for its good behaviour equal to its entire circulation, and also compels it to keep additional reserves proportioned to its circulation and its deposits. And as we have already shewn, the security given to note-holders under this system would make a run on a bank by its depositors a very rare occurrence, and would at the same time greatly mitigate its intensity in case it did take place.

We might state here that we believe the practice followed by some banks at least of paying interest on average balances for the purpose of attracting deposits a very dangerous and reprehensible one. All experience has gone to prove that it is unsafe to use such deposits to a profitable extent. Deposits to bear interest profitably without risk must not be payable on call; there must be sufficient time allowed to realize a certain proportion of the securities in which they are invested. Thirty days notice will generally admit of the maturing of one-third of any given amount of business paper; and this under ordinary and even under unusual circumstances is generally found ample to meet any demand which may arise against interest bearing deposits. We should almost be inclined to favour in a Banking Act, a clause prohibiting the payment of interest on deposits, unless payable after thirty days notice.

Charges on the Pacific Railroad are being reduced as rapidly as can well be expected. A dispatch from Chicago states that through tickets from that city to San Francisco are now sold for \$153.35 currency, or a little more than six and a half cents per mile. That is the rate the Union Pacific Company desired to fix the fare at, but already a disposition is manifested to demand a still further reduction. The Chicago Tribune holds that sixty dollars for the whole distance would be quite enough to pay; that is, about three cents a mile. The experience of all railroads shows that the profits of the company are in proportion to the cheapness of travel; and we have no doubt that the Pacific Railroad will pay better the lower its rates are fixed, consistently with prudence.

Southern Illinois is the great strawberry growing region of the West, furnishing supplies not only to the Chicago market, but to Cincinnati and St. Louis.

On and after June 1, the Atlantic Cable rates for the general public will be one dollar per word for each and every word, including address, date, and signature, but no message will be charged a less sum than ten dollars.

CANADIAN PACIFIC RAILWAY.

THE following letters written to the *Montreal Gazette*, by Mr. Thomas C. Keefer, will be read with interest by all who desire to see a commencement made of that rail communication which must ultimately be opened between Montreal and the Pacific.

SIR,—In April last you were kind enough to insert a couple of letters of mine on the subject of an Ottawa Valley Railway, which came up on the occasion of an official visit of the late Mayor of Ottawa to Montreal. I therein drew attention to the position of the Canada Central Railway, the only Land Grant railway in the Dominion. The charter of this company, which has lain dormant for thirteen years, has recently passed into influential English hands, those of the owners of the Brockville and Ottawa Railway, who have performed the prescribed conditions for the purpose of preserving the valuable land grant. The Brockville and Ottawa road is specially interested, because from the city of Ottawa westward the Canada Central would be a feeder to it; and it is with the section between their railway and Ottawa, about 28 miles, that the work of construction is now going on. The completion of every 25 mile section entitles the company to a proportionate share of the land grant, which is not merely liberal, but munificent, being about 13,000 acres per mile, or about three times the quantity accorded to similarly situated American roads. The direct interest of the Brockville and Ottawa is in the section of the Canada Central west of Ottawa, but the charter and land grant are for a line from Montreal to Lake Huron. It will therefore cross the line of the Toronto and Nipissing road, a company which has just been organized without any land grant at all. The intelligent municipalities about Toronto have granted bonuses to that road, and spirited commercial men in that city have made ten thousand dollar subscriptions to the stock, which has acquired a positive value from the large *douceurs* made by the municipalities.

The influence of the Toronto narrow gauge roads has been proved to be paramount in the Legislature of Ontario, and that Legislature controls the unsold lands as far as the newly acquired North West Territory. The Nipissing Road is sure to receive a land grant from Ontario, and it ought to receive it—if Legislatures help those who first help themselves. I think that nothing more creditable has occurred in the history of Canada than the resolute manner in which the people of Western Ontario, unaided by Government or foreign capital, and in the face of formidable opposition from the Broad Gauge Companies, have set about providing for their railway wants. Nor can any higher tribute be paid to the value (I may say paramount necessity) of railways to every civilized community. The time will come when every township in Canada will have railway accommodation, and it will not be long before the conviction becomes universal, that without such accommodation, no township is fit to live in.

The Nipissing Road, with a land grant, may cross the track of the Canada Central before the latter (even if now vigorously

entered on) will reach the point of junction, and thus stand foremost as the candidate for extension to the North West; and if, as seems to be the universal conviction, we must have a Canadian Pacific Railway or "back down" from the North West, I think it behoves the people of Montreal and of the Ottawa Valley, as well as the whole Province of Quebec, to consider whether or not they should take any interest in that extension, or leave it in the hands of Toronto and Western Ontario.

It is understood that the Government of Quebec has organized an exploring expedition from Lake St. John, on the Saguenay, to the head waters of the Ottawa, and thence into the watershed of the Hudson's Bay, with a view of penetrating the North West by a short cut upon that route. Thus, Montreal is assailed with a fire in front and rear, but as it will tax the energies of all concerned to cross the rocky frigid belt between the Ottawa and Winnipeg valleys, in order to reach the fertile belt beyond, I doubt not that a junction of the lines, near and north of Nipissing (should more than one reach there) will be inevitable. If Montreal is content with the Grand Trunk and a break of gauge at Toronto, nothing is more certain than that the Pacific and North West stream will branch off at all the ferries above Prescott, and thus be divested or exhausted before it reaches tide water on the St. Lawrence.

If timely and energetic action be taken to preserve the land grant of the Canada Central, a direct Pacific Railway through the Ottawa Valley will be shortly under weigh; and it is to bring this before the consideration of the proprietors and business men of Montreal that I again trouble you. The charter expires next year, unless renewed or kept alive by prompt and sufficient action. If a *bona fide* effort be made, which cannot be done unless participated in by Montreal, there is no doubt that an extension of time will be granted and the provisions of the charter be maintained.

Upwards of one hundred and fifty millions of acres of land have been granted to railway companies in the United States, or an area of two hundred and thirty thousand square miles—three times the quantity of all the occupied land in the present Dominion of Canada, and more than double the whole quantity surveyed. The Pacific railways get ninety-nine millions of acres and fifty-five millions of more valuable lands in the States have been granted in aid of 14,400 miles of railway, an average of less than 4,000 acres per mile. As these lands sell for an average of ten dollars per acre, this comparatively small quantity per mile has secured the construction of many thousand miles of railway in some thirteen States of the Union. The land subsidy to the Pacific Railways exceeds twenty thousand acres per mile, but is really less valuable than the smaller quantity in the States.

The Canada Central subsidy is about three times greater than that of the railways in the Western States, so that if on completion of the road three acres in the Ottawa valley will bring as much as one acre upon a Western prairie, the land alone should refund the cost of the road.

If the bonuses of the Ontario municipalities have induced shrewd commercial men to