

First-class paper of short date has been taken at 2½ to 2½ per cent., and six months India bills at 3 per cent. On the Stock Exchange, advances on English Government securities were made at 1 to 1½ per cent., but yesterday the rate was ½ to 1 per cent. higher. The Bank return shows a decrease of £11,902 in the reserve, and of £88,963 in the stock of bullion. The other items of the account show the usual heavy variations, consequent on the Government payments.

THE DEBT OF THE LATE PROVINCE OF CANADA.

An interesting correspondence between the Hon. Mr. Rose, Minister of Finance, and Hon. Mr. Wood, the Treasurer of Ontario respecting the public debt, has been laid before the Legislature. Mr. Rose reduces the points of importance which are in dispute between the Dominion of Canada and the Province of Ontario to five:

1. Should debts due by the Grand Trunk, the Great Western and the Northern Railroads go in diminution of the debt of Ontario and Quebec at their par value? He contends that these debts are to be considered the absolute property of the Dominion according to the reading of the Confederation Act and the spirit of the compact, as Nova Scotia and New Brunswick put in a railway asset of \$11,000,000. Mr. Wood contends that though these railway debts may be the property of the Dominion, they are to be taken in reduction of the public debt of the late Province of Canada; that the acquisition of the lower province railways, to be run under Government control, will be an additional burden on the Dominion exchequer, and Ontario will be called upon to contribute by its taxes the larger part of the sum necessary to run these railways as well as the Intercolonial; and that the sacrifices Ontario will have to make will be quite sufficient without giving up \$4,359,272 of good debts. Mr. Rose replies that evidence will be forthcoming to establish the understanding of the framers of the Union Act.

2. Should the amount due by the Bank of Upper Canada be taken at its face by the Dominion as a banker's balance and deducted from the provincial debt? Mr. Wood contends that it is a bankers' balance to be assumed at its nominal value, and that the Dominion alone has power to make it worth its face, which if it refrains from doing, Ontario and Quebec will be the losers. Mr. Rose considers that a "bankers' balance" means cash available to the Dominion in bankers' hands at the time of the Union, and not doubtful debts. In December, 1863, the bank admitted its inability to pay in cash the million and a half it owed the Government. That debt the bank agreed to liquidate by half yearly instalments of \$50,000 with interest at three per cent. In 1864 the bank obtained an extension of time on depositing \$883,300 of Grand Trunk postal bonds as collateral security. Further negotiations took place which prevent the debt being viewed in the light of an available bankers' balance to be assumed by the Dominion as cash. Up to this time the Dominion could not have collected it. There is some doubt as to whether the whole of the assets must not be realized before coercive measures can be effectually taken by the Government, and it is not the interest of Government or people that the arbitrary process of a writ of extent, with its attendant cost and sacrifice, should be substituted for the course taken. However the Dominion "will continue to make every effort to make this a good debt." Mr. Wood draws attention to the distinction in the 107th section of the B. N. Act between a "bankers' balance" and "cash." He says that while the claim was admittedly good—assets sufficient—writ of extent issuable—the Dominion Government intervened and assumed the claim, and by its legislation (31 Vic. c. 17) without the consent of the Government of Ontario, dealt with

it in such a way as to deprive itself of all the advantages which it had. It does not, therefore, rest with the Dominion to say that it is now doubtful and not to be taken at par by way of reduction.

3. Whether all investments by the late Province of Canada out of Trust moneys, and on account of Trust funds, should be retained by the Dominion at their face, and the Trust funds be a liability of the Dominion to their full value?—Mr. Rose considers that Mr. Wood admits that the Trust securities should go with the funds and be deducted from the amount which the Dominion has to pay on account of these funds.

4. Whether the whole of what is termed indirect debt incurred on account of, or as security for various institutions, should be put on the same footing and deducted absolutely from the gross liability? This debt includes the Common School, Upper Canada Grammar School, Upper Canada Building, and Lower Canada Education funds.—Mr. Wood says the law makes it obligatory upon each institution or concern on whose behalf the advances were made through debentures by the late Province, to provide for the payment of the interest and debt of these debentures, and as such institutions and funds (\$150,400 debt excepted) will without reduction come to Ontario and Quebec, there is no conflict. Mr. Rose considers that whatever claims may in future be put forward as regards the capital of these funds, cannot in the meantime affect the amount of the debt, its apportionment or interest.

5. Whether the Dominion should pay five per cent., semi-annually, on the amount at the credit of the Common School, Upper Canada Grammar School Fund, Lower Canada Superior Education Fund and the Normal School Fund and should settle it at present?—Mr. Rose proposes to pay five per cent., the same rate of interest on the debt composed of these funds as is charged on the excess of debt beyond the sixty-two and a half millions which is created partly by these funds. In all transactions between the Dominion and the Provinces five per cent. is the rate fixed. Mr. Wood says the Government of Ontario has no authority to deal with these funds as proposed. Ontario might, perhaps, prefer to invest these funds at six per cent. instead (not getting the principal) of receiving five per cent. in perpetuity. As these funds are for public purposes, Ontario may sweep them away altogether.

In conclusion, Mr. Wood suggests that a plan be adopted by which differences might be settled. Mr. Rose does not believe anything like arbitration to be necessary, but considers that negotiation will afford a just solution of any differences.

CHARGE OF FRAUD.—A very unpleasant difficulty has occurred at Kingston in connection with the Royal Canadian Bank agency there. Mr. George E. Small, late Manager of the Bank, and Mr. Isaac Barnes, teller, were arraigned before the Police Magistrate, charged with a conspiracy between the two to defraud the bank by cashing a bill of exchange for £1,000 stg., drawn by the wife of Mr. Small on a Mr. Gardyne, of England, which bill was not accepted. It is also charged that Mr. Small's cheque for \$100 was cashed by the same clerk, in disregard of his instructions, while there were no funds to Mr. Small's credit.

INSOLVENTS.—The following list of insolvents appear in the *Official Gazette* of last week: George Fletcher Rice, Portage du Fort; Lindsay Pitbar, Williamsburg; David Vrooman, Mount Brydges; James F. Kidner, Montreal; Donald MacDonald, Orangeville; Horatio Nelson Jones, Quebec; Charles Rimer, Portage du Fort; Theodore Brown, Hillier; Jas. Flynn, Orangeville; Rlie Migneron, St. Adele; Cox & Stevenson, Montreal; Samuel Stewart, Albion; Joseph Hilair Prineau, St. Jean; Chrysotomie; Joseph May, Montreal; Carlos D. Meigs, St. Thomas, Depierreville; Geo. W. Creighton Kingston.

Railway News.

NORTHERN RAILWAY.—Traffic receipts for week ending 23rd January, 1869.

Passengers	\$2,339 54
Freight and live stock.....	4,537 27
Mails and sundries.....	260 30

\$7,137 11

Corresponding Week of '68. 9,267 15

Decrease..... \$2,130 02

GREAT WESTERN RAILWAY.—Traffic for week ending January 8, 1869.

Passengers	\$22,077 35
Freight.....	58,455 90
Mails and Sundries	3,561 03

Total Receipts for week..... \$84,094 28

Corresponding week, 1867... 63,862 66

Increase..... \$20,211 62

RAILWAY FROM TORONTO TO ST. PAUL.

Mr. Rankin suggests the construction of a line from Toronto to a point on the River St. Mary, in Algoma. He says:

There are several lines of railway now in course of construction through the State of Minnesota, which will terminate at or near the head of Lake Superior. They will all be completed before it would be possible to build the one I propose. These roads will throw an enormous amount of traffic upon the lake, which must pass down the River St. Mary on its way to the east, while the whole of that traffic might be intercepted at or near the Sault St. Mary, and brought down by rail through Ontario, via Toronto, to its destination on whatever point on the seaboard. The distance from Sault St. Mary to Toronto is less than to Detroit, while to Buffalo it is about the same.

A railway bridge, offering no obstruction to navigation, can be built over the main channel to Sugar Island and thence over the shallow stream which separates that island from the mainland of Northern Michigan. This connection with St. Paul can be established by a line hundreds of miles shorter than by any other practical route, passing too, from one extreme point to the other, through a country favorable to agricultural pursuits. On its way to St. Paul, the proposed line would intersect the railway from Green Bay to Marquette, now in operation, and thereby serve the interests; and secure the traffic, to and from the great Atlantic cities, of the numerous and important towns, and mining settlements, along the south, or American shores of Lake Superior, while the line to St. Paul would be the germ of a great northern international route, via Fort Abercrombie, to Port Garry, and thence all the way through British territory to the Pacific.

Such a line as this would pay "from the start," as the Union Pacific does now, before it is finished; while a road to Red River, by the north of Lake Superior could not pay at first. When the time for building that road has arrived, however, it will be found a great advantage to have a road eastward from the Sault in full operation.

It may be urged that a road to the River St. Mary would receive no way traffic, passing as it would, the greater part of the distance through an unsettled country, but it must be borne in mind, that wild as that country now is, it is fit for settlement, and only requires to be made accessible to insure its being rapidly filled up, so that while the work is progressing the settlement of the country will go on, and the foundation of a way business be established; though irrespective of way business, the through traffic that would find its way by this route, as surely as water finds its level, would be more than sufficient to make the