

the Dominion, or by the banks? If by the banks, then the present system cannot be much improved upon, and certainly, on a comparison with Great Britain and the United States, the public cannot be said to have suffered much from the few failures that have taken place. If the Dominion note issue be deemed preferable, let it be understood that such is the opinion of the Government, and let it be introduced gradually, and in co-operation with the banks. The United States system which the Finance Minister has been endeavoring to introduce, is wholly indefensible. It is neither a Government nor a bank currency, but a compound of both, having the advantages of neither. It is rumored that it is to be abandoned for the present, which we sincerely hope to be true.

INCREASED CIRCULATION.

We fail altogether to comprehend how the Finance Minister expects to obtain an increased circulation of Dominion notes. We have already noticed that, in round figures, the large note circulation held by the banks is about \$8,600,000, and the small note about \$3,400,000. Experience has proved that the latter cannot be much increased, while the former, which is the really hazardous issue, has been largely expanded, owing to the banks holding note reserves far beyond the requirements of law. The new provision by which the banks are deprived of the issues under \$5 and of all notes not multiples of \$5, will probably cause an increased issue of small notes, but not to an extent over a million or thereabouts. The true policy would be to fix an amount which it would be safe to issue on securities, and which certainly should not be more than \$10,000,000, and to hold gold for all in excess. The Government has undertaken, by making Dominion notes a legal tender, to maintain an adequate gold reserve, and it should not be tempted, for the sake of finding ways and means for public works, to trifle with the currency. If in the course of time it were found safe to increase the issue on securities there would be a general desire that the law should be altered, but at present it would not be safe.

THE PACIFIC RAILWAY.

The very interesting debate which has taken place in the House of Commons on the Government policy has at least enabled the public to judge whether there is any serious antagonism between the two great parties in the Dominion on the question of constructing the Pacific Railway. On one important point we are glad to find

there is a concurrence of opinion, and that is as to the expediency of postponing the construction of the section of the road between Fort William and Lake Nipissing, and as a necessary consequence lending substantial aid to whatever project may be decided upon for connecting at the Sault St. Marie with the railroads of the United States. We are not inclined to think that there is any very serious divergence of opinion on the British Columbia section of the road between the Liberal leaders, but certainly the ministerial party have a right to maintain that Mr. Mackenzie evinced an intention to make progress in British Columbia, and on the very same section, that of Yale-Kamloops, which they have placed under contract. There are persons, and probably their number is considerable, who are seriously alarmed at the prosecution of the Pacific Railway, and who would willingly see it abandoned, whatever the consequences might be. There are others again who would merely abandon the line West of the Rocky Mountains, while again the Opposition leaders only go as far as to plead for delay in the construction of the British Columbia section.

COST OF THE WORK.

There is considerable difference of opinion as to the cost of the work, and it seems far from improbable that those who have taken the highest estimates will be found to be most correct.

LAND SALES.

Again, there are wide differences of opinion as to the probable amount of the land sales. Mr. Blake occupied a considerable time in proving that there was no probability of such an extensive immigration as was relied on by the Government. He held, and certainly with reason, that the Germans were not likely to give a preference to Canada over the United States, that the Irish Catholics would be reluctant to settle in British territory, and that the immigrants from the Eastern States would give a preference to their own country. Mr. Blake thought that, if the proceeds of the land sales covered the interest of the money, it would be quite as much as could be expected. We certainly are not inclined to take an exaggerated view of the land revenue, but if it should amount to the interest and a moderate sinking fund for the extinction of the debt, what more could be desired? It would in that case render the Pacific Railway the least burthensome work ever undertaken by Canada.

WORKING EXPENSES.

This is a serious question, and one on which considerable difference of opinion exists. Sir Charles Tupper is sanguine

that the sections of the road will pay working expenses as fast as they are completed, but on the other hand his opponents make one of their strongest points that these expenses will prove a load that it will be difficult to sustain. It might be imagined that some light could be thrown on the question by the experience of the United States lines to the Pacific during their construction.

CONCLUSION.

So far as we can judge upon the merits of the question at issue, we are of opinion, 1st, that, as to the working expenses, it is of comparative indifference which opinion is correct as bearing on the prosecution of a work which all are agreed to be necessary under the circumstances. 2nd. As to the proceeds of land sales, no matter whether the Ministers or Opposition are correct in their estimates, the work must be proceeded with, and we must hope for the best. 3rd. As to the prosecution of the work on the Yale-Kamloops section, which is really the practical point at issue, we think that the Ministers have the best of the argument, and that, adverting to Mr. Mackenzie's acceptance of the Carnarvon award, and to his proceedings when in office regarding that section, he is not in a position to object to its construction, although but for the dissatisfaction in British Columbia it would probably have been more politic to have delayed it for a couple of years. It is evident that there is not an entire concurrence of opinion between the Opposition leaders on the Pacific Railway question, but the differences are not greater than those which must necessarily arise between men exercising an independent judgment, and which would be compromised in some way if it were necessary to agree upon any specific course of action. At present Mr. Blake's amendment is confined to a demand for delay which Mr. Mackenzie can support on the ground of the want of means. If the two gentlemen had to deal with the question as Ministers, there might be some difficulty, especially as British Columbia would most assuredly invoke the Carnarvon award. We may offer some further remarks when we have had an opportunity of reading the speeches in Hansard. Meantime we may observe that the division was, with a single exception, a strictly party one.

THE GOVERNMENT BANKING ACT.

The more the subject is considered, the more indefensible will be found the proposal to make the bank notes a preferential lien on the assets of a bank. Failures of banks have occurred in all countries, but