

ourselves to cast iron 'Rules' in the classification and allocation of the varied and complex items of debt and credit which may arise out of matters of account and transactions before and subsequent to the 30th June, 1867. In conclusion, I will only say that my colleagues and myself are most desirous of doing justice to all the Provinces of the Dominion, but, at the same time, are specially charged with the interests of this Province, and being convinced that they are asking for nothing but what is right and fair, for nothing in respect of which any Province can reasonably complain, they must firmly adhere to the views they have advanced concerning the public debt of the late Province of Canada until satisfied they are in error. I have heard it stated that at the Quebec Conference it was distinctly understood and declared that the Great Western Railway debt was to go to the new concern as a set-off against the New Brunswick and Nova Scotia Railways. If it should be proved and demonstrated beyond all doubt that such an understanding was come to, inequitable though I might think it, yet I am quite certain the Province of Ontario would carry out the understanding in good faith.

I by no means assent to the proposition that the Government at Ottawa have the authority to determine the public debt of the late Province of Canada. It has no more power to do so than has the Government at Quebec or at Toronto. Whatever conclusion is arrived at, must be by the concurring action of the three Governments. If then agreement is impossible, and apparently it is so, I would invite your early consideration to some plan by which the questions in difference may be settled. Shall it be by arbitration or how otherwise? I called your attention to this in the concluding part of my letter of the 9th November, upon which, however, you made no remark. I am very anxious to have your views upon these points in sufficient time before our Legislature separates, to take such legislative authority as shall enable the Government to deal effectually with the whole question during the vacation.

I have the honour to be Sir,

Your obedient servant,

E. B. WOOD.

The Hon. JOHN ROSE,

Minister of Finance, Ottawa.

Memorandum of Informal Conference, between the Treasurer of Ontario and the Minister of Finance.

1. *Railway Debts—Great Western.*—Official letters as to intention of framers of Act, that it was to go to the Dominion to be procured for consideration of Ontario Government.

As respects the two amounts due by the Northern and Grand Trunk Railways, Ontario contends that they stand on a different footing, that they are not railway property, but assets which must go in reduction of the debt of Ontario and Quebec.

2. *Bank of Upper Canada.*—Ontario contends that the whole of this sum must go in reduction of the debt, while the Dominion contends that it is only to be taken at what it is worth.

Dominion propose that this question shall stand over for future adjustment—the point to be determined either by the authority of the Dominion Parliament, or in such other way as may be agreed to, by the two governments, and when settled, the proportion which the arbitrators assign to each Province, shall apply either to the face of the debt, or to what it may be held to be worth; but Ontario is not prepared as yet to assent to any definite proposition except the allowance of the whole debt.

3. *Trust Fund Investments.*—To be treated as suggested by the Auditor in the Minutes of Council.

4. *Indirect Debt.*—To be treated as suggested in Minutes of Council.

5. As to the *Common School* and other funds, Ontario cannot adopt the conclusion about consenting to allow the amount to remain at interest, while the Dominion consider the question settled by the Imperial or other legislation and can only be altered by authority of Parliament, but this view is not acceded to by Ontario.

6. The *Crown Lands* and *C. L. Suspense* account to be deducted from the account on both sides.

7. The principle to guide the transactions since June 30th, are generally approved of; but Ontario must reserve to itself the right of objecting to any and all of the items of detail which it may think unjustly charged, of which the Dominion will keep a minute account.

8. The three items under rules 9, 10 and 11—objections adhered to. The plan proposed under No. 2, or some other plan of adjustment to be adopted as may be agreed on.

OTTAWA, 19th December, 1868

SIR.—The satisfactory character of the interviews which took place between us on the 12th and 14th instant, at Toronto, where I received your letter of the 5th, relieve me in a great measure from the necessity of making a formal answer at length to that communication.

I felt assured that the subject at difference only required to be approached in a fair spirit to remove much of the difficulty which it at first seemed possible might arise, and I appreciate the desire evinced by you to arrive at just conclusions on the various points we discussed.

Those being embodied in the formal memorandum of the interviews, I need not therefore advert to them here, further than to say that they appear to me to have cleared away the remaining obstacles to the operations of the arbitrators being begun.

1. We may fairly assume that as regards the *Great Western Debt*, evidence will be given that, according to the understanding of the framers of the Union Act, the sum due is a Dominion asset, as much as the railways of Nova Scotia and New Brunswick. I will not therefore reply to your observations on that head, however worthy of consideration they might have been as arguments in anticipation of the arrangements which were afterwards embodied in the Act.

As regards the smaller items due by the Grand Trunk and Northern Railways, I will apprise you at an early day of the views which may be taken of them by the Dominion Government, when the whole of the circumstances under which these debts were incurred are considered; but in any case they will only affect the amount to be deducted from the excess of the debt, and cannot affect the proportion of that debt to be assumed by Ontario and Quebec respectively.

2.—Bank of Upper Canada Debt.

Whatever may be the ultimate decision as to this item, it need not delay the work of the arbitrators.

It will be their duty to say what proportion of the excess of debt each Province is to bear. It is obviously impossible (owing to the arrears still to be dealt with, and yet daily coming in,) to fix, for some time to come, the precise amount of that debt. But the proportions which the arbitrators may assign to each Province, will apply to the figure when determined.

Whether, therefore, it be ultimately decided that the Dominion has to assume the amount of the bank's debt at its face (which, however, I cannot admit,) or only at its true value, cannot affect the proportion to be assigned to each Province, and as the exact amount of excess must, for reasons spoken of, necessarily be undetermined for some time, this item will be deducted, in whole or part, when a solution by some one or other of the means suggested is arrived at.

3.—Trust Fund Investments, Indirect Debt, Crown Lands, and Crown Lands Suspense Account

The result of our discussion renders it unnecessary for me to offer any observations on the portion of your letter referring to these items, as I understand the reasonableness of the principles laid down to be acquiesced in.

4.—Common School Fund, Upper Canada Grammar School Fund, Upper Canada Building Fund, Superior Education Fund, L. C., including Supranunuated Teachers' Fund and Normal School Building Fund.

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 between the Provinces, the rate of interest, nor the division of the assets.

5.—Rules Applicable to Transactions since 1st July, 1867.

In accordance with our understanding I will see that an accurate list of every item charged in accordance with the rule submitted for general guidance is kept. This will be open for the inspection of yourself and the Treasurer of Quebec, and, if the application of the rules in question is found as respects any special items to be manifestly unjust, your objection will receive every consideration at the hands of the Dominion Government. The Auditor-General has been directed to keep manuscript sheets of all doubtful items.

You invite my early attention to some plan by which the question in difficulty may be settled, and you ask whether it shall be by arbitration between the Dominion and Ontario governments, or otherwise.

It will appear obvious to you, I think, on reflection, that as the responsibility is thrown on the Dominion Government, the power of settling questions of the nature of those you advert to, should be vested in them.

While this right seems to be clear, I think it nevertheless desirable that an adjustment of any special point of difference shall be arrived at in such a way as to satisfy the mind of those whose interests they affect, that a determination other than a mere arbitrary one has been arrived at—that the parties concerned shall have a voice in that determination, and that, however reasonable and right in itself it should be divested of the character of being authoritative only.

We have already, by temperate and fair discussion, got rid of many points of difficulty, and I do not despair that, if we continue to be actuated by the same spirit, others will yet disappear.

I should be sorry to anticipate the necessity of recourse to anything like arbitration between the Dominion and the provinces until the resources of negotiation are exhausted, and the just exercise of Dominion authority has reached its limits. I do not yet believe either to be the case; but if you think, as a matter of precaution, that it is desirable for the Government of Ontario to ask any authority from the Legislature, I trust it will be of such a general character as not to preclude us from adopting any course which, on further consideration, may occur to us both as the most calculated to further amicable and just solution of any special points of difference which, after our own efforts at accommodation are exhausted, may still remain open.

I have the honour to be, Sir,

Your obedient servant,

(Signed,)

JOHN ROSE,
Minister of Finance.

The Hon. E. B. WOOD, M.P.,

Treasurer of Ontario, Toronto.

A NEW SYSTEM OF TELEGRAPHING.—The New York Tribune of Thursday contains the following in its Washington Telegram:—

A very curious petition was presented to the Senate to-day by Mr. Sumner. The memorialist, Malin Loomis, of this city, claims to have discovered and invented a new system of telegraphing, by which cable wires and batteries may be dispensed with altogether, and desires the sum of \$50,000 to complete his experiments. Mr. Sumner thought it was either moonshine or very important, and several Senators were smiling disposed to throw ridicule on the matter, Mr. Wilson thought it was better not to sneer just yet. Some of the greatest men of the country had laughed when the magnetic telegraph was first suggested, but the laugh was now on the other side of the mouth.

GIFTS OF PUBLIC GRANTS.

THE practice of giving away land in order to promote the development of the country has been long practised with success among our neighbors, and has at last got foothold among ourselves. The grants to the Illinois Central Railway has produced incalculable benefits, for not only did they enable the company to build their road, but having so built it, it became a great agent in the settlement of the land themselves. What the company wanted was freight and passenger traffic, so that every family it assisted to a location became a promoter of its own success. The company helped the settler, and the settler, in his turn, assisted, and will continue to assist, the company. The Union and Central Pacific Railways—which are one in fact—will have under their control, for the purposes of settlement, not less than 124,000,000 of acres, which they receive as a gift. The same policy that has marked the progress of the Illinois Railway will also mark theirs. The State finds in these companies the most effective pioneers, for they plunge into and open up forests, and join tract to tract, which would have required a century—aye, and far more, to have become peopled under any other system. In some quarters of Canada there is a feeling against giving away lands to public companies, and the Upper Canada Company is mentioned as an illustration of the evil. But the cases are not similar. The company in question is a land company, not giving to the State any adequate return for privileges. Not so with railway and canal companies. They expend capital in erecting useful works and opening up the country. They bring in population, which is wealth, and thus pour back into the lap of the State active and profitable results for the control of territory which was inactive and dead. The policy of holding on to mere unproductive territory is far more absurd than that of the miser who hoards over his hoarded gold, which might in beneficial employment, aid others and enrich himself. If every foot of land in Canada were given away, either individually for immediate settlement, or to railways and canal companies, who would induce capital, employ labour, and engineer a population on to the soil, the public at large could not fail to be the gainers.—*London Free Press.*

THE PORTLAND AND ODGENSBURG RAILWAY.

THIS project, to which attention was recently called in these columns as threatening the trade of Montreal unless vigorously met by counter efforts, seems destined to be successful. The construction of the railway is to be commenced, it would appear, in the spring. The subscribers met on the 19th inst. at Portland—we learn from United States papers—for the purpose of organization. The Hon. S. E. Spring was appointed chairman, and Mr. N. Rich Secretary. Eight thousand and forty-four (8,444) shares were represented. A code of by-laws was adopted and the following gentlemen were chosen directors: John B. Brown, Andrew Spring, John E. Donnell, William Deering, Samuel J. Anderson, H. N. Jones, F. G. Messer, William Putnam of Portland, and D. R. Hastings of Fryeburg. The above list represent the "solid men" of Portland, and gives assurance that so far as that city is concerned the construction of the road will be begun at once and pushed to a speedy completion. This road was chartered February 11th, 1867, and through the indefatigable exertions of Gen. S. J. Anderson, ex-Governor of Washington, the Hon. S. E. Spring and others of our citizens, subscriptions to its stock have been completed to the amount required by its charter of organization, the city in its corporate capacity subscribing \$714,300, and our citizens individually \$268,200 more. Subscriptions in Vermont have so far progressed as to insure the beginning of the work in the early spring. The subscriptions to the capital stock in Maine amount to between \$11,000,000 and \$12,000,000. The following is the probable route of the road. Up the east side of the Sebago Pond to Conway, New Hampshire, thence by way of White Mountain Notch to Connecticut River at Littleton or Dalton, thence by way of St. Johnsbury, Danville, Wolcott, Hyde Park, Cambridge, Fairfield and Sheldon to Swanton, Vermont. The meeting was large and enthusiastic, and many prominent gentlemen were present from towns along the proposed route of the road.

ANOTHER WOODEN RAILWAY.—Our neighbours at Point Levi held a public meeting on Saturday last, for the purpose of devising means for the construction of a wooden railway to connect that rising town with the railways of the state of Maine. The chair was occupied by Louis Carrier, Esq., Mayor of Levis and at his request, Hon. J. Blanchet, Speaker of the Legislative Assembly for the Province of Quebec, explained to the meeting the object for which it had been convened. Afterwards, a series of resolutions was adopted, to the effect that the construction of a wooden railway starting from the town of Levis, and passing through the counties of Levis, Dorchester and Beauce, and terminating at Kennebec, to connect thereafter with the railways of the State of Maine, would prove of great benefit to these three counties, to the city of Quebec and the town of Levis. That a petition be addressed to the Legislature of the Province of Quebec, at the next session, for the incorporation of a Company, with shares of \$10 each, to realize sufficient capital to build the road; and that, to insure the building of this road, the Government of the Province of Quebec be requested to aid the Company undertaking the work, either by a grant of public lands or by money. A large and influential committee was appointed, and a subscription list was opened to meet the preliminary expenses, such as costs of surveys, &c., after which the meeting adjourned.—*Quebec Gazette.*