

scribed maximum which cannot be overstepped, no matter what are the necessities of commerce. It would be a mistake to suppose that ten millions of bank notes would imply a uniform circulation of that amount. At no time could the banks get on without a reserve, of greater or less amount, of notes in their vaults, so that to issue a given amount of notes would not ensure a circulation of that amount.

If experience has proved anything, it is that all special restrictions applied to the limits of a bank currency are false in principle and fatal in practice. Whenever any undue pressure comes in England, the restrictions imposed by Sir Robert Peel's Act have to be arbitrarily and illegally removed. It would be unspeakable folly to adopt in this country a principle that has worked so badly elsewhere.

#### TORONTO AND NIPISSING RAILWAY.

The indefatigable and zealous promoters of this railway have launched their scheme fairly before the public, with an array of facts and figures which must carry conviction to the most cautious and the most calculating minds. While the citizens of Toronto, and the farming population, whose interests this railway will especially serve, have a direct and personal concern in its success, the people of the Province of Ontario, as beneficiaries, more or less affected, cannot remain indifferent to its prospects. Though the country through which the first section of the road will pass is wealthy, extensive and populous, but hitherto destitute of railway facilities, the region beyond, which awaits tapping, is one boundless in undeveloped resources, and at present, "the forest primeval" there holds sway. We have railways which carry immigrants through the country; we want a few more that will carry immigrants into it. Railways are the best colonizers, and certainly have not been found bad emigration agents. Hence it is that we await the completion of this Nipissing railway with a real interest. It will bring to Toronto the trade of a large region of country, but it will also open up to colonization lands hitherto valueless and useless.

As regards the first eighty-five miles of road, with the Lindsay branch of eighteen miles, the capital is placed at \$1,275,000. Bonuses to the amount of \$399,000 have been already voted by various Municipalities, and \$155,000 is expected. Stock to the amount of \$400,000 in \$100 Shares is now on the market, and it is for investors to judge from the statistics furnished in the Company's prospectus, whether or not the inducements to subscribe are sufficiently tempting. So far as our opinion goes, we think they are, and

we shall be surprised if local capital, to the required amount, cannot be easily procured. The local traffic of the Northern Railway for three years shows an average earned dividend on \$15,000 per mile, of 12.5-6 per cent. The estimate of gross receipts of traffic in timber, lumber, cereals, passengers, &c. likely to be carried on the Toronto and Nipissing railway is \$446,000 per annum, for the first eight or ten years, and allowing 60 per cent. for running expenses, the net earnings would be \$179,400, or 14 per cent. on a cost of \$15,000 per mile. As the actual cost of the road to the Company will be \$10,000 per mile (the bonuses covering \$5,000 per mile) the dividend from such net earnings would be 21 per cent. After making a liberal allowance for contingencies the margin afforded is still large.

As a line of railway, such as the proposed Toronto and Nipissing will be, cannot fail to promote the growth of the section through which it will pass, as well as benefit the province by the opening up of new territory, now part of the public domain, the Government will see the justice of coming to the Company's assistance and ensuring the completion of the whole project. The steady increase in the receipts of the Northern shows how a railway which serves a new territory can build up a business for itself. The road has been chiefly dependent on freight for its revenue, and the expansion of that revenue from \$240,044 in 1859 to \$561,370 in 1867, shows how rapidly traffic extends. The traffic of the Toronto and Nipissing will be of the same elastic character; and as the country is opened up and peopled, the effect will be felt in a large increase in receipts.

#### PROPOSED LEGISLATION.

The Government have announced that they propose to introduce during the present session of the Dominion Parliament, measures respecting bankruptcy and insolvency, and patents and discoveries. In the Governor's speech it is stated, "The charters of several banks are drawing to a close, and the important subjects of banking and currency will be brought under your notice. In considering these questions, which so deeply affect not only the important interests of commerce but the daily transactions of life, I feel assured that you will endeavour to adopt the greatest measure of safety to the public, without curtailing the facilities requisite for the encouragement and extension of trade." The general impression is that the Government proposes to substitute for our present system of banking, a modified form of the United States National Bank System.

—The receipts at the P. E. Island Treasury, for the past year, are stated to have been £88,391; the expenditure £92,400, shewing an excess of expenditure over revenue of £4,009.

#### LONDON CORRESPONDENCE.

(From Our Own Correspondent.)

LONDON, April 1, 1868.

In the course of a week or ten days the Chancellor of the Exchequer will present his budget to the House of Commons. That the tale he will then have to tell cannot be satisfactory is almost now certain. The publication to-day of the revenue returns for the last quarter of the financial year has rendered it clear that the revenue has fallen short of the anticipation formed twelve months ago. The elasticity which it lost two years since, has not yet been regained. Instead of the pleasing story of a progressive increase in the returns, which it often fell to Mr. Gladstone's lot to relate, Mr. Lowe will have to explain and apologize for a state of things which would be disheartening were it not obviously due to exceptional causes. Some blame attaches to Mr. Ward Hunt, the Chancellor of the Exchequer in Mr. Disraeli's administration, who framed last year's budget. Irrespective of the expenditure incurred owing to the expedition to Abyssinia, for which special provision was made, there was an omission in providing for the ordinary outlay of the year. At least a million sterling should have been added to the estimated out-goings. The estimated receipts were £73,150,000; the yield has been £72,591,000. Thus it will be seen that the deficiency exceeds half a million sterling. Had it not been for a windfall of £225,000 in the miscellaneous receipts the deficit would have been by so much the greater. The most instructive items in the account are those relating to the Customs and the Excise. In the Customs the decrease amounts to a quarter of a million. The Stamp duty has also yielded £323,000 less than in the preceding year. These facts indicate a great falling off in commerce and a serious depression in trade. On the other hand, the circumstance of the increase in the Excise returns being £300,000, while the profit from the Post Office has increased by £30,000, goes to prove that the internal state of the country is satisfactory. Even with the drawbacks I have enumerated, the revenue returns would furnish grounds for rejoicing, were it not that the Abyssinian bill is still unpaid. The estimates for the ensuing year are framed so as to save the country nearly three millions sterling. Under ordinary circumstances this saving would have sufficed to convert the deficit of the moment into a surplus in the future. Unfortunately, however, the money must be found to pay for our triumph in Abyssinia. This is the difficulty which the Chancellor of the Exchequer must face and overcome. That Mr. Lowe will not content himself with producing a simple and uneventful budget is what I firmly believe. Moreover, I incline to think that he will so re-adjust the burden of taxation as to justify him in remitting taxes. It is possible for a really skillful Chancellor of the Exchequer to make a surplus. Mr. Gladstone did this more than once. By reducing the duties on articles in daily use he so increased their consumption as to make the amount yielded by the lesser tax far in excess of that obtained from the greater. It is yet to be seen if Mr. Lowe is in possession of this invaluable financial secret.

The Hon. Reverdy Johnson has just given expression, at Newcastle, to his views relating to Free Trade. Professing to be a free trader on principle, he is shocked at the imperfectness with which Great Britain applies the rules which govern her commercial policy. He objected to sea-going vessels being taxed to maintain light-houses. He thought it unfair to tax American tobacco and American whiskey. To many persons this may seem a conclusive answer to the boasts of English free-traders. As the American Ambassador's speech will be read, no doubt, on the other side of the Atlantic, by those who take delight in upholding the doctrines of protection, it may be useful to point out to your readers the fallacies which lurk in Mr. Johnson's argument.