rally than in the city, where for several weeks it has been impossible to get the best paper discounted at less than 10 to 12 per cent."

The probable effect of the proposed scheme upon the Bank of Montreal would be something like the following:—As financial agent of the Government it would receive from the other banks $9,617,500, less the amount of Government debentures, $3,025,800, which would equal $6,591,700. This is the sum which would be placed in its hands, on account of the Government, and its working capital would be thereby increased from $20,303,000 to $26,894,700.

It is true the Government might, and probably would withdraw a portion of this amount from the bank's hands, but that very withdrawal would be for payment of public works, such as the Intercolonial Railway, &c., which would give the bank a circulation equal to the amount so withdrawn. In other words, the bank's working fund would not be decreased at all by such withdrawal, for as the Government balance would decrease, the circulation would increase, and Mr. King would deposit with himself, as financial agent, the amount of such increased circulation, and receive six per cent. interest upon it. A very large proportion of this $6,591,700 would have to remain in the bank's hands for some time, at any rate, for various purposes, such as redeeming the present legal tenders, as well as for a specie reserve, to be held against what would be a new guarantee fund necessary to meet demands by banks when their circulation became reduced. Mr. King, we say, would have the use of it for a considerable time for good or evil.

As the other banks would have to curtail their discounts, to meet the demand for a Government deposit of such a large sum as two millions and a half of dollars, the effect would be felt in the increased stringency of the money market. Mr. King being the receiver of this two millions and a half, would be enabled to extend his operations as the other banks contracted theirs. Who is likely to profit by this? the very cream of the discount accounts would leave the other banks and, of course, the Bank of Montreal would get them for the taking.

We suspect that the Bank of Montreal's return of money, in the hands of foreign banks, does not include gold loans in New York. If our suspicion is correct, why does Mr. King hold five and a half millions in England, at one and a half per cent. when he can get as much per day in New York for it? Is it for the purpose of reducing the Government balance here, to the minimum, by paying off the debentures, with Intercolonial railway money, as explained by the Finance Minister recently, and then coercing the Government when the funds are all exhausted and money is required for the actual construction of that railway. Suppose the Government should find that no more funds could be got from an additional issue of legal tenders, or, at least, not enough to meet current demands, what new concession might not Mr. King ask. Suppose he bought up the legal tenders, and made a run upon himself, as the financial agent of the Government. The Government would have to suspend specie payments, or give Mr. King any rate he liked to ask for a loan or for exchange.

Who is Mr. King, and what is the Bank of Montreal that they should be allowed to take the Dominion of Canada by the throat? Note the position of the Bank of Montreal and that of the other banks, as regards the actual facilities they at present afford the mercantile community. The Bank of Montreal gives in the shape of advances, in Canada, about 65½ of its available funds, and sends 27 per cent. out of the country. The other banks give 82¾ of their available funds, in advances, in Canada, and keep a reserve of only 1½ per cent. abroad. Would Mr. King give the needful additional accommodation which the other banks would be compelled to withdraw? He might take that course. Much would depend on the state of affairs in Canada; very much would depend on the state of the gold market in New York. With six and a half millions to invest, he might place it in foreign banks, and he might place it in discounts in Canada. The power would be in Mr. King's own hands, and his movements up to the present lead to the belief that he would not hesitate to exhibit it.

TORONTO, GREY AND BRUCE RAILWAY.

After the experience that the people of this country have had in the expenditure of money on railway projects, and with the knowledge of what is thought abroad of Canadian railway investments, it appears, at the first sight, little short of temerity on the part of the promoters of these two new undertakings—the Toronto, Grey and Bruce, and Toronto and Nipissing Railways—to ask from the citizens of Toronto and the inhabitants of the surrounding country no less a sum than two or three millions of dollars, for railway purposes. The subscribers to the stock of the Grand Trunk have not yet received a farthing of dividend on their investment. The original stockholders of the Northern Railway have not realized any return for their money; and so with other roads. Under these circumstances, it is surprising that such a remarkable degree of confidence should be shewn in the success of these narrow guage railways, as is apparent from the readiness with which leading business men subscribe for the stock. After a careful examination of the facts and statements presented, we give it as our firm belief, that the shares of the Toronto, Grey and Bruce Railway *will prove a paying investment;* and this belief is much strengthened by the circumstance that the control of the whole enterprise will be vested in a Board of the most respectable of our city merchants, the value of whose property and business depends largely on the success of the enterprise.

The Grand Trunk Railway and its subsidiary lines cost $74,683 per mile; the Great Western cost $70,340 per mile; the Northern cost $56,411 per mile; the London and Port Stanley cost $43,035 per mile; the Ottawa and Prescott cost $37,204 per mile; the Port Hope and Lindsay cost $35,285 per mile; the Welland $64,914 per mile, and the Brockville and Ottawa $30,601 per mile.

The directors of the Toronto, Grey and Bruce,—basing their statement on the report of their engineers, who examined the most difficult section on the route,—assure us that their road can be constructed on the three-feet-six-inch gauge for $15,000 per mile. This is one-half the sum expended on the cheapest railway in the above list, or about one-fifth the cost per mile of the Grand Trunk.

But will a road so cheaply constructed accommodate the local traffic? Will it serve the district and the stockholders as well, or nearly as well, as a road of greater cost and greater capacity? The directors meet this point by citing the case of a Welsh two-feet railway which accommodates a freight and passenger traffic closely approximating to that of the Northern. It is scarcely possible to doubt that three-foot-six railways have, in other countries, carried more freight and passengers than are likely to fall into the way of the Toronto, Grey and Bruce Railway for a quarter of a century to come.

The capacity of this road for carrying the requisite traffic being conceded, it is worth worth while to enquire, Will that traffic be forthcoming? The directors very properly appeal to the experience of the Northern Railway to prove that it will. The country through which this road will pass is not less fertile nor less productive of traffic, in the aggregate, than that traversed by the Northern. True, there will not be the heavy export movement of lumber and timber, but this, it is believed, will be more than compensated for by a greater supply of cereals, cattle, and general farm produce. The gross receipts are, therefore, estimated at $490,000, or nearly $48,000 less than the local receipts of the Northern last year. The working expenses are put at 60 per cent, leaving $196,-