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THE SITUATION.

At present, the negotiations at Washington, which began with the Behring Sea question, tend to take a wider scope, and may in the end embrace all the questions open between Great Britain and Canada, on one side, and the United States on the other. This policy has ample precedent in the past. The matters of difference are not one-third as numerous as they have been at some former periods, and they are not more difficult than wrangles over territorial limits which were peaceably adjusted, in the East and on the West, as well as over an immense stretch of territory in the heart of the country, The rights of navigation and fishery connected with Behring Sea do not admit of compromise, but that should not prevent the disputes connected with them being settled in conjunction with trading arrangements between Canada and the United States. If it be true that the United States has proposed to apply the principle of reciprocity to the commercial relations of the two countries, the fact may be regarded as a hopeful sign. The proposition is said to have been referred to England. It would be a mistake to load any proposition looking in this direction with impossible conditions, on one side or the other; for if that were done it would come to nothing. The policy of Mr. Harrison's administration embraces a wide range of reciprocity with South and Central America; and as none of these countries is expected to accept Commercial Union with the Northern Republic, why should Canada be? At the same time, reciprocity confined to natural products is too narrow to tempt American acceptance.

Americans engaged in the lake fishery have, for some time past, tried the experiment of reaping the advantages due to Canadians and to citizens of the Republic, at one and the same time. With this view, they combined with a few Canadians and obtained a Canadian charter to carry on their operations, as a company. In this way, they represented the Canadian side of the venture. Then they put the business under the control of Americans, and asked to have their fish admitted free into the Republic as American citizens. Canadian fishermen have objected to the arrangement as one-sided and unfair, giving the foreign element an advantage over their, against which competition was difficult or impossible. And now the Treasury Department at Washington rules in a way that deals the ingenious contrivance its death blow. The decision is in effect that the right of free entry for fish is reserved to Americans, whether as individuals or companies; but that a company acting under a Canadian charter is denied this privilege, and that the product of its fishery is liable to duty, although the work may be carried on under the supervision of an American citizen. The few Canadians who had lent themselves to this peculiar merican enterprise, and consented to act as decoy ducks, will be disappointed; but the great majority of Canadian fishermen on the great lakes will welcome the decision as putting an end to a discrimination against which they had in vain protested.

Two recent legal decisions, one by the Court of Appeal and the other by the Supreme Court, show that preferences, under all circumstances, have not yet been rendered illegal. The doctrine of pressure, however intended to be modified as a whole, still survives. According to the decision of the Supreme Court, the mere fact of preference is not illegal when there is no collusion or guilty knowledge on the part of the creditor that the debtor is about to become insolvent. The preference that is forbidden is a voluntary preference, the spontaneous act of the debtor, given by way of favor. The character of the act was not changed by the Ontario Insolvent Act 48 Vic., Cap. 26; what it was before that it continued after. "Pressure by the creditor in case of a common debt," Mr. Justice Strong holds, "divests a transfer or security of fraudulent color." What constitutes good faith on the part of a debtor when giving security, is sometimes open to doubt. He may be threatened with his insolvency, but he may believe that if certain arrangements be carried out, he will be able to face all his liabilities. When there is no intent to defeat, delay, or prejudice creditors, the case does not come within the statute. The intent must be gathered from the facts disclosed, in each instance, and is sometimes a matter of great uncertainty; at others, it is so plain as not to admit of rational doubt.

One result of Mr. Mercier's mining tax law is the formation of a General Mining Association in the Province of Quebec. At a meeting held in the Windsor Hotel, Montreal, when this resolution was come to, the statement was made that the aggregate tax on mines, in the province, would reach about $200,000 a year. A move will be made to invoke the veto and secure disallowance at Ottawa; but there is little prospect that it will succeed. The tax infringes no prerogative of the Dominion authorities, and appears to be clearly within the competence of the local legislature. It is true that Judge Irvine, who was present at the meeting, expressed a different opinion, and the statement was made that several companies would resist payment. On what ground they can hope to succeed, we confess we are unable to see. A tax on mining is clearly a direct tax, such as a provincial legislature is authorized to levy. There was a strong doubt about the point in the case of insurance companies, but the Privy Council decided against them; in the case of a mining company, there is really no ground to doubt the direct nature of the tax. Disallowance will be sought in vain, if the doctrine broadly laid down in the case of the Jesuit bill, that the competence of the legislative authority is the only thing to be considered, is to prevail. On its merits, much can be said against the tax on mining; but there are no grounds on which the veto could be exercised, under the new view of the obligations of the Department of Justice. And of all things, disallowance of a money bill would be most unpopular.

From Washington come two items of interest. Mr. Blaine shows that the story that the American naval squadron was to be increased to twenty-three ships was a press *canard*, and that in point of fact the naval force in the Pacific, consisting of five ships and 856 men, is smaller than it has been at any previous time within the last ten years. The denial of the sensational story is welcome, but it would have been better if it had come sooner. The Ways and Means Committee has concluded to report a bill imposing a discriminating duty of ten per cent. on teas imported through Canada; but the chance of its being discussed by the House is small, the McKinleyites being afraid to do anything that would open up the tariff question. The threat of a discriminating duty on tea is not new; ostensibly it originates in a like discrimination in our law which the Ottawa authorities in turn justify as having been originally founded on imitation of the American law. One discrimination naturally begets another; and if Canada were to discriminate in favor of the United States, through the whole tariff, would there not be imminent danger that some other country would repay us in our own coin?

Principal Grant has truly characterized the Henry George land theory as confiscation or simple robbery. And it is a confiscation which involves that of every other form of property. People who own land to-day have got it in exchange for some other form of property, though money may have been the intermediary. People are constantly changing one form of property for another, personal property for land and land for personal property, by means of selling and buying. Yesterday the man who had ten thousand dollars in personal property, exchanges it to-day for land. Why should it be confiscated in one form more than in the other? The man who lends money on land mortgage virtually buys land, and if rents were confiscated his