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## THE SITUATION.

Treasurer Hall, of Quebec, is reported to have resigned on a difference with Premier Taillon in regard to a portion of the public debt. The Canadian Pacific Railway is shortly to pay the Government \$7,000,000 owing on account of the North Shore Railway purchase, and the question arose how the money was to be disposed of. This money was pledged to go to reduce a particular loan, and the Premier wished that arrangement carried out, but the Treasurer thought \$4,106,461, obtained from the Credit Lyonnais and the Bank of Paris, should be paid in preference. The Premier cut the knot of the dispute by telegraphing to these French banks the acceptance of a new loan to replace the old one on terms to which Mr. Hall could not agree: 3 per cent. interest on a loan to be made at 77. The Premier pointed to the reduction of interest as an advantage; the Treasurer objected that the operation would add \$1,266,603.13 to the public debt.

Japan and Corea have entered into a formal alliance to expel the Chinese troops from Korean territory. While the war lasts, Corea is to give every facility for the movement of the Japanese troops and the preparation of their provisions; when peace is concluded, the treaty will expire. If the account of the rising of the Korean population, in some parts of the country, against Japan, be true, the Korean Government may have some difficulty in enforcing the obligations which it has assumed.

In the international organization formed at the late canal conference, the American representatives have a commanding majority and can make their views prevail, when the division bell rings. The constitution of the international representation may be regarded as containing a radical vice. It was, it is easy to conceive, found difficult or impossible to make it otherwise. Equality of representation between the two countries might have led to a deadlock; a swinging majority on one side scarcely offers a fair promise of equitable decision. A foretaste of what may be expected is to be found in the decision of the conference on the question whether Canada should ask the right to navigate the New York canals, which the Washington Government was to urge the State to give her, as one of the conditions of the Treaty of Washington. The convention did not deem it

prudent to ask for more than the navigation of the Whitehall Canal, and refused to include the Erie. It is true that one of the Canadian delegates, Mr. Dobell, took this ground strongly. But the nature of the decision warns us what to expect from the international organization to which the convention gave birth.

Water has been turned into the Sault Ste. Marie Canal. More than forty years ago there were advocates of a canal, which has now been achieved, on the Canadian side of the Sault Ste. Marie river; but there was at that time no justification for Canada undertaking so costly a work. Some opponents of the scheme alleged that a canal on this side was impossible, and other enthusiastic advocates of the scheme could see in the refusal of the Government to undertake the work evidence that the Premier had been bribed by foreign gold to let the Americans get a strategic advantage over us. During Riel's first rebellion, the want of a Canadian canal was felt, troops having to incur incredible hardships on the overland route. But a misunderstanding with the United States, leading to discrimination against our commerce at the American Sault canal, showed the necessity of an independent channel, and led to its construction. Proof, if proof were needed, that commercial hostility giving itself the name of retaliation, when there was nothing to retaliate, was short-sighted. The new canal has a draught of 20 feet 3 inches on the sills. Being of greater capacity than our general canal system, of which it is the first step in the echelon, it will for some time contribute more to the Buffalo route than to ours.

Any one who takes at its face value Lord Macaulay's depreciatory estimate of prize literature, will not expect any great result from the *Statist's* offer of 1,000 guineas for the best scheme for an Imperial customs union. But the mere discussion of the offer has done some good. It has led the *Times* to say that such a union ought to be divested of all political features and should be wide enough to admit the United States. The advocates of an Imperial customs union would divide on this proposal; some would be willing to accept, while others would bitterly oppose it. That the United States would consent to enter into a customs union with Great Britain and her colonies is more than doubtful, in spite of the fact that the central country of the group buys half the domestic produce which she has to sell. The proposal to include the United States, though not unreasonable, gives somewhat of an airy and unreal aspect to the whole thing. Without the United States, the difficulties of realizing the object of an Imperial customs union is so serious as to put the greatest strain on the faith of rational men in its success; with the United States, most people would regard the difficulties as insuperable. In any case, the United States is a great stumbling-block in the way; it is almost equally difficult to leave it out or take it in.

At the same time that Japan is taking her position as a military power, she is being admitted into the brotherhood of civilized nations, because she has given proof of those humane qualities which fit her for the partnership. Civilized nations will not consent to subject their citizens, who may have occasion to sojourn in countries whose codes of laws are barbarous and bloody, to the mercy of the native tribunals, and these countries, of which Turkey is the type, have to be dealt with on exceptional principles. Courts formed of the consuls of the civilized countries claim, and are conceded, the privilege of trying their own subjects and citizens on charges brought against them. Japan is one of the countries in which consular courts have existed; but by a treaty concluded with Great Britain they are henceforth to cease to exist, and British subjects in