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THE SITUATION.

The Canadian delegates to Washington have been successful in arranging for the appointment of an international commission to settle all subjects of dispute between Canada and the United States. The agreement will go to England to obtain the sanction of the British Government. After this, the commission will be appointed, and it is thought that the first meeting may be held in Quebec, this summer, wherever the other sittings may afterwards be. In the subjects mentioned for settlement, Behring Sea and North Atlantic fisheries, the adjustment of the Alaskan-Canadian boundary, Klondyke transit and mining regulations, both countries are deeply interested, and an agreement with regard to them will benefit both. The list also includes the question of the migration of labor over the international frontier, and the wide and perhaps even more difficult question of trade reciprocity. Who the commissioners will be is in the future. It is essential that the numbers be equal on each side. We do not desire to see a repetition of the experience of 1842, when Lord Ashburton, with only Colly Grattan for his sole aid, had to face ten American negotiators with Daniel Webster at their head. Nor could Ashburton be exactly called an expert in the matters to be decided. It is essential that experts be appointed now. Senator Mills, for the boundary question is an available Canadian, as Sir Richard Cartwright would be for reciprocity. It will be essential that some trained diplomatist be found in the list.

Mackenzie and Mann have notified the Government that they will be unable to carry out their offer to build the Pacific Lake-Teslin railway, in the absence of supplementary aid from the Dominion, for which it was all along suspected and is now certain they were looking. The trend of events turned the traffic towards Skaguay, where a railway is being built wholly by private enterprise, without subsidy either in land or in money. That it is the better route for the traffic, apart from international considerations is undeniable. The road at Skaguay can be reached by water all the year round, and besides, it gives a much shorter cut to the Klondyke goldfields. The advantages in its favor recommend it to the enterprise of private capitalists and account for the favorable terms on

which, from the public point of view, it is being built. This fact may well reconcile the Dominion to the non-construction, at the present time, of the rival Stikine-Lake Teslin road. To British Columbia the inability of Mackenzie and Mann to carry out their agreement will be a real disappointment, for the Province imagined that it was making a good bargain for a road that would have been of great local advantage, and for which it will now have to wait. An all-Canadian railway to the Klondyke is still a thing to be kept in view, though the pressure of urgency has, for the present, ceased to tell in its favor.

A return giving the amount of railway bonds of which the interest is guaranteed by the Government of British Columbia, is valuable as showing the terms on which the obligation was incurred. These bonds of the Nasup and Slocan road were for \$647,072, and of the Shuswap and Okanagan for \$49,990. To the first of these roads the guarantee extends 17 years, and to the other 20 years. The feature of the transaction which gives to the guarantee a businesslike aspect is that the bargain is not one-sided, as such guarantees often are. In return for its guarantee the Government receives no less than 40 per cent. of the gross earnings of the roads. Net earnings might have meant little or nothing; but with the gross earnings there can be no juggling. The nature of the transaction is that the Government lends its credit, instead of simply venturing the public resources for the benefit of private parties and the hope of indirect return for the public.

For superannuation in the Civil Service at Ottawa insurance has been substituted. Superannuation had been abused by every Government, though it may be in varying degrees, through enforcing premature retirements from places for which clamorous and irresistible demands were made. The demands upon the Superannuation Fund outran the amount received from the contributions of the civil servants, who became in time the beneficiaries. Perhaps this would have happened if partizanship had not enforced the retirement of men who for several years longer would have been able to perform their duties. The Superannuation Fund, at its worst, was one of the conditions of the public service, and what the Government added to the contributions of the civil servants was in the nature of a deferred payment. Five years ago reforms were made in the system, which were intended to make it self-sustaining, so that the burthen it imposed on the public treasury was rather a memory than a present pressure. But as Mr. Mulock has pointed out, there were defects in the system which required correction, notably the hapless condition of the family of the civil servant who died in harness, losing all the contribution to the fund which the deceased had made. Under the new law which provides for the insurance of civil servants, their contributions to the fund will bear five per cent., compounded half yearly. To minds prone to make comparison of those not comparable, it occurs to object: why pay five per cent. on this fund when the Government can borrow on much better terms, and when it allows only two and a half per cent. on Government savings bank deposits? In the latter case there is only a simple question of interest; in the former the difference between the five per cent. compounded and the two and a half per cent. is in the nature of a payment for services deferred instead of instant. This extra interest is part of the salary.

By a new commercial treaty between France and the United States the latter country gets the benefit of the minimum tariff of the French Republic for many products,