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THE SITUATION.

The Americans are waking up to the fact that much has been done on their side of the lakes to deplete the rich fisheries from which they have drawn such store of wealth in the past. To the use of gill and pound nets the final disappearance of the herring at some points on the west side of Lake Erie, to a distance of twenty miles, is attributed; and the demand for new and less destructive methods to be enforced by legislation is heard. The herring is a fish which takes a wide range in its excursions, and any unduly destructive modes of fishing in any part of the lakes deteriorates the fishing in every other part. In this way Canada has suffered from the damaging modes of fishing pursued by Americans on their own waters. It is this community of interest which points to joint surveillance in the form of common regulations. In all such cases, the fishermen are their own worst enemies; so intent are they on present gain that they are always disposed, if not restrained, to destroy the fishing on which their calling depends. And when salutary laws, necessary for the preservation of the fish, are enforced, they cry out against the injustice of the law and the harshness of its administration. This is true of the fishermen of both countries if left to themselves. The true remedy is that now advocated by Americans, stringent laws against abusive methods. It is not the herring alone that has suffered; every other kind of fish has decreased from injudicious fishing. Hatcheries may do something to restore damaged fisheries; but the true dependence cannot even be on such regulations in the pursuit of the fishery as have been found necessary for the reproduction and preservation in their proper waters of available supplies of fish.

Of the two suspended banks in Newfoundland, one, the Union, is pronounced by a legislative committee to be solvent and able to pay its debts in full if time be given. The committee recommends that the right be taken by the legislature from note-holders to sue for immediate payment. But it is contended that these notes can be utilized, and to render this the more easy, the Government is to give them a qualified endorsement, that is, to guarantee 80 cents on the dollar. In the same way the notes of the Commercial Bank are to be guaranteed to the extent of 20 cents on the dollar. What sort of a measure of value will the

notes of the Commercial, with a 20 per cent. guarantee and on unknown residuum behind it, be? When this guarantee is given, the notes for which specie cannot be got ought to be made to bear interest from the time of suspension to that of payment. But there is not much use in talking about interest when the outlook for the capital is so bleak. The notes of neither of the banks under suspension are likely to be made to circulate at much above the Government guarantee, if so high. The Government's promise to pay at some future time is not equivalent to present payment. It would not be surprising if the notes of the Union fell to 75 cents on the dollar, while anything in the way of depreciation is possible of the Commercial Bank. That the leader of the Opposition advocated the Government endorsement of the notes of these banks to their full amount, shows the recklessness of the Island politicians, which has, in fact, ceased to excite surprise. A recent development of the financial troubles of the Island is a run on the Savings bank, a rumor having got afloat that the Government had pledged the securities held for the depositors for a loan of \$500,000. The directors of the Commercial Bank, who were arrested for publishing false statements of its affairs, have been before the magistrate, but the case is not finished.

Whenever Mr. McCarthy appears on the public platform he shows a determination to stick to his text. He proclaims his object to be to get as near to Free Trade as possible, which means that he does not expect to make the whole distance. At Picton, last Friday, he dwelt on the deficit in the revenue for the first five months of the year, and said that this rate had only to be continued to make the total deficit for the year \$4,500,000. In some way, it is clear, we may have to raise more revenue. If the possible deficit be realized, how is the gap to be filled? The restoration of the sugar duties, in an equitable form as between raw and refined, would probably be the easiest solution of the problem. But would this step be taken? Great credit was claimed for sacrificing the sugar duties, and there are plenty of people who would announce the discovery that almost anything else was a better object of taxation. A large deficit would raise a question of restoring, in whole or in part, these duties; but whether they would be restored is a question on which it would, at present, be useless to speculate.

For improving the canals of the State of New York, the constitutional amendment recently adopted virtually secures \$20,000,000. The Americans have done wonders with the little Erie Canal, bearing on its seven feet of water boats carrying 250 tons, and the New York route has successfully competed with our magnificent waterways and greatly superior connecting canals. One of the conditions of this success has been the cheaper carriage on the lake portion of the route between the West and New York. A drawback to our system has been the limited extent of a single link in the canal chain, the Beauharnois Canal, which has only nine feet of water. When we get a continuous navigation of fourteen feet we shall be in a better condition to compete, but even then Canada will still be at a disadvantage on the Upper Lakes, where the Americans use larger vessels than a fourteen feet canal would admit. For internal purpose, the two canal systems with the lake extension will settle the problem of relative cost of freight; but even that will not, under all circumstances, prove an absolutely determining element. On produce exported to Europe, relative ocean freights play a part sometimes quite as important as the internal freight; and to be in a position to determine which route will be most favorable we must know the total relative cost of ocean as well as the internal