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THE SITUATION.

If the Klondyke railway contract is not a matter of urgency, it is wholly wanting in justification. The fate of the contract depending upon a vote of Parliament, a vote should have been asked for at the earliest possible moment. This course has not been followed, but instead, there has been an adjournment of Parliament on an issue which was unconnected with the work of legislation at Ottawa. Instead of the pressure of urgency being brought to bear on the House of Commons, there has been a pause in the work for a whole week, during which the preliminaries of construction, and the financial arrangement necessary to carry out the work were paralyzed. The paralysis will continue until the fate of the contract is settled. This is not the way to expedite, or to justify the contract; and it may be that the Government finds in it defects which it is necessary to cure. If anybody believes in the *bona fides* of Mr. Hamilton Smith's offer to build two railways for a grant of land much less than Messrs. Mackenzie and Mann expect to get for one, he will find himself in face of a stumbling block which few would care to pass. But if Mr. Smith's offer is to be ruled out, the necessity of passing upon the provisional contract is at least as urgent as the making of it was. Amendments in the bargain have been suggested, and it seems clear that there is plenty of margin for making amendments. The contractors have got nothing, and will get nothing till ratification comes, and ratification of the contract, in its original shape, seems to be in the last degree problematical; for though a party majority in the House should assent, the Senate cannot be depended on to concur. Attempts to bulldoze the Senate would, in any case be unwise, and, in the present instance, would be sure to increase any majority which there would otherwise be against the contract.

Between the C.P.R. and the Grand Trunk the rate war blazes with additional fierceness as the days pass on. In the meantime the railway interests, especially the stockholders, alone stand to lose, while the rest of the public gains in reduced fares. What chiefly interests the general public is to know how it will all end. Should the quarrel bring about a combination, in some such subtle form as to defy the inhibition of the law, as often happens at the end

of similar contests, the public will suffer. The Klondyke business was the real original bone of contention; and it may be large enough to justify considerable reductions from the previous scale of charges. After the initial stage of the fight had been passed, the more aggressive policy came from the C.P.R. Its Canadian rival did not at once deliver blow for blow, but now its settled policy is to come down to whatever the C.P.R. may set. This is the defensive attitude, and it leaves the course of the fight, at every round, to the volition of the enemy. The aim evidently is to get off with the least possible sacrifice; but calculations to that end are difficult to make, and often impossible to enforce. Neither company can afford to carry the fight to a finish, for that would mean bankruptcy for one at least of the combatants; and bankruptcy would prove the father of some sort of reconstruction through which the vanquished might become, and probably would become, a stronger opponent than before.

So far as the Grand Trunk Railway's Klondyke passengers depend upon getting their outfits at Seattle, that road is at a disadvantage, for all goods bought in the United States will have to pay duty on entering the northern gold region of Canada. This will give the C.P.R. a decided advantage, which nothing but a rival road through Canadian territory could take from it. This may have a marked effect on rate-cutting on Yukon traffic. The C.P.R. could afford to charge more than American roads by the greater part of the duty on miners' supplies, and still be able to compete with its rivals, the customs duty being in its favor.

As a result of the Ontario elections, one party, on the day after the fight, claimed a majority of three, and the other a majority of one, only one election to come off. Since then they have made slight alterations in their claims. If either of them gives the correct figure, or if the truth be between the two, neither party has a decisive or even a working majority. True, the Draper Government managed to live for some time on a majority of one; but this is an experience which cannot be relied on as a certain basis of a future Government. On the present occasion, the majority, if assured majority there be, is apparently on the side of the Government; and if when all the hazards of recount are over this should prove to be the position of parties, the Government would be justified in holding on till the House meets, when a test vote can be taken. In the meantime, the shock of the Ontario elections will be felt at Ottawa; all the more on account of the open alliance of the two Governments. The state of parties in Ontario, as revealed in the elections, will not help to obtain parliamentary confirmation of the Klondyke Railway contract. If there was any disposition to withhold the necessary vote of indemnity, in the Senate, it may now take the form of a distinct resolution. The result of the elections emphasizes the mistake made by the House of Commons in adjourning to take part in the contest; and the reaction may be felt in a way that was not anticipated. The want of a decisive working majority, on either side, is to be deplored. It is barely possible that a reliable majority may be evolved out of the existing materials; but it is probable that another election will become necessary to get over what may practically prove to be the result of a drawn battle.

A new security for the continuance of the bonding system, between Canada and the United States, comes with the use by the Wabash Railway Company of the Grand Trunk track, in Canada, for the conveyance of its trains. The tendency to extend and make greater use of the bond-