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THE SITUATION.

One fact brought to light in the investigations at Ottawa suggests the possibility of competition being bifurcated, one prong menacing politics and the other commerce. An agreement was entered into by the New England Paper Company that one-half of the profits made on sale of paper to the Government should be applied towards the extinction of a debt due by *La Presse* newspaper, though the agreement does not appear to have been carried into effect. But a number of other persons selling to Government departments made gifts to subordinates, so that the practice looks suspiciously like to being common. Is it not true that American runners dealing with the salesmen of Canadian houses, great and small, sometimes, not infrequently, offer inducements similar to the above to the buyers for these houses? If this be true, to what extent has the practice permeated the trade of the country? The suggestion is not pleasant to contemplate, but it comes naturally from what has been revealed at Ottawa.

The worst case of corruption yet revealed is the diversion by the Quebec Government of \$100,000 of a railway subsidy to the payment of a private commission and private debts of Ministers. When Acts are crooked, a straight course is not likely to be taken in carrying them out, and in this case the money travelled by a tortuous route. But it was tracked to its destination, nevertheless. The part of the subsidy to the Baie des Chaleurs Railway which was diverted to private or political uses apparently formed part of the proceeds of the Dominion subsidy to the province. Come easy, go easy. Between the money diverted and the Dominion elections there appears to have been some connection, and if so the object may reasonably be concluded to have been to obtain an increased Dominion subsidy, which Quebec has been foremost and persistent in demand-

ing. She also demands that she shall be reimbursed all subsidies she has paid to railways which the Dominion authorities have declared to be for the general advantage and have brought under Federal control. If the payment had been made instead of being resisted, we now see the uses to which a part of it might have been put. The theft of the \$100,000 is so astounding that in the absence of the evidence, it would have been impossible to believe the accusation. It is unprecedented in Canadian history, even under the corrupt rule of the French dominion. Surely it is the duty of the Lieutenant Governor of the Province to demand from his Ministers a prompt explanation, and if it be not satisfactory, there will be but one course for him to take. If his signature was obtained to an Order-in-Council for conveying this money to its legitimate destination, when it was intended to make an application of it altogether different, his own honor requires that he shall not, by acquiescence after the fact, countenance the fraud.

Apparently the Quebec Government fought the Dominion in the elections with the subsidy received from it. And what was so used was stolen from an appropriation set apart for another purpose. The local Government would hand over no money to the Baie de Chaleurs Railway till it got a company that it could work with. It would have nothing to do with the original company. Antipathies of this kind might ruin any company, and would be fatal if directed against an individual. It is improbable that the Baie de Chaleurs theft is not the only one. How can the facts be discovered? One suggestion is that a commission of three judges be appointed by the Dominion Government, and the question of jurisdiction is being hotly contested. Such a commission was appointed in the case of the Pacific Scandal, but to make the precedent complete, the accused should be in a position to appoint their own judges. That commission could not be made a precedent, unless Dominion Ministers were under accusation, and then it would not be worthy of being followed. Are there no independent means of inquiry? Inquiry by a political tribunal composed of the followers of the accused would be a farce. A judicial tribunal, with the power of impeachment, is still a desideratum.

The British Bank of Australia has failed with liabilities of about \$4,000,000, one-half of it owing in England. Some of the Australian banks have been in the habit of offering a heavy rate of interest for deposits in England, and part of this indebtedness may be in that form. If so, a check will be given to the practice of depositing British money in Australian banks, though it may not altogether cease. It is the high rate of interest of course that attracts the deposits, and unless the banks make exceptionally good earnings, the profit may not be enough to cover the risk connected with re-lending. But of course other cause of failure there may have been, and it will be a new experience if some overgrown accounts did not contribute to the catastrophe.

Happily Canada will not immediately feel the effect of the treaty between Spain and the United States affecting the trade of Cuba and Porto Rico. There is in existence a treaty between Great Britain and Spain which guarantees to Canadians, along with other British subjects, the treatment of the most favored nation; one year's notice of an intention to terminate the treaty is required, and Spain has not yet given such notice. But notice is not necessary if the treaty has only one year to run. For about one year our trade with Cuba will therefore go on as usual.

While many countries are suffering from short harvest, Canada is exceptionally favored in this respect. According to the Ontario Department of Agriculture, winter wheat is expected to yield 24.4 bushels to the acre, which is five bushels above the average of the last nine years. Of spring wheat there will be more to the acre than for several years past. The experiments with two-rowed barley show that it does not ripen so early by about two weeks as the six-eared, though it promises a larger yield. The crop has been harvested in a good condition. Oats are expected to yield 37.1 bushels to the acre, and generally the straw is clean, which will make in favor of its feeding qualities. Rye, not now extensively grown, has suffered from drouth, and the same is true of peas, corn, beans and hay, the hay crop being light; peas will on the whole turn out well. The corn crop did not start well, and it is too soon to tell how it will end. Of beans but little is grown. Root crops suffered from insufficient rain, but potatoes and turnips are likely to be an average crop.

In spite of the scarcity, Germany still adheres to the grain duties, hoping, it would seem, to use them as a leverage in making commercial treaties. This was the policy of Mr. Blaine on the sugar duties, but the chances of Germany succeeding are not so good as were those of the United States. Negotiations for a treaty with Austria are going on, and there is some belief in Austria that Germany will not be able to maintain the grain duties, whether she gets an equivalent for abandoning them or not. The Russian ukase forbidding the exportation of rye has caused Germany to feed its army on wheat. Wheat is more nutritious than rye, and the fact that when it can be procured the latter should be used to feed the army, shows a backward state of things in Germany. It is long since rye was extensively used in England for bread. The substitution of wheat for rye bread in the barracks of Germany will create a desire to have the former continued. A mixture of the two grains, used in some countries, is said to make excellent bread. It is difficult to believe that the Russian ukase could have a political aim; it would fairly bear such an interpretation if Russia were about to rush into war, instead of only just beginning a three years' labor in providing a new rifle for her army. Germany is more likely to profit than to suffer from the Russian prohibition in the long run, for necessity will whet invention, and new means of food supplies in some form