

Sometimes small sums are made payable in this way; but any considerable amounts almost always take the shape of "straight loans."

As things go at present, six per cent. seems a high rate of interest to a Frenchman, who can barely hope to realize, in his own country, half that amount. The question is naturally asked, by investors, whether the rate of interest has reached its lowest point, or whether it is likely to fall still lower. This question is not easy to answer. Certain it is that the rate of interest was, for a short time in the middle of the last century, lower than it is now; and it is not at all impossible that it may soon fall to as low a point as it ever reached before.

Will these low rates be permanent? In the nature of things, the rates paid for the loan of money are fluctuating, and can no more be permanently fixed at one point, than the clouds can be made immobile in presence of air currents. Capital is being rapidly invested, not always in enterprises free from the element of extra risk. No less than two canals across the Isthmus of Panama are projected, and one of them is launched. New railway enterprises in the States will absorb hundreds of millions. Two canals across the Isthmus cannot pay; and as not half the railways now in existence in the States pay a dividend, better things cannot be expected for the new roads to be built. In France all sorts of schemes, especially if of magnificent proportions, find favor; in England, all sorts of cheap and worthless securities have been bought up at figures much beyond what they went for, if they went at all, some time ago. All this means an absorption and a sinking of capital. Italy proposes to purchase \$80,000,000 worth of gold, with which to enable her to resume specie payment; but this operation merely implying a displacement of specie, will not reduce the amount of loanable capital in the markets of the world.

But the multitude of new joint stock companies in course of formation, everywhere, will reduce the stock of disposable and possibly loanable capital. In what proportion they will reduce it no one can precisely tell. Should a fever of universal joint stock speculation, such as sweeps over the monetary world from time to time, take place, the reserves of loanable capital would be reduced so as sensibly to affect the rate of interest, in an upward direction. But it can hardly be said that a fever of joint stock speculation is on the point of breaking out. Many follies may be indulged in short of that. That the rate of interest will speedily rise is improbable; it may not even have reached its lowest point; it may remain as low as at present for years; all these things

are possible, but none of them certain. The only thing certain is that the rates payable for the loan of money will fluctuate, in the future, as they have done in the past. We repeat that the times are not auspicious for founding new loan companies in Canada; though such a company, handling foreign capital, if well managed, may possibly make more than the owners of the capital could make in Europe. The tendency of foreign capital, such as that coming from France, which always formerly shunned our shores, to seek employment here, is a factor which must not be left out of the account in any estimate that may be made of altering proportions between borrowers and lenders. The way having been opened, all that is necessary to induce any amount to follow, is to ensure success to the first adventurers, the *Credit Foncier Franco-Canadien* and *L'Union Scuriere*, of which the operations are in the Province of Quebec. Want of success in the enterprises would tend to close the sluice against French capital; but before waiting the result of these first experiments, it now seems that further ventures are to be made.

BANKING REVIEW.

We print below, in condensed form, the figures of the June return of the chartered banks in Ontario and Quebec, and compare them with those of the previous month.

LIABILITIES.		
	Jun. 30, '81.	May 31, '81.
Capital authorized.....	\$57,466,666	\$56,966,666
Capital paid up.....	52,899,012	52,891,045
Notes in Circulation..	23,108,362	22,630,758
Dominion and Provincial Gov't deposits...	8,507,756	8,307,335
Deposits held to secure Govern'm't contracts and for Insurance Companies.....	952,153	966,389
Public deposits on demand	43,033,747	39,810,554
Public deposits at notice	34,044,558	33,715,054
Bank loans or deposits from other banks secured.....
Bank loans or deposits from other banks unsecured.....	1,701,498	1,460,770
Due other banks in Canada.....	904,190	710,881
Due other banks in foreign countries.....	79,478	55,762
Due other banks in Great Britain.....	1,347,090	865,821
Other liabilities.....	248,998	490,423
Total liabilities.....	\$113,927,830	\$109,013,747

ASSETS.		
	Jun. 30, '81.	May 31, '81.
Specie.....	\$ 5,424,291	4,666,381
Dominion notes.....	10,018,665	10,074,833
Notes and cheques of other banks.....	6,063,138	4,306,525
Due from other banks in Canada.....	2,403,916	1,682,928

Due from other banks in foreign countries	24,487,491	24,487,145
Due from other banks in Great Britain....	674,136	786,928
Assets immediately available.....	\$49,071,637	46,304,740
Dominion Government debentures or stock	1,014,889	1,014,889
Public securities other than Canadian.....	1,462,689	1,418,607
Loans to Dominion and Provincial Governments	1,050,146	791,910
Loans on bonds or debentures.....	8,498,785	8,329,504
Loans to municipal corporations.....	1,146,768	1,079,500
Loans to other corporations	5,419,913	5,256,876
Loans to or deposits made in other banks secured.....	121,740
Loans to or deposits made in other banks unsecured	351,945	561,614
Discounts current.....	100,899,009	100,021,628
Overdue notes unsecured.....	1,236,782	1,262,375
Other overdue debts unsecured.....	226,420	328,690
Overdue notes and debts secured.....	2,288,849	2,370,943
Real estate.....	1,811,391	1,791,580
Mortgages on real estate sold.....	446,858	443,598
Bank premises.....	2,771,322	2,770,534
Other assets.....	2,023,617	1,311,000

Total Assets\$179,842,760 \$175,057,988

As promising a cheaper market to the borrower, contemporaneously with a still further lowering of the rate of interest allowed to the depositor, the return of the banks to the Government, for last month, is more than usually suggestive.

The unsettled condition of affairs abroad has naturally led European capitalists to select this side of the Atlantic as the depository of their surplus funds, not so much with the view of investment as for safe keeping, and with this fact before us, the present plethora is not surprising.

"Authorized Capital" appears \$500,000 in excess of the figures of May 31st., either, we presume, through a typographical error or by a mistake in rendering the amount under this heading by the Federal Bank.

The following increases are shown in the liabilities column viz.:

Public deposits on demand, in excess of May 31,	\$3,223,000
do. at notice do.	329,500
Deposits from other Banks unsecured, do.,	240,700
Due to other Banks in Canada, do.,	19,300
Do. Great Britain, do.,	481,200
Total Liabilities do.,	4,914,000

A corresponding increase in assets is principally accounted for by changes as thus detailed:

Specie increased in June.....	\$ 757,900
Notes and cheques of other banks ditto,	1,756,600
Due from other Banks in Canada, ditto,	721,000