

TERMS OF BUSINESS IN HALIFAX.

It is perhaps rather ungracious at this time of day to recall the description given by our old friend Sam Sack the clockmaker, of the sleepy state in which things were generally managed in Nova Scotia. Sam Sack, however, was not a Yankee at all, but a real Nova Scotian himself, and the criticism was the friendly reprimand of a well-wisher, and not the jibe of an enemy. We have been led to think of it by the complaints made by the shippers of flour to Halifax, of the long terms of credit prevalent in the trade here, and the consequent slowness of transactions.

If there is one thing during the last year which has given satisfaction to the commercial public of Canada, it is the development of our trade with the Maritime Provinces. That this trade is natural and healthy has been proved by the best of all possible tests, viz., that it has given, on the whole, great satisfaction, both to the seller and the buyer. All true commerce fulfils these two conditions. The seller is relieved of an article he does not want, the buyer obtains the thing he is in quest of, and both deal on terms which are reckoned profitable. Now it is well known that the shipments of flour to the Maritime Provinces have yielded profitable returns to the manufacturer. It is equally well known that the people of Nova Scotia and New Brunswick have obtained better flour for the same money than they did when purchasing through the commission men of the United States. Our strong Canada superes and their markets admirably, and now that our friends to the East deal with us direct, they get a genuine article. The miller, too, when dealing direct with his customer, soon learns to adapt his manufacture to the wants of the market, and the trade consequently is shaping itself into a very pleasant and healthy position.

Now it is a pity that a trade like this, so satisfactory on both sides, should have such a drawback as is created by the long credits which are given on produce in Halifax. Flour is sold there in round lots, both wholesale and retail, at a nominal credit of three months, but this three months often becomes six in fact. A renewal to the extent of one half is too generally the custom, and no great discredit attaches to the fact of a man asking for renewal to a greater amount, or for a second when the first has run to its destination. To this state of things we were all accustomed years ago in Canada, and the produce trade was subjected by it to endless uncertainty and loss; gradually a reform was brought about, credits were shortened by degrees, until the point was reached at which we now stand, viz., that all wholesale transactions shall be for cash, and all retail credits shall not exceed one month. This is the rule which generally prevails in the old country, and it is a perfectly reasonable and fair one. The profits on produce transactions are reckoned by very small percentages, but the volume of business is heavy. To obtain the same profit by dealing in breadstuffs that is obtained in dry goods or fancy wares, ten times the volume of merchandise would be dealt in, and ten times the amount of money would be handled. The business, for this reason, will not bear bad debts, for bad debts in produce transactions, if they existed at all, would be so large as to sweep away all the profits as surely as they were made. Even when transactions are for cash there is sometimes a day or two's grace allowed which affords facilities for the unscrupulous dealer to inveigle the unwary and entangle them in loss. In Toronto, the cash rule is enforced with considerably more strictness than it is here, and losses between merchants in produce transactions are now almost entirely unknown.

Retail transactions are generally with one class of customers only, viz., bakers; and the rule has been found to work well, that credits shall be no longer than one month. Their business is of such a character that little or no capital is required to carry it on, and to most of those engaged in it, a month's stock of flour is as much as they are entitled to be credited.

We are aware that in Nova Scotia, as it used to be here, a large profit is exacted on flour to cover the risk of longer credits. But all experience proves that the system of high charges and long credit is a bad one. It is bad for the buyer, for he is encouraged to buy what he does not want, and to live beyond his means, and to get into a loose style of living generally; it is bad for the seller, for he becomes slow in making payments, is kept in constant hot water to provide for engagements, is harassed and demoralized by the wear which such a mode of life entails upon him, and in the end, after deducting bad debts, interest and

his expenses, he makes less money than he would have done on half the first profit, if that had only been realized.

Our experience in Canada has been so thoroughly satisfactory, that we would on no consideration go back to the old system. We would respectfully recommend the merchants of Halifax to take up this question, and for their own interest, as well as to facilitate transactions with Canada, to place credits on flour on the same footing which prevails with us. They may depend upon it that whatever trouble it may entail at first, the result will amply repay them.

BANK RETURNS.

THE *Canada Gazette* contains the statement of Canadian Banks for the month of March.

The following is a comparison of the liabilities and assets for February and March:—

	February	March
LIABILITIES		
Notes in Circulation	\$10,093,238	\$ 9,653,994
Balances due to other Banks	1,418,705	1,331,737
Deposits not bearing interest	12,851,226	13,433,491
Deposits bearing interest	15,241,179	15,317,692
ASSETS		
Specie and Provincial Notes	\$ 7,316,000	\$ 6,823,841
Landed property of Bank	1,514,431	1,523,763
Government Securities	6,199,118	6,248,366
Notes or bills of other Banks	1,554,344	1,565,232
Balances due from other Banks	8,890,414	8,869,119
Notes and bills discounted	40,799,791	48,810,786
Other debts	3,222,603	3,291,191

From the foregoing, it will be seen that a decrease has taken place in notes in circulation of about \$440,000, while deposits have increased \$865,578, chiefly in those not bearing interest: the increase has been mainly in the deposits of the Bank of Montreal.

The coin and legal tender notes have again declined, showing a falling off of \$93,000 as compared with February, and of nearly \$2,500,000 since January, and are now only about 17 1/2 per cent of the total deposits and circulation instead of 21 per cent as in January. The greatest loss in specie and legal tenders is shown by the Bank of Montreal but under the items of "notes or bills of other banks" and "balances due from other banks," its assets exhibit a nearly proportionate increase.

Discounts are again heavy, having increased \$1,211,060, and reaching a figure higher than ever before in Canada: by no means, however, out of proportion to the increased volume of the trade of the country.

The Banks which have most increased their discounts are the Quebec British North America, Commercial, Union of Lower Canada, Royal Canadian, Montreal, and Nationale, in the order named.

BUTTER AND CHEESE.

As the season for butter and cheese making is near at hand, we take the opportunity to call the attention of the farming community to the importance of their entering more largely into the production of these articles. The evils attending the continuous growth of wheat and other grains, have been frequently adverted to. In consequence of doing this, much of the best farming lands have greatly deteriorated in richness, and a decline in the annual yield has resulted. The best remedy for this state of matters is a change in farming, in other words, for farmers to enter into dairy farming and discontinue turning all their energies to wheat farming, as many of them have done in the past.

Of late years Great Britain has bought considerable quantities of our butter. During the last twelve years we exported butter to the value of \$7,676,384. This sum appears large, but is nothing like the quantity which this country ought to be able to export. Of the amount stated, Great Britain took a large share. During the last four and a half years of the time mentioned, the shipments to Britain and the United States were respectively as follows:—

Sold to Great Britain	\$2,918,965
Sold to United States	1,230,664

Britain took most by \$1,688,301

If our farmers entered more largely into butter making, and made it good, no fears need be entertained with regard to securing a market therefor. Great Britain and the Maritime Provinces could buy all we would want to sell, and thus we would be able to render ourselves less dependent on American markets. Taking the collateral advantage arising from improve-

ment in the lands into consideration, butter making affords the farmers good returns.

We are glad to be able to say that Canada is now entering into the manufacture of cheese in good earnest. One would suppose that a greater anomaly than an agricultural country like Canada buying cheese abroad, could hardly exist, and yet up till very recently we bought largely from our Yankee neighbors. During the twelve years ending in July, 1865, we purchased from them close on \$2,100,000 worth. This was very absurd when we could make cheese just as good and just as cheap ourselves. However, we are glad to know that a remedy is being rapidly applied, and that cheese factories are going up all over the country—the farmers of Ontario and Quebec vying with each other in this respect. Some of the establishments started a few years ago have paid well, and in localities where there is plenty of fodder for cattle the business can be entered into with every certainty of success, if properly conducted. Several factories recently put up, are only waiting for spring to commence operations, whilst others are about to be erected in various localities.

The success of cheese factories in New York removes any doubts as to their paying those who enter into the business here. That state is nearly full of factories and they are very generally successful. The general opinion there is, that cheese making pays better than wheat growing, and even than butter making. Our own cheese makers give the same report, and wherever enterprising men start such establishments, the farming community should afford them every encouragement. Any farmer who has good pasture land may rest assured that, if judiciously managed, dairy farming will afford handsome profits.

Canada should not only not have to purchase any cheese abroad, but be a large exporter of that article, which is always in good demand in the markets of the world. Our exports of butter ought also to be increased. To effect this, an improved mode of making butter is greatly needed in some sections. It does not rank so high in quality as our cheese does, and does not command that price which it ought. One of the main causes of this is, that the making of butter is regarded as a secondary consideration by the great bulk of farmers. When as much attention is bestowed upon it as on raising grain, there will be no cause to complain of quality and we may expect our exports of it to augment rapidly.

LETTER FROM ENGLAND
COMMERCIAL REVIEW.

(Special Correspondence of the *Trade Review*.)

(PER ASIA.)

THE extraordinary discredit which has now existed for so long a time in the railway market still continues, and has, indeed, been rather aggravated this week by the strike of the engine drivers on the London and Brighton line. The strike was happily of only one day's duration, but it helped to make investors, always a timid race, even more nervous than they had been. For so far this railway panic would seem to have had two practical effects. The first is as I have already pointed out, to convince every one that the amount of debentures issued by the railways is far too great, and that in future, instead of debentures falling due at comparatively short periods, debenture stocks—probably as in the case of the "Great Eastern" with sinking funds—must be resorted to. Such measures would keep the railways from borrowing at short periods, or the paid capital which they had invested, and would confine their issue of debentures within very moderate and safe limits. The other effect has been to cause several of the railways to open separate bank accounts, and to pay into these weekly a proportion of their income equal to the interest accruing upon their debentures and preference stocks. This expedient will, no doubt, be of use to those railways which are temporarily discredited, but it is not likely that it will become a general or permanent feature in railway finance.

The Board of Trade returns for February have been published, and tell the same tale as those for January, viz., that whilst transactions are less than in 1855 they are greater than in 1865. It is, indeed, upon the whole, matter for pleasant surprise that the contraction of trade is not greater and that the diminution is entirely caused by the lessened value of the shipments of cotton. The declared value of the exports are £14,400,000 against £15,100,000 for 1865, and £11,300,000 for 1866. There is thus a decrease as compared with 1866