

## TRADE WITH NOVA SCOTIA.

WE took the liberty last week of making some suggestions about the credit granted in the produce trade at Halifax. That it is desirable to afford every possible facility for developing the rising trade now happily going on between Canada and Nova Scotia, all must admit and we trust our suggestions, as they have no other end but that in view, will receive such consideration as the importance of the case demands.

There are other matters which it would be well to think about in view of the closer relations now growing up between us; foremost amongst which is the difference of currency. Nova Scotia is an exception to the rest of the confederation in the fact that its par of exchange with England is 12½ per cent., or to put it in other words, the dollar of Nova Scotia is not worth as much as the dollar of Canada and New Brunswick and the gold dollar of the United States, by about four per cent. Now as the dollar is the real unit of the currency in Nova Scotia as well as elsewhere, it is extremely desirable that the term should have a uniform signification. All differences of currency embarrass trade, and by embarrassing it, diminish its profits. Transactions are not clean and clear in such cases, and a margin for difference in exchange has to be allowed, quite beyond what would be natural under ordinary circumstances.

For example, when drafts are drawn against produce shipped, there is not only an operation in exchange between Canada and Nova Scotia of a similar kind to that which takes place between Canada and New York, but in addition, it must be calculated what would be the equivalent in Canada currency of as much money currency of Halifax. All these operations give room for extra charges for exchange which are invariably made in such cases, and by so much is the net profit diminished. Calculations respecting sterling exchange, drafts on New York, &c., are all subject to the same condition, and the operations of business to that extent impeded.

It would clearly be of advantage for the merchant at both ends of the 'Dominion' to have a uniform currency, the dollar being of the same value everywhere the rates of sterling exchange meaning the same thing in all places; and one of the first things to which the attention of the Confederate Parliament should be called is this very matter. As the subject of banking and currency is one which is placed within the jurisdiction of the confederate authority, we suppose there would be no difficulty in passing an act, making the currency of all sections of the country equal. It is very possible that the influence of local feeling may be strong enough to give rise to opposition, but after all, this is not a local matter. It concerns the West as much as the East, and however attached persons may be to particular modes of exchange and computation, private feeling, and even the feeling of a large section of the people of one of the Provinces must not be suffered to interfere with the general good.

There is another suggestion to be made (and we do it with all respect) to the merchants and commission agents of Halifax, and that is, if they desire to do the business now springing up with the West, it will be well to conform themselves to the custom prevalent in other commercial centres, and afford every possible facility to consignees realizing quickly on property. Here and in other ports of shipment, merchants and agents will accept against consignments, to the extent of two-thirds or more of their value. Without arrangements of this kind it would be impossible to transact the immense volume of business which arises between the interior and the seaboard. It can never be expected that people will send their property to a long distance and place it in the hands of a commission agent, waiting the slow process of recuperating themselves in funds from the proceeds of sales when the whole consignment is disposed of. Business in these days cannot be carried on in this fashion. Economy of capital is the principal of modern finance, and nothing facilitates transactions more than the system of short drafts and bills of exchange, resting on bona-fide consignments of property.

When a consigner can realize a considerable part of his outlay at once by obtaining the proceeds of a draft, he can go into the market again and purchase more. Otherwise he must wait, perhaps a month, perhaps two months, until the return comes again for property sent away, business in the meantime standing still, and a buyer withdrawn from the general market. Such an antiquated mode of doing business can never stand.

The merchants of the Lower Provinces will doubtless

see the force of considerations like these. If, however, they will not make such arrangements, others will assuredly step in and take the trade out of their hands.

## SURPLUS CAPITAL.

SELDOM has there been a period in the history of Canada when a larger amount of capital was seeking investment than at the present time. This certainly evidences a prosperous state of affairs throughout the country. Three or four years ago it was very different. At that time, money was scarce, the people complained of hard times, and absurd and even unpatriotic remedies were advocated. For the gratifying change which has taken place, we are indebted to our last two harvests, and the large amount of American money which found its way into Canada for live stock, dairy produce, and other articles.

Looking over the columns of the Provincial press, the number of advertisements announcing "Money to Loan," will be found to be very large. These announcements were sometimes seen during what was known as the "hard times," but generally there was coupled therewith a high rate of interest, or what was still more suspicious, no reference to interest at all. In very few cases nowadays, is more than 8 per cent. interest asked, and it is a well known fact in financial circles that large amounts of capital do not find takers even at that rate. Many loans on good landed property have of late been made at 7 per cent., which must be considered a very moderate rate.

The Usury-law advocates must find the present cheapness of money rather a hard nut to crack. How can they account for the fact, that long ago when the law thundered against those who dared to exact high interest, money was scarce and interest exorbitant, whilst at the present time, when the lender can legally exact whatever interest the borrower agrees to pay, money is abundant and interest low. We fear these facts are strong against the Usury law advocates, and prove that it is best to treat money as we do any other article, leaving the rate of interest to be regulated by the law of supply and demand.

Into what channels might our surplus capital seeking investment be turned? This is an important query. It is satisfactory to know that the class of borrowers formerly so abundant—those hopelessly in debt—has greatly decreased. The result of this is cheap money, and many may be inclined to ask what will we do with it? Everybody has heard the story of the man who drew the elephant at a lottery. Money is almost as useless as the elephant, unless it can be used in some legitimate manner. What channels then are open for the absorption of the surplus capital of Canada now seeking investment in almost every section?

In the first place, we think some of it might be profitably employed in developing our mineral wealth. On the shores of Lake Superior and elsewhere, we have abundance of iron and copper ore, and in other districts gold and other minerals are to be found; all of these will amply repay the expenditure of capital in their development. Canada has been very backward in mining enterprise up to this time. A change cannot too speedily take place. The improvement of our farming lands might also absorb a considerable amount of capital. When interest was high, farmers could not afford to borrow capital to improve their lands. But at low rates it would pay to do it. Many farms commonly spoken of as "cleared," have yet stumps, waste land and bad places upon them. An expenditure of a few dollars per acre on such farms would effect a great improvement, and if an improved system of husbandry were introduced, the increased returns would soon clear off the debt incurred in making the improvements. We are far from advising anybody to borrow when they can do without it. But where a farmer can make an improvement which will pay, then little hesitancy needs be felt about doing so.

There are yet many branches of manufacturing which might be made to pay in this country. Into these, capitalists would find it profitable to enter. One that occurs to us is worsted manufactures. The Americans entered into this branch of woollens some years ago, and we believe it has prospered. What is known as combing wool is required for this purpose, and the Americans had to import largely of it from this country. Growing the wool at home we see no good reason why worsted manufactures would not pay in Canada, whilst our farmers would be greatly advantaged by the creation of a home market for this article.

There are also other branches of manufactures in which capital might be very profitably invested.

The investment of money so as to develop the resources and add to the material prosperity of the country, is to be commended. Looking it up, as some miserly, unenterprising individuals do, deserves to be condemned. Capital should always be on the move, for when it is unemployed, it does no good to anybody. It is undoubtedly the fact that some of our would-be men might show a little more enterprise in this respect than they do. Some of them will neither use it in business themselves, nor loan it to others to do so. The Americans are far ahead of the people of Canada in this respect; but now that all the provinces have become confederated, and we have become the "Dominion of Canada," we hope to see a new leaf turned over in this respect.

We have no fears that our surplus capital will have to go a begging! The requirements of business—new enterprises and projects—and legitimate borrowers, will sooner or later use most of it. It is gratifying to know that throughout Canada money is comparatively plenty, that the rates of interest are more moderate than for many years past, and that borrowers, particularly those of the hard-up class, were never fewer than at present.

## HOW IT WORKS!

EVIDENCE continues to accumulate, showing how the neighboring Republic missed it in abolishing the Reciprocity Treaty. The report of Mr. Derby was pretty conclusive on this point. But the American Consul at St. John, New Brunswick, has also been compelled to report to Washington that there is a screw loose there. This gentleman's name is Warren, and he has recently discovered that American trade with that Province is falling off with astonishing rapidity, and what is still worse, the trade between New Brunswick and Canada is just as rapidly augmenting! Most of our commercial men were aware that we shipped largely of flour to the Maritime Provinces last summer and fall, but probably few are aware how we have displaced American flour. In the monthly report of the American Bureau of Statistics, a statement appears on the authority of Mr. Warren, showing that in a single year, from selling New Brunswick 177,373 barrels more of flour than Canada did, the Republic has fallen 109,000 barrels behind! This extraordinary result, when the shortness of the time is considered, is supported by the following figures, which are doubtless correct:—

New Brunswick bought.	Bbls. Flour.
From the United States in 1865.....	205,373
From Canada in 1866.....	28,000

In favor of United States.....	177,373
From Canada in 1866.....	177,000
From the United States in 1866.....	68,000

In favor of Canada.....	109,000
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We fear this result of the abrogation of the Reciprocity Treaty will hardly please the divinities at Washington, who must regret the rapid decay of their foreign trade which is taking place on every hand. They have themselves, however, largely to blame. They have aggravated the evils arising from heavy taxation, by abrogating such wise measures as Reciprocity, and by imposing their taxes on fallacious principles. This has increased the cost of production throughout the Union so much, that the Republic cannot hold its own in foreign markets, and, as a natural and inevitable result, its commerce is rapidly declining. During the continuance of Reciprocity, the "balance of trade" between the Maritime Provinces and the United States was some \$43,000,000 in favor of the latter. This large balance had to be adjusted in gold or its equivalent, and yet Congress set aside the Treaty which had secured their nation such splendid results. Why they did so, they know best themselves; what they have effected, can be seen by the figures above.

We suppose that what is true of our trade with New Brunswick, will also hold good of Nova Scotia. The American Consul at Halifax—if there be one—could also, we suppose, "a tale unfold," showing how purchases of American flour have declined, and purchases of Canadian advanced. This is matter for sincere gratification to the people of this country. It proves that we are not dependent on American markets for the sale of our productions, but that, if necessity require, we can live and prosper independently of our cousins over the way. At the same time, we are quite willing to renew intimate commercial intercourse with them, believing that this is the best for both countries.