

ment's four per cent is sure, there is no danger of capital being lost; it is a fair return." The conclusion is drawn that it is not matter of "wonder that the average citizen sees only one side of the case, and pronounces the savings' banks a great and commendable institution." We agree with the *Chronicle* that the abstraction from the productive industry of Nova Scotia of so large a sum as the \$20,497,805.14, which has found its way into the government savings' banks, is a serious thing for the province. But the root of the evil is found in the habits of the people. The *Chronicle* points out that, while Halifax has deposited in these savings' banks \$3,376,200.58, Toronto with about four times as great a population, has deposited only \$843,749.34. The reason is that very few persons here are satisfied with a return of four per cent. on their capital. when six per cent. can be got on mortgage. The surprising thing is that so large a number of persons in Nova Scotia, are willing to take four per cent. interest. If they would take a little trouble, they would have no difficulty in getting five and a half per cent. on the best security next to that of the government, even if they should have to go out of their own province. Is it true that the farmers of Nova Scotia are suffering for want of capital? If so, some part of the twenty millions might be loaned to them, with advantage both to borrower and lender. It is obvious that the circulation of capital needs freer play in Nova Scotia. Though four per cent is much for the government to pay, it is little for the owner of capital to receive, unless as a depositor. There is too much on deposit, for the good of the province, without respect to the rate received for it.

To whatever causes attributable, the money market is becoming somewhat stringent, in New York. Complaints are made of high rates and the difficulty of getting first-class paper discounted. There is not the same difficulty with money on call, the rate for it being no higher than it was a year ago. The large amount absorbed and held by the Treasury has its effect, and people are looking to a redemption of government bonds for relief.

TRADE WITH FRANCE.

For the last four years, hopes have been held out that some reciprocal trade arrangement, in the nature of a treaty or otherwise, would, before long, be concluded between France and Canada. The Reports of M. Fabre, the Canadian agent at Paris, show the latest position of the question. M. Fabre could keep his eyes and ears open, but he was not authorized to enter on any negotiations, even of a preliminary nature. And the information he obtained as to the disposition of the French government on the subject, came through intermediaries more or less influential. The latest communication we have on the subject is dated April 14, 1886, and is from M. Ferdinand Faure, representative of La Gironde, and is addressed to M. Foursin, by whom the question appears to have been studied. M. Faure had an interview

with M. De Freycinet. In the opinion of the latter, France could not draw up any customs' agreement with Canada, even of an informal nature, without referring it to England. "But," reports M. Faure, "as a matter of course, if the Canadian government, making use of its autonomy as to the imposition of customs' duties, should of its own accord lower the duties on our wines and cordials, then the French government would, by this very act, feel bound to respond by some liberal measure of the character of the one you have spoken to me about." The reason for assuming that reciprocity must take this shape was that it would scarcely be possible either for M. De Freycinet, or the Minister of Commerce to enter into an engagement for securing to Canada the treatment of the most-favored nation. But M. Fabre understood from what was said that if Canada would abolish the thirty per cent. duties on French wines, Canada would be granted that privilege in return. If the thing is to be done, it is necessary that there should be an understanding about it, though informal and, strictly speaking, not of a binding character. It would not be the first time we have made such an arrangement with France: we did it long ago, through the intermediary of the Hon. Sidney Smith. Such a proposal would at once be met by the producers of Canadian wine, with an objection that they were going to be sacrificed contrary to the true intent of the National Policy; and although, strictly speaking, Canada can scarcely be counted among the wine-producing countries, such an objection might not be without its effect on the Canadian legislature.

So long as Canada was included in British treaties, she enjoyed in France the advantage of the most-favored nation. But once left out in the cold, she has found it no easy matter to get back again. M. Fabre is not quite clear as to the conditions on which he thinks an arrangement could be made; he sometimes speaks of the modification and sometimes, more frequently, of the abolition of the French wine duties. When we enjoyed the advantage of the most-favored nation, our duty on French wine was 25 cents a gallon, and total abolition would now probably be out of the question. But if an arrangement could be made, what are the advantages that Canada might expect from it? Besides the treatment of the most-favored nation, she might obtain some special advantages with regard to petroleum and preserved meats, and obtain for her vessels equality of treatment with French vessels at St. Pierre and Miquelon. Petroleum is outside of the conventional tariff, to which countries enjoying the most-favored-nation treatment are admitted. But extra-European petroleum is subject to adverse discrimination, paying 30 francs per 100 kilogrammes against 18 francs paid by European. It seems to be understood that Canada might obtain a reduction to the European standard. The United States formerly sent to France fresh and salt meats to the value of about \$8,500,000 a year, an amount which France, by adverse legislation, reduced to a mere fraction. M. Fabre sees that it would be a great thing

if Canada could, in this particular, even to a limited extent, take the place from which the United States has been driven. Canada has not yet been in a position, as producer of these articles, to do so; but her powers of production, as the great west comes under cultivation, must undergo enormous development. Under the customs' regulations of St. Pierre and Miquelon, all goods carried in French bottoms are admitted free of dues. Foreign merchandise, for the most part, when imported in foreign vessels, pays a duty of one per cent. From these facts, it is easy to understand what a thorn in the side of Newfoundland these two French islands must be, as a smuggling station. The abolition of the one per cent. duty could not greatly extend Canadian trade, in that direction. And we think a demur would come to M. Fabre's suggestion that we should, in return, allow French vessels to do a coasting trade; to unload part their cargo, at Halifax for example, and the remainder at Quebec. M. Fabre is certainly in error when he says that French vessels alone are excluded from the benefits of a coasting trade, in Canadian waters; American and all other foreign vessels are equally excluded.

By admission to the conventional tariff of France, Canada would be a gainer in several other particulars. France, let us explain, has two tariffs, the general tariff, to which nations which have no commercial treaties with her are subject, and the conventional tariff, which the most-favored nations, having treaties with her, are under. Holland, Denmark and Greece are the only countries in Europe not admitted to the conventional tariff. Canada and the United States are also under the general tariff. Canada has shown her capacity to produce cheese in large quantities; but it is subject, in France, to double the duty collected from the cheese of the treaty-nations; fresh butter under the conventional tariff is free, while it pays 18 francs per 100 kilogrammes, under the general tariff, and on salt butter the difference is still greater. On agricultural machinery the difference is only that between five and six francs; on planks between \$2 and \$1.50. The reduction on poultry, effected by the conventional tariff is 75 per cent., so that here, too, the industrious hen may be called upon to do duty.

The United States, although she does not enjoy the advantage of being under the conventional tariff, exports to France annually of natural products or primary substances to the value of 208,800,000 francs, besides food products to the value of \$166,900,000 francs. France is a natural market for Canada to ship to; that is a country, in which there is a large demand for wheat, which we have a surplus of. Reciprocity with her would lead to an extensive exchange of the products of each country; and there would be the profits on the shipping of this merchandise, both ways, to be added, which would accrue to the two countries in the proportion in which it would be done. Not that reciprocity with France can be offered as a substitute for reciprocity with the United States; but it shows a possibility of an ex-