

But the money deposited as security, and under the banker's control, can also be lent from day to day, and, in fact, is on the security of government bonds, first-class railway bonds and such like—the transaction adding again to the banker's profit, and, if carried out with judgment, being perfectly safe. The rate of interest for this is determined by the ordinary course of the money market of New York, for it must be remembered that the borrowing rate for gold, and the borrowing rate for ordinary currency, have no relation to each other whatever. At present the rate is about six per cent. Thus the bank gets a double profit on every transaction; it lends the gold, and it lends the security too, a kind of operation quite unique in finance, and arising solely out of the double currency in use amongst our neighbours. If the premium on gold rapidly rises the currency taken as security may not prove sufficient, and the party may not be able to make good the deficiency. Then if the value of stocks and bonds rapidly falls, as it does sometimes, under speculative combinations in Wall Street, they may not be sufficient to cover the loan. The bank requires its gold and calls for it. The borrower cannot pay except by realizing his currency, and on that there is, say, a heavy loss. But the currency itself is not forthcoming, except by a sale of the stocks and bonds, and on these there is a heavy loss too. This, of course, is putting an extreme test, but it might happen under certain contingencies, such as a powerful "ring" formed for the purpose might bring about. The ultimate security is one which can be affected by the operations of cheques. We know that Wall Street is constantly being subjected to such operations, and here is the specific danger of lending large sums in New York. If amounts equal to the whole capital of a bank are embarked on this shifty sea, it is a question whether operations have not gone beyond the bounds of prudence. The profit is enormous while it lasts, but as we said, such transactions are only from day to day, and sometimes weeks pass, and even months, when gold is not in request at all.

At such times, there is a strong temptation to sell gold for currency, and either lend that from day to day, or discount bills with it. This, of course, involves speculation in gold, and being risky, may seldom be done. But when gold is steadily on the decline, the temptation is great.

The other operations of Canadian Banks in New York are similar to those they are engaged in here. They grant credits available in China and the West Indies for tea and sugar purchases. They also receive current money on deposit, and lend it in the way previously spoken of, such loans of course

involving no speculation in gold; but still being subject, if based on stocks, to the action of those who do. The whole subject opens an exceedingly interesting chapter in the history of finance. We have barely glanced at its leading features, but have probably written enough to enable our readers to understand, in a general way, the nature of the business done, and to distinguish between such as is prudent or imprudent, legitimate or otherwise.

THE CONDITION OF TRADE IN NOVA SCOTIA.

Business affairs in this province, if not highly prosperous, are at least in a comparatively satisfactory state. The harvest was fair and prices are good. In the city of Halifax building is active, and skilled workmen are in demand at good wages. The lumber interest has suffered from the drought, but the fishermen have had, so far, a very successful year. Not only has the catch been good, but prices are high, and salt, an important item to the fishermen, is very low. In past years this article sold at prices varying from 10 to 16 shillings per hhd.; while fish (codfish) realized from 8s to 12s per quintal. Under such circumstances fishermen made a living, and no complaints were made of particularly hard times. What should they do now with fish at 15s to 18s; and salt at 6s to 8s? Unfortunately for themselves and the country, these fishermen are not a provident class; habits of thrift and economy are unknown among them, and a prosperous year, such as the present, proves but a temporary benefit, to be enjoyed at the moment, instead of being used as an opportunity for providing against future disappointments.

The Labrador fleet, in happy contrast to that of St. John's, Nfld., has been particularly fortunate. Of fifty or sixty vessels composing it, not one is known to have returned with a poor catch. The mackerel catch will probably be about the same as that of last year—a fair one—and though the herring fishery was a decided failure, yet, upon the whole, the province must be largely benefitted by the produce of the fisheries this year.

Importations are quite equal to, if not greater than those of last fall, while exportations are decidedly in advance. The Grand Trunk steamers, "Carlotta" and "Chase," have been found inadequate for the freight awaiting shipment, and it is contemplated to build another steamer of much greater capacity to meet the demands of the increasing freight and passenger traffic.

A rising branch of business in Nova Scotia is

the manufacture of car wheels. By a recent letter from Halifax we learn of the shipment of a lot of these wheels, made at Londonderry, N. S., of native iron, for the Toronto, Grey & Bruce railway. It is said that Nova Scotia iron is peculiarly adapted for this purpose and superior to that imported from Great Britain. It is hoped that this is but the commencement of an extensive inter-provincial trade in articles of all kinds into which iron enters largely, and that we may soon see an effective development of the valuable mineral resources of Nova Scotia.

TRADE AND FINANCE—REVIEW OF THE MONTH.

During the last month the prevalence of wet weather has had a depressing influence upon the produce markets. Merchants are finding collections in the country districts slow, and money here is not as plentiful as earlier in the season. At Montreal, however, it is easy, good paper being taken below the current rates.

Farmers are very generally disposed to hold over their grain in the hope of better prices during the sleighing season, and just now the roads are in bad order, preventing what traffic would otherwise be en route from the interior.

The open weather is, however, favorable to later harvest operations, and there seems no risk of there being this season such a calamity as was caused by the premature frosts of 1869, which were so destructive to certain crops.

As the agriculturists are getting more capital, they are able to protect themselves from the risks attending the entire reliance upon one kind of crop, and now with cattle, wool, butter and cheese, to fall back upon, if their wheat or barley is a failure, they will be saved in a bad grain season from that distress which, in earlier days overtook the farming interest at such a time. As an instance of this we may mention that in the town of Peterboro' alone, a place with only 6,000 inhabitants, not less than \$40,000 worth of butter has come in for sale this season from the country around.

From Port Hope cattle were shipped to the States recently, in one week to the value of \$50,000, and from other points equally large exports of cattle, butter, cheese and horses have been made to that vast market. These figures are strikingly indicative of the new era which has commenced in Canadian farming, and which promises to yield great pecuniary benefits to the whole commerce of the Dominion.

The decreased shipments of barley from this port this season as compared with last year, 430,000 bushels as compared with