

correct it, either for good or ill, until much later on in life, by means of their own judgment. The government, who are bound to maintain peace by justice, ought not to tolerate that, by systematic preparation, the teachers should furnish a recruiting depot for bad citizens. The government may very justly, for example, close an establishment in which are taught the doctrines of Boniface VIII., condemned in France for nearly five consecutive centuries, and which would eventuate in the destruction of the State by causing its subjection to a foreign prince. The State may even prevent and punish a lying course of history or instruction in depraved morality.

SOVEREIGNTY.—It has been stated that as man has a body and a soul, there was one government for the bodies and another for the souls. This is a mere juggle with words. Has man, the individual, two wills? No. He has but one by which he as a whole acts. In a similar way the government, which is the will of the State, should be one if it is not desired to admit an everlasting cause of civil wars. When our Catholic Universities established as a matter of doctrine, in support of the pretensions of the court of Rome, that the Popes are clothed by God with sovereign authority "in all that relates to the welfare of the soul," and that they themselves have the right to define this authority, by holding this the universities teach an anarchical doctrine, not reconcilable to the good order of society. As a matter of fact souls are concerned in all acts under the command of the government, and if we grant to the Pope the power claimed for him by our Catholic Universities I am not positively certain whether the civil government would retain sufficient authority to superintend the sweeping of the streets. It would be placed without redress in an inferior position, or, to speak freely, suppressed. These same doctors naturally recognize in the Pope the right of exciting rebellion against governments pronounced "pernicious." This is to make the Catholic hierarchy the machinery of a permanent conspiracy, ever ready to revolt against governments and peoples which do not yield obedience to the said hierarchy. This conspiracy may not openly break out because it is held in by prudence, but it never ceases to exist.

RICHARD J. WICKSTEED.

THE CANADIAN AND AMERICAN BANKING SYSTEMS CONTRASTED.

To the Editor of THE WEEK:

SIR,—In your last number you referred to a pamphlet upon the above subject by Mr. B. E. Walker, of the Canadian Bank of Commerce. The pamphlet is intended for criticism as well as for instruction, and its contents afford ample material for both. It may be divided into two parts—(1) the history and characteristics of the Canadian and American systems of practical banking; (2) the analysis of a redeemable paper currency from a scientific point of view. It is with the latter branch only I propose to deal now.

As a preliminary observation, I remark that practical bankers are not, *prima facie*, the best authorities upon that branch of political economy embraced by the terms "money," "currency" and "circulation." Amongst the many eminent writers on these subjects I cannot recall the name of one who had any experience whatever in practical banking. Indeed, the business of practical banking, borrowing and lending money, at a profit, is a laborious and irritable occupation, little calculated to generate or foster those habits of abstract thought which produce political economists. The subject of the "currency," scientifically considered, owes little, if anything, to practical banking for its elucidation, and we may at the outset assume that whatever Mr. Walker's views may be on the expansion and contraction of paper currency—cause and effect—his practical experience as a banker has afforded him no data whatever which is not within immediate reach of the student.

Mr. Walker lays it down as a principle, (1) There should "be as complete a relation as possible between the currency requirements of trade and the cause which issues paper money; (2) and as it is quite as necessary that no over-issue should be possible, as that the supply should be adequate, there should be a similar relation between the requirements of trade and the cause which forces notes back for redemption." He, then, defines the "cause which issues notes" to be "the profit derived therefrom," from which he infers that a "sufficient amount for trade demands will not be issued unless such issue will yield a profit." He concludes his postulates by adding, "It should not be possible to keep notes out for the sake of profit, if they are not needed," meaning thereby, I presume, that, in such event, while the issuer may gain, the note holders may suffer.

To these economic axioms—for as such they were meant to be regarded—I beg to reply *seriatim*.

(1) The relation between the volume of the currency and the requirements of trade is at all times perfect, and, scientifically considered, cannot be otherwise. There may be and frequently is a temporary insufficient or over-abundant supply of capital disturbing the channels of legitimate trade, but the volume of the currency—the quantity of symbolic money in circulation—expands and contracts in perfect touch with the expansion and contraction of the volume of trade, the throb of the heart and beat of the pulse not being in more perfect unison.

(2) There cannot be an "over-issue" of a redeemable paper currency. When currency seeks redemption it will return for that purpose over every obstacle. The duration of the current or circulating life of paper money depends

absolutely upon the requirements of "trade" (or, according to the books, upon the frequency of the exchanges), hence the "relation" which Mr. Walker so much desiderates is an existing factor in the currency itself, which can neither be controlled nor limited.

Mr. Walker's definition of the cause which issues paper money is somewhat novel. Stuart Mill, animadverting upon the origin of bank notes, refers to them as a contrivance by which a banker lends his credit in lieu of his capital—an obviously profitable device. There is no reason to dread a system by which notes may be "kept out for profit to the issuer," when they are not needed. As well fear a system by which loans may be effected with no one to borrow. The most perfect note issue department in the world is associated with the Bank of England, but the cause which induces the exit of Bank of England notes is most assuredly not the "profit derived therefrom;" and the Bank of England and Canadian Bank of Commerce are equally powerless to issue paper money to the extent of one five pound note, or one five dollar bill, respectively, more than the requirements of trade demand, or to keep either afloat after being issued one hour longer than the necessities of the exchanges render their mechanical aid essential. Paper money discharging the functions of a medium of exchange currency is to trade, in the aggregate, what weights and measures are to the shopkeeper. When trade is brisk—the exchanges of commodities abnormally frequent—the symbolic paper money expands in volume, more is required; so, when the shop is full of customers, six sets of scales and weights are in constant motion, when otherwise, three might suffice, and three would remain motionless. The circulation of money (meaning currency not capital), the measure of its volume, is an effect, not a cause. The agent who issues may be a Government official, a banker or a mechanical machine, but there will be no issue in fact until the notes are demanded, they will not circulate (*i.e.*, remain issued) unless needed to facilitate exchanges, and during the course of expanding and contracting (in the words of Sir James Wilson) "the banker is merely the passive agent."

The "elasticity" of the currency (as the word is popularly used) is a misnomer. The elasticity of the currency is in perfect harmony with the elasticity of trade. The fluctuations of the currency are as regular as the tides. For twenty years back the paper currency of Canada has touched its lowest point in the month of May, gradually expanding till the middle of November, and thereafter steadily contracting till the same starting point is again reached. Special seasons and particular emergencies have occasionally interrupted this natural course, but were the monthly averages taken for the period I have named, the result would be found practically as I have stated. What banker or combination of bankers could change this order? As well attempt to change the times and the seasons. The laws which control a purely metallic currency must necessarily control a paper currency convertible into metal at the will of the holder. Can there possibly be an over-issue of sovereigns and half-sovereigns in England, or of gold eagles and half-eagles in Canada and America? If not, how can there be an over-issue of paper symbols exchangeable into sovereigns or eagles, on demand?

The subject of the "currency" is intensely interesting, and several pages more would be required to render this review complete and symmetrical. I do not claim originality for the views I have expressed. Many famous discussions arose in England upon this question. The scientific characteristics of a convertible paper currency were fiercely debated in England prior to the passing of the Bank Act of 1844, and the principles I have attempted to disclose are to be found elaborated in the economic literature of that period. If these principles are erroneous they have at least been accepted by the most profound economic thinkers of the age. Yours,

STUDENT.

HIGHER COMMERCIAL EDUCATION.

To the Editor of THE WEEK:

SIR,—It cannot be denied that the Canadian system of education is in keeping with the trend and spirit of the age. Ample evidence of this fact is furnished by a comparison with that of other nations. Authentic testimony is also forthcoming from impartial outside sources.

There is however one special department of education, the demand for which has arisen from the rapid growth of the commercial interests of the country, which seems to have been overlooked or relegated to the law of supply and demand. The reference is to the necessity of a superior training institution in commerce and finance.

Our elementary and high schools furnish a foundation on which to build. The structure thus begun is completed in our universities, medical schools, legal and agricultural schools, according as the student is so disposed. These institutions are recognized by the Government. Authority is delegated to them to confer degrees and issue certificates entitling their possessors to rights and privileges beyond the pale of ordinary citizens. The justice of this is self-evident, its importance being considered as within the realm of provincial or national legislation. But where can the student of commerce secure that training so essential to a successful career amid the multiplied and intricate phases of the world's business?

The business colleges of our country have arisen as a protest against the inefficiency of the public and high schools to qualify intending students for careers of use-

fulness and success in commercial life. It is admitted that they answer an important purpose, but business colleges do not, and never can in their present role, supply the place in commerce as training schools that is taken in arts by our universities. Various reasons exist as proof of this, but the principal reason is that business colleges are not recognized as an integral part of the national school system. Being wholly private enterprises the financial feature becomes at once the prime object. By their attractive offers they secure the attendance of a large and varied class of students whom it is impossible to grade properly owing to the absence of a proper test of admission. Neither can it be said that the Chartered Institute of Accountants supplies the omission in this particular instance, being more of an examining than a teaching body.

It is folly to affirm any longer that our present system can be so amended as to answer all the demands. The "commercial department" of collegiate institutes, than which no greater misnomer exists to-day, can never supply what is needed. In many instances the teachers themselves are defective in commercial knowledge. This is not to be wondered at seeing that the commercial element is subordinated to the classical and the metaphysical both in their studies and examinations. It may surprise many to know that the average Bachelor of Arts with his school-boy chirography is equally as deficient in the form and mechanical structure of all business papers. The writer has not forgotten the days when as a student he listened to the effusions of the hetero-classical enthusiast who with errant zeal and undecipherable hieroglyphics vainly endeavoured to impress the importance of the birth, it may be, of some king, in preference to the requisite information concerning some commercial fact.

Objection may be taken that Canada has not reached the commercial standing that would demand a special commercial institution. This may have been true of the past, but when our position as an important source of supply and demand between Asia and Europe is considered, it becomes at once apparent that in the near future, according to the natural laws of trade, the destiny of Canada will be inseparably associated with the trade relations of the world. The completion of the C.P.R. and its immediate connection at either end, with a line of steamers render this further probable, and make Canada an intermediate point in one continuous line of travel between two great continents.

At no distant date, then, commerce is bound to run concurrently with agriculture as a source of wealth and in all that tends to make a nation prosperous and populous, and as the possession of power, whether individual or national, is usually accompanied by a desire for its exercise, it is only rational to say that the great educating principles which enable us to wield that power effectively should be thoroughly impressed and inculcated, which can be done only in an institution having that for its object.

Lawyers are as much indebted to an extended knowledge of the *modus operandi* of business as to their legal lore. So are a great many others, yet provision is made for the acquisition of the latter, while the former, equally as important, is left to chance and fortune.

A comprehensive acquaintance with the history of commerce, its fluctuations, the laws that underlie it, the laws that have arisen out of it, and its close connection with the great principles of political economy would open up an entirely distinct department of theoretical education, and furnish material sufficiently extensive in scope, and important in practical application, to command the respect and attention of a class of students who must needs gather this information in a haphazard, fragmentary and consequently less retentive form.

The field of operations for such an institution is practically interminable and the concomitant results of a mastery of the subjects there taught are unrivalled in living daily national importance. Not the least of all questions that might be prudently asked is, "What position would the graduates of such an institution be qualified to fill acceptably?" We reply, "The highest in the gift of commerce, whose present occupants, being men of extensive commercial information, have been forced to serve an apprenticeship to acquire the necessary training."

This line of education is not at all an experiment. Schools similar in aim have existed and flourished for some years in France, Germany, Belgium and the United States. The course could be made to cover two or three years, and comprise as a *curriculum* for the latter years such subjects as political economy, commercial and maritime law, navigation, modern languages as applicable to the transactions of trade; lectures on commercial treaties, international law, industrial arts and statistics. Other features might be adduced as experience would authorize, and certificates or degrees issued under the control of the Government.

One of the results of the establishment of such an institution would be that advanced commercial positions would partake of a degree of literary culture and prestige which they now lack, and thus commerce and its environments would be placed on a par with the other professions.

J. R. A.

LEPROSY has of late assumed such large dimensions in the Baltic provinces, especially in the province of Estland, that it has been found necessary to take steps towards building an asylum for those unfortunate people. The first institution of this kind will be founded at Dorpat. Subscriptions, concerts, and lotteries are now being got up for this object.