

will, or otherwise, the destination of the amount insured in as unrestricted a manner as he can dispose of any other of his goods and chattels, so long as it is kept within the family circle, while at the same time it remains under the protection of the Act.

There are several other amendments of minor importance, but the defects of the existing acts have been sufficiently demonstrated to prove the necessity for entire reconstruction.

EASY LESSONS ON POLITICAL ECONOMY.

X.—Credit. (Continued.)

On the continent of Europe, the notion that credit would, if properly organized, enable the laborer to dispense with the aid of the capitalist, in the work of production, is so prevalent as to present itself to continental statesmen as a powerful disturber of the relations of capital to labor. There is but one place in which this fallacy is thoroughly analyzed. When the revolution of 1848 broke out in France, some very impracticable theories were broached touching what were termed "the rights of labor." Amongst others, M. Proudhon, made use of the considerable authority he then had amongst the workmen of Paris to urge upon the new Government the propriety of providing these workmen with capital, in order to free them, as he said, from the tyrannical control of the masters, and to enable them to work on their own account. M. Frederick Bastiat, one of the ablest economists France has produced, entered into a public controversy with M. Proudhon, and endeavored to convince him of the fallacy of his assumption that the Government possessed the power attributed to it. He did not proceed with M. Proudhon. But he left on record, in his correspondence with M. Proudhon, which has been published among the works of M. Bastiat, under the title "*Gratuité du Crédit*," a very complete view of both sides of the question thus raised, and, generally, of the error to which reference has been made. Nor is it only in France that such theories are advanced. Not many years ago, there appeared in a Liverpool newspaper several communications from a correspondent, who evidently wrote much in earnest, proposing for adoption in that city, as the basis of some municipal improvement, a scheme founded on the same fallacy. It was professedly based on facts which had come within the writer's knowledge. The facts stated were that in one of the Channel Islands a market house was wanted, and that one was built in this manner:—The local government issued promissory

notes for the amount of capital required to complete the building, and, when it was completed, the shops or stalls were let at rents. Then, as fast as the rents were received, their amount was employed in paying the notes thus issued, which, when withdrawn, were destroyed. And in this way it was assured that the market house was obtained without its costing anything to anybody. Now we see nothing in this statement which is not perfectly credible. But, as will be perceived, it does not justify the assumption that capital was dispensed with. It is certain that the land, the labor, and the materials, bought with the notes, and thus employed, must have been withdrawn from all other use, and must have been replaced, in the hands of those who supplied them, with something more valuable than mere paper. The process, in short, was this: A given sum in coin was, gradually, in the course (say) of one or two years, withdrawn from circulation, and, being replaced by "promises to pay" satisfactory to the community, was converted into a building. The coin, in the first instance, had belonged to the community; and so did the building, afterwards. Then the surplus rents of the building, beyond the cost of its maintenance, being used in the payment of the notes, these were gradually withdrawn. After that, the rents of the building, if any, became, we must suppose, applicable to the public service, in some other form.

Here, however, there is nothing new, for we constantly see capital replaced by the income derived from its use. It is well known that a sum of money lent at five per cent. compound interest, an adequate security, will double itself in less than fifteen years. If you can borrow money without interest—as was done in this case, by constituting a paper currency for gold—and can so invest it, you may, at the end of fifteen years, return the whole sum borrowed and keep for yourself an equal sum. But there would be in this no creation of capital. But you then do only what is done every day, and has been done, in effect, ever since capital first came into existence; which existed as long ago as when men first began to raise themselves permanently above the condition of mere savages.

Thus far we have considered forms of recorded credit only as means of transferring readily, rapidly, and safely, from hand to hand, the various forms of floating capital already in use, and in alliance with which the industry of the country is actually employed. But there is another hardly less important office, for these various forms of credit, which we must

not pass without notice. They also provide channels through which new capital, with like facility, is brought into the market. We have seen that as all the capital we now possess came originally of saving so every addition made to this capital has precisely the same source. Now all savings, at first, are small. As the largest rivers may always be traced up to the confluence of others, of less volume, and these to brooks, and so up to the tiniest mountain rills, so the large amount of additional capital annually placed at the service of the agriculture, mines, manufactures, and commerce of this country is all derived from savings, from earnings and profits, put by instead of being spent; and for the most part is poured into the common fund, from time to time, in small sums. If you observe, with any degree of care, how these contributions are made, you will find that the vehicle employed is almost invariably some one of the common forms of credit. This is particularly the case in England; few of those who make these savings can themselves find for them profitable employment. But some one of the various forms of credit will always supply means by which they may be rapidly conveyed, not only in active employment, but very generally into that specific form of employment which for the time being most requires such aid. New capital is thus brought into the market, and all capital, when disengaged from specific employment, is distributed under the direction of those who serve society by making such distribution their especial business. This, however, belongs to the province of the banker, which must be treated separately hereafter.

BUTTER AND CHEESE.

Since the close of navigation the usual quiet period has set in. The stock of fine butter held over is not large, and shippers are doing little or nothing at the moment. During the week there have been a few transactions where special orders were filled at 25 and 26 for Townships, and 23 to 24 for choice fall Morrisburgh. Good Western is moved with more difficulty at 21 to 22 cents.

Now that the cheese factories are closed up and deliveries are completed, the stock is pretty well ascertained; that it is light is beyond question, both in Canada and the United States. English operators have slowly got awake, and have been indulging in the philanthropic desire we alluded to in our market report of the 17th to relieve Canadian and American holders of stock, but holders "don't see it in that light."

The public cable to-day is 68s. per cwt. September cheese is held here at 13½c., with no desire to force sales.