

But, granting that it could be made in every way to answer the purpose for which it was designed, may we not properly ask if there are not other circles outside of that of horse-car conductors where it may be utilized? To some extent an artificial conscience not altogether dissimilar to this is invoked in dry goods stores, and in restaurants also its services are availed of, possibly by persons in whose individual cases, if it were applied, it would be the source of considerable confusion and dismay. But whether it be "bell punch," or what, it is manifest that it would be in the general interest, if some kind of mechanical artificial conscience could be invented for many who now-a-days are concerned in the conduct of public corporations, who, in so far as their own private concerns are involved, might, without serious contradiction from their fellows, express their thankfulness that they are not as other people, but who in their public capacity as managers or directors have no hesitation in resorting to methods which their consciences must condemn but that they have silenced them by some reflection as to the absence of personal responsibility so far as they are themselves concerned. Like Holy Willie, of whom Burns tells us, they are accustomed to exclaim,

"I bless and praise thy matchless might,  
When thousands thou has left in night,  
That I am here afore thy sight,  
For gifts and grace,  
A burnin' and a shinin' light,  
To'er this place."

These persons have a tolerably strict code of individual morality; and would possibly, on account of the artificial conscience with which public opinion has provided them, scarcely descend to swindling people as a personal favour to them, would hardly, out of friendly consideration supply slop goods as from the best houses, at almost best house prices; but when it comes to gambling in joint stock company shares, or manipulating the business of a corporation, their normal conscience ceases to be operative, for corporations have no souls, and hence some artificial instrumentality has to be provided which doubtless may some day be hit upon, for our age is a progressive one.

#### EASY LESSONS ON POLITICAL ECONOMY.

##### *On Banking, (Continued.)*

The banker, therefore, gathers, distributes and transfers floating capital. He is paid, to some extent, by the difference between the rate of interest at which he, in various forms, receives capital, and that at which he parts with it. But his remuneration, even when so derived, is not all interest. In so far as it implies risk of capital it is also profit, and in so far as it implies the exercise of

skill, it is wages. The popular notion of the powers and duties of the banker differs, materially, as will be found from the one here presented. It always assumes, more or less vaguely, that the power of the banker extends to creating, if not capital, yet something which may serve the same purposes; and that, consequently, it is his duty, when capital is wanted, to supply the want, at least for a time. This is an error productive of much mischief. It leads, first, to reliance on a power which does not exist, and then to disappointment at the power not being exercised. It will be well that we mark, somewhat closely, the origin and nature of this error. Bankers, though they transmit capital, create none. Excepting only such capital of their own as they may possess and use in their business, they make advances to others so far as advances are made to them; and no further. The credit they receive, and, which, in turn, they extend to others, is in fact, nothing more than a willingness on the part of the owners of capital, displayed through the banker, to let others have the use of it. So far as this willingness, often generated, and always augmented, by the skill and the credit of the banker, can operate, it facilitates the passage of floating capital from hand to hand, and the postponement of the demand which would otherwise be made, for its return to its owners. We repeat that every bill of exchange is evidence for the agreed postponement of such a demand; and when a bill is renewed, or when, one being paid, another takes its place, there is a fresh postponement—another recorded forbearance to call for immediate payment. The price of this forbearance, as it is taken by the owner of the capital forborne to be called for, is interest. Of course, every such postponement implies confidence in the promise on the faith of which the postponement is made. Now, if by any cause, no matter what, this confidence be shaken, these postponements, of course, become more difficult. And if any such lack of confidence be widely spread, we have what is called scarcity of money, and pressure on the money market. The quantity of money available may not be diminished; but it moves from hand to hand with less facility; because those who control its movement are less willing to let it move. They are more afraid of losing it.

A mere rise in the rate of interest, which is the price of borrowed capital, is evidence of nothing more than that the demand for capital, for the time, exceeds the supply. If unaccompanied by dis-

trust, it usually implies that those who are using such capital are extending their operations, and are sanguine as to the rate of profit they can make. And if commercial ventures were always made, we will not say prudently, but even on the independent judgment, however erroneous, of those who make them, we should not very often see them extended beyond prudent limits. But men are prone, in pursuit of profit, as in other things, to imitation. And if a few are seen to make, in any direction, a venture successful enough to attract attention, they are soon followed by others, who can, in most instances, render no better reason for what they do than that it has been done already to a profit. Thus a considerable call for the investment of additional capital, in any direction whatever, if it benefits much those who first answer it, commonly results in a rush by many more, to do likewise; and the movement is checked at length only by the known losses of those who come too late in the race. The suffering thus caused is due to want of intelligence, to ignorance, or disregard, of the natural laws we are now considering.

In short, pressure on the money-market, marked by distrust on the part of the capitalist, and distress on the part of borrowers, is always evidence of some recent misuse of capital, of corresponding extent. Of course the pressure is first felt through the action of bankers. They, if they do their duty, watch, with close attention, the current of business which produces the bills they discount. Say they observe that a threatened scarcity of some commodity in common use has made buyers active, and raised prices. They have an increased demand for the discount of bills given on the purchase of this commodity. Say it is bought on speculation, to be held for future consumption at higher prices. As long as the speculation is carried on by those who know the facts, and can themselves form an independent and trustworthy opinion of their ultimate effect, there is no great danger of excess. But these men always have imitators. Others come in, making haste to be rich; and then danger is at hand. It is part of the business of bankers to watch for these indications and to act accordingly. Postponement of payments, by the discount, and still more by the renewal of bills, then becomes not so much the legitimate accommodation of a regular trade, as a facility for speculation, rapidly running into gambling. In such a state of things, bankers, being charged with the care of capital which they must replace if lost, begin to hesitate, and to limit their discounts in proportion to their