

whereas, had the rate only been 2 per cent., the capitalist would be a poorer man at the end of the period. The active laborers employed by it would in the latter case be taxed with less interest and receive more wages.

SCOTTISH BANKING.

The nearest approach to just principles in practical use is that of the unlimited liability banks of Scotland. With a comparatively small paid-up capital an extensive business is done and very profitably. Over a hundred years ago Scottish industries were insignificant and demanded more accommodation. The Scotch did not resort to the device of a high tariff against English goods; nor did they clamor, like Canadians, for more credit; but said to themselves, we must have more capital, at least more capital made active, and "unlimited liability" was resorted to. The defects of the system caused the failure of the City of Glasgow Bank. With but five million dollars paid-up capital, it transacted a business of fifty million dollars! But if, at the failure, ten millions of the assets proved worthless, it resulted from discounting bad paper; and the real estate of the shareholders had to make good the deficiency; so all the debts, deposits and circulation were paid. The error lay in doing a mixed business—on credit as well as on real estate. The capital was real estate and it discounted real estate. So far, so good: but it discounted also paper, bad paper, and came to grief, but paid its debts. Unlimited liability is a barbarous device, but it could not be avoided in a country where the tenure of property is so involved by feudal usages—when in borrowing money the creditor demands possession of the title deeds as security. Yet those who blamed the bank for the shareholders' losses, were unreasonable; for had they not paid, the creditors would have suffered equally. The Scottish law is absolute,—debts must be paid; recognizing the principle that a people who pay their debts may always borrow at the most favorable market rate. In their banking, the Scotch show admirable tact and knowledge of money matters in relation to their industries. They brought down the rate of interest to a level with the English market, and raised their manufactures of iron, tobacco, sugar, cotton, chemicals, woollens, &c., to the same plane of excellence with their contemporaries. A sterile and mountainous country was soon made to occupy a foremost place in agriculture and gardening. The iron ship-building yards of the Clyde astonish visitors; at one time lately it was reported that no less than ninety steamships were on the stocks. That industry is simply prodigious. In 1838 there were only 760 steamers, of 140,718 tonnage, in all Great Britain, and of that only 8,000 tons belonged to Glasgow. Now last year—1881—no less than 340,828 tons of shipping were built on the Clyde alone, being an increase of 98,000 tons over the previous year, and about two and a half times more than the entire steam-shipping of Great Britain forty-five years ago. There were 217 iron steamships and 52 sailing vessels built on the Clyde in 1881. The increase alone as mentioned above is a greater amount of tonnage than the aggregate of all the Allan line of steamships and Clipper ships. England, Russia, Germany, France, Turkey, Italy, and the South American States—indeed all nations—go to Scotland for their steamships. Every steamship now crossing the ocean is made of