

and Commerce during late years, we have been provided with details relative to the nature and operations of the institutions of *Crédit Foncier*, as they absolutely existed in Germany and other parts of Europe. These reports appear to have been the forerunners of a scheme for introducing those institutions into France. In the last report that we have seen, that of M. Dumas, Minister of Agriculture and Commerce under the Presidency of 1851, occurs the following language:—"You have seen, Monsieur le President, the institutions of *Crédit Foncier* in operation in Germany; you have studied their mechanism; you have ascertained their good effects, and with your conviction powerfully arrested, you have directed all your care towards introducing them in France." Following the report of the Minister, is that of a commission appointed to inquire into those institutions, and which embraces all the details and matters of importance connected with them.

The operations of agriculture are so different from those of commerce, that the economical arrangements entered into for the purpose of facilitating and developing those operations, which answer a good purpose for the latter, are not available, to so great an extent, for the former. Banking, the instrument in the hands of the merchant and trader, by means of which individual credits became so generalized as to facilitate, notwithstanding the credit allowed, the continuance of commercial operations, is altogether inapplicable to the agricultural class. The distinction between the two classes of loans is the whole distinction between circulation or currency and absolute capital. Banks in discounting promissory notes, that is, in issuing their own promissory notes in exchange for the promissory notes of individuals, do nothing more than exchange one branch of what goes to make up the whole of the currency against another. That part of the currency, or the circulation, which existed in the promissory notes of individuals, becomes then a bank-note currency, but the reality and the volume of the aggregate remain precisely the same. The operation is one with which capital may have nothing to do. The available capital of an individual, or of a community, is the net proceeds, or the difference between debit and credit, that is, between what an individual, a company, or the whole of society owe, and what is owing to them respectively. The advances which a bank makes upon the promissory notes of individuals may not be made from the capital of the bank nor to the capital of the individual. The actual capital, neither of one nor the other, is at all increased or diminished. The operation as has been already shown, is one only of the substitution of credit by changing the form of a part of the circulation.

The operations of discounting, therefore, in ordinary cases, have nothing to do with capital. The continual circulation of the assets and liabilities of the merchant is the basis or the security upon which these discount loans are made, having in view, of course, the generally understood provision that they shall be upon short term—say three months.

The *prêts hypothécaires* or loans on mortgage are, of necessity, of a very different nature. These are made from actual capital, and when once they are invested they are deliberately fixed for a length of time, and the only immediate requirement is, not the repayment of the capital of the investment, but the interest or the revenue from the employment