estimate of the progress of the North West when he allows so long a time as a quarter of a century for as many people to settle there as are in Canada to-day. A more rapid rate than this may reasonably be anticipated; and there would be no reason for surprise if fifteen years sufficed to do what Sir Leonard thinks may be done in twenty-five.

CURRENCY THEORIES.

V.

One of the worst delusions of those who advocate soft money is the belief that the Government can, by the mere act of creating and emitting an excessive amount of paper not redeemable in coin, produce general prosperity. People who could put faith in this delusion would probably have no difficulty in believing that by bottling up the rays of the moon they could secure a charm that would prove efficacious against yellow fever. The sole use of currency is to effect exchanges; and a currency which is issued without any reference to the exchanges to be effected, and because the needs of the Government are urgent, is a sign of increasing public debt, not of prosperity. When an increasing public debt is represented by irredeemable paper money, the credit of the Government must decline. Such a currency has sometimes reached a degree of redundancy that has made it quite worthless. Any decline in a Government currency has the effect of making the Government pay more for what it wants by the whole amount of the discount. And if such currency were convertible into bonds, the bonds would have to be paid at their face value. If the Government note had sunk to seventy cents in the hundred, and it exchanged nominally at par for a bond, the Government would lose the difference. Neither the Government individuals can borrow on post notes without interest. When banks have issued notes payable at some future time, the notes have generally borne interest. The reason why people are willing to pay interest for the loan of a note convertible into gold at the will of the owner is because it is a thing that can be realized to-day, not three months hence. A note not payable for three months, or one month, could not be loaned for hire; because people would not pay a present rent for what they could not realize on for some time to come.

A fundamental error of the soft money advocates lies in the assumption, which is apparently based on a firm belief, that everywhere and at all times, where and when the metallic basis of the currency is preserved, there must be a scarcity of currency. There is, however, no scarcity of currency with which to do the business of the country. No one who is able to buy currency, or even to give security for the loan of it, fails to get what he wants. People who have nothing with which to purchase money, and no security to give for the loan of money, will fail to get it, under any circumstances. We hear it said that an excess of Government paper money would, in some mysterious way, give people employment. The delusion lies in supposing that it is the money that pays, and that the Government could become universal employers of labor. What the laborer works for is, in fact, not the money which measures the extent of his remuneration, but the food, fuel, shelter, clothing and whatever he requires to sustain himself and his family. The printing of an indefinite number of bits of paper, which should purport to be good for so many dollars as were named on them, would not create a corresponding amount of the wealth on which the laborer subsists. So far as these bits of paper enabled him to get what he required, they would effect the necessary exchange; but the limits of their usefulness would soon be reached, and its diminution would be marked by a decline in their purchasing power. By this form of forced loan, the Government could borrow from the producers of food and clothing what would be sufficient for a certain number of laborers; but it is a gross and dangerous delusion to suppose that it could in this way, borrow to an indefinite extent. The truth is our people have not got any large amount of wealth to lend in this form, and they can only lend what is superfluous; beyond the needs of their own consumption.

The error that money, even in its best form, is wealth, is as old as the mercantile system; and we cannot expect the soft money advocates to rise above the level of the intelligence which is found in the atmosphere they breathe in common with their opponents. The difference between them and persons whose minds are still, unknown to themselves, dominated by the exploded maxims of the mercantile theory is, that while in words, they pretended to deny to money, in any form, occult virtues which it does not possess, they do in fact ascribe to irredeemable paper money all the virtues which the mercantile theory attributes to gold. Here lies their inconsistency; but it is an inconsistency which they practice in common with those who, while denying the virtues of the mercantile theory, never open their mouths without showing that in their secret hearts they do homage to its fallacies. The soft money advocates place us in the presence of a double danger: in ascribing to an irredeemable paper currency all the virtues which the mercantile theory attributes to gold, they are substituting clay for iron, and claiming for clay the strength of iron. They set up as a measure of value what may, if issued in excess, cease to exchange for anything, and which is liable to run down the whole gamut of changes from the equivalent of gold value to zero.

RISKS AND RESERVES.

Governing the management of the Banks and the Insurance Companies, as well as of wholesale business generally, are too well recognized principles, viz.: the concentration of large amounts at risk on presumably good business, and the confining of the risks to small amounts in any one locality or enterprise. Taking it for certain that in any legitimate business the foundation must be good or the results cannot reasonably be expected to be favourable, we are yet reminded that "the chances and changes of this mortal life" are such as to warn us against placing too much dependence on any one person, on any one enterprise or line of business, or in the promising indications of any one locality or district.

The wisdom of diffusion rather than of centralization is, of course, almost confined to insurance companies, banks, and wholesale merchants, and cannot be extended to country merchants, manufacturers, or mechanics, because these in their financial affairs depend almost wholly on their peculiar or local knowledge or facilities and upon the credit and protection extended to them by the former. Quite recently we have seen the errors of some of the fire insurance companies in carrying too large lines on a risk believed to be free from fault. Unless, as may be the case in some instances, they protected themselves by reinsurance, they imperilled too large a proportion of their income in one venture, resulting in a loss which must cause them rueful countenances when making up their annual reports. One of the banks has carried to its loss account no less a sum than $220,000 as losses in one town. One has large amounts locked up in timber limits; another has the burden of a coal mine; another a phosphate mine too heavy for its shoulders; and yet another, telegraph stock, and so on. Yet, doubtless, the adventures were deemed safe and likely to be profitable or they would not have been entered into.

One of our merchants let fall the remark, "We sell ——— all he wants, and so, of