which cannot be avoided. As clay is in the hands of the potter, so is industry in the keeping of the banks. If the foreign trade is favourable, so much to their credit ; if otherwise, they must answer for it. Take the imports and exports since the advent of confederation :—

	Total Imports.	Total Exports.
1868	$ 73,459,644	$57,567,888
1869	70,415,165	60,474,781
1870	74,814,339	73,573,490
1871	96,092,971	74,173,618
1872	111,430,527	82,639,663
1873	128,011,281	89,789,922
1874	128,213,582	89,351,928
1875	123,070,283	77,886,979
1876	93,210,346	80,966,435

The former is 899 and the exports 686, showing a balance against the country in nine years of two hundred and thirteen million dollars !

That is a sad record of figures, yet it is corroborated by facts. There are not wanting persons who unblushingly tell you that the country is so much the richer by an adverse balance of trade ; this sort of deception, however, has not of late been so much indulged in. The popular method of dealing with such a statement used to be by adding the imports and exports of the first year ; and compare that with the sum of the last year in the series, and draw the inference of wonderful progress in national wealth ! But now the pertinency of these maxims is doubted : "The more you owe the wealthier you are." "That which is against us is for us." Don't hold in trade. It is not compatible with the laws of trade, which doubtless are as constant as those of nature, for a balance to be uniformly against a community that owns its public debt. That is why the trade of England can only be unfavourable in *seeming* or transiently so, while her capitalists are her creditors. If therefore the balance of 213 millions was in our favour, the rate of interest would be such here, as to make it profitable to import our debt. It would be lower than Canadian securities would be held at in London.

Obviously, the leading cause of the foreign trade being generally against Canada, is the banks dealing in personal property only ; for the less security necessitates a higher rate of interest, and that is against manufacturers increasing exports. But if greater certainty is wanted of the truth of the above figures I may refer to the humiliating record of failures during the past three years.

To come to particulars ; take any monthly statement from Ottawa, say that of Nov. last, of the Banks of Ontario and Quebec ; and condense it to an estimable form ; by first setting aside the gold and Dominion notes ; then deducting the balance of available assets from the sum of what is due to other banks, plus deposits at interest, then classify the other items as follows, in round million dollars.

CAPITAL.	GOLD.	DOMINION NOTES.	DISCOUNTS.	DEBTS OR CIRCULATION.
				Millions
58	6	7	Notes discounted 119	Deposits at notice...... 14
			Debentures . . . 15	Circulation of notes.... 22
				Deposits on demand... 39
		Assets..............147 millions		Debts........ 75

The capital being absorbed in the assets, and they consisting mainly of promissory notes ; the institution is a dealer in second class securities. Since the notes and goods are apart the security is not tangible and cannot be first class.

The notes discounted 119 millions exceed in amount the sum of the capital and deposits at interest by 47 millions dollars. If the laws of trade are as constant as the planets in their courses, the capacity of a business firm has its limits ; and no bank can exceed its proper limits without impairing credit. Why therefore should the discount line be more than the sum of capital, borrowed money, and perhaps Dominion notes ?

The debts are its circulation ; particularly those payable on demand. In this country it usually averages in amount the paid up capital. And the gold reserve is never over 10.000 of the circulation.

To the creditor it is very important the debt should be secured. The banker is not so particular on that point, as his profits arise from the creation of debts. But the difficulties experienced in keeping out the circulation would certainly be overcome by giving security. The volume of circulation depends on good credit and a favourable foreign balance. These are advantages which security only can impart.

It might be asked how much capital that institution has to loan? To my mind its capital is all invested. On putting the question to a leading banker lately, he confessed the banks, "do not loan money or capital," but only speculate on their credit.

In 1872 the notes discounted were 82 millions of dollars. In 1875 that line had increased to 141 millions, or an increase of 59 millions in about three years. In consequence of the adverse foreign trade reaching its height, causing an extra demand of exchange, the banks in February, 1875, shut down discounting, and demanded payments of maturing loans ; this stringency in twelve months reduced the discount line to 112 millions—taking 29 millions of facilities out of circulation, and inaugurating a crisis of disasters unparalleled in the history of the trade of the country ; here are the figures to this date.

In 1875	1968 firms failed for	$28,843,961	liabilities.
In 1876	1728 " " "	25,517,991	"
In 1877	1890 " " "	25,510,147	"
		$79,872,099	
Realizing say on an average 25 per cent		20,000,000	
	Total loss	$59,872,099	

an amount of money beyond all ordinary conception, and *equal to the whole banking capital of the country !* and no likelihood as yet of bottom having been touched. So much for a system of banking which "only speculates upon its credit." The hazardous element,—that which inflates or contracts the values of the country, as the case may be, resides in the 47 millions of extra discounts. In my next I shall contrast with the above system, a bank dealing in first class securities—in its bearing on the development of the resources of the country.

ALPHA.

ARE LICENSE COMMISSIONERS A NECESSARY EVIL?

Among the social problems, to the solution of which the energies of the present generation are imperatively called, few have assumed the magnitude of that which is presented by the wide-spread habits of intemperance in the use of intoxicating liquors. There are manifold aspects in which this problem may be viewed ; but I propose at present to confine my attention to one, and that a comparatively limited point connected with legislation for the suppression of the evil. In this connection it seems impossible to keep clear of the question with reference to the advisability of prohibiting, by legislative enactment, the sale of intoxicating liquors ; but it is desirable to avoid hampering the present inquiry by any discussion upon a question of so much difficulty. It seems to me indubitable from statistics, that prohibitory legislation, where it has been tried, has succeeded, not of course in eradicating, but certainly in diminishing, drunkenness to a very satisfactory extent : but it has yet to be ascertained, whether a more complete success might not be reached by a wise restriction of the traffic ; and prohibition, if found to be indispensable for the welfare of society, is more likely to be successful if gradually introduced by restrictive measures of increasing severity.

It is gratifying, therefore, to learn that a new movement has been started in Montreal for a more effective restriction in the issue of licenses. To accomplish its object, however, the movement must free itself from the fetters of a condition, which has always defeated, and must always defeat, a restrictive policy. It has been usually supposed impossible to frame a law for the restriction of licenses, which could operate of itself ; and provision has, therefore, been commonly made for a Board, like that of our License Commissioners, to give the law practical effect. The supposed necessity of such a Board is founded on the belief, that discretionary power must be vested somewhere for the purpose of determining the persons on whom licenses are to be bestowed. Now, this discretionary power inevitably opens a way through all legislative restrictions ; and it is for this reason that the question is proposed at the head of this article, whether License Commissioners are a necessary evil ?

In speaking of a licensing Board as an evil, it is scarcely necessary to explain that I do not refer to the individuals of whom it may be composed. I have known men acting on such Boards, who were earnest in their desire to suppress intemperance, and unwearied in their efforts to restrict the issue of licenses. But the machinery, which they are required to work, is one for producing licenses, not for preventing their production ; and it cannot but grind out its products in spite of the well-meant efforts made to arrest the result. Licenses are produced by such machinery at an increasing ratio, if the number to be issued is left wholly to the discretion of the Board ; but even legal limitations of the number must be comparatively impotent, if the discretionary power of the Board is free to determine by whom the legally limited number of licenses are to be obtained. The difficulty of the licensing Board in carrying out the law will be understood by imagining a case such as must often arise. Mr. Oldrye has leased the shop at No. 10 Wassail street with the intention of opening a drinking saloon there ; for a similar purpose Mr. Lagerbeer has purchased the adjoining shop at No. 12 ; while Messrs. Burgundy and Hock have erected the magnificent premises at No. 11, opposite, with the view of likewise making provision to satisfy the thirst of the community. They all apply to the licensing Board ; they all fulfil the requirements of the law ; they are all equally respectable. On what principle of justice is the Board to decide between their respective claims? And can we wonder that, under the pressure of such conflicting interests, legal restrictions should be torn to shreds ; and that all applications, possessing equal claims, should be granted ?

Now, it is here submitted as a question worthy of consideration, whether the law could not be framed to carry out its own restrictions, without the intervention of any Commissioners endowed with discretionary powers. So far from such intervention being indispensable, the law could be made to work more efficiently and less expensively by virtue of its own provisions ; and the following sketch is intended to indicate the main features of a measure, which requires no co-operation from any agent.

The first requisite of such a measure would be an unalterable limitation of the number of licenses to be issued. It is not necessary here to define the principle of such a limitation. The number might be determined by some proportion to the population, or by some relation to the area within which the licenses were granted, or by some other consideration. Only let the principle of limitation be clearly intelligible, so as to leave no room for misinterpretations by which the restrictive intentions of the law might be defeated.

Having unmistakably defined the number of licenses to be issued, the proposed enactment should then make provision for determining the persons by whom the licenses are to be held. This it might do in a very simple manner. It might provide that each license should be offered by public auction to the highest bidder. Observe the advantages of such a plan. Waiving altogether the consideration of the funds which might thus be brought into the public purse,—though these would undoubtedly be far in excess of the nominal fees at present exacted—we can easily discover other recommendations of the scheme which render it immeasurably superior to any system that is hampered by the discretionary powers of a licensing Board. A few of the most prominent recommendations of the scheme may be pointed out.

In the first place, it is obvious that the plan of offering licenses to the highest bidders would dispense with the assistance of any special commissioner or commissioners. The simple arrangements for the auction of the licenses could all be made by one of the permanent officials in each municipality, such as a City Clerk ; while his fees, as well as all other charges of the auction, could be paid out of the sums obtained from the successful competitors for licenses. An additional recommendation of this plan is that the licenses would