the sums paid in connection with acquiring the business of the various companies which had amalgamated with the Albert. After various attempts had been made to deal with the affairs of the Company a special Act of Parliament was obtained under which Lord Cairns was appointed arbitrator, with full powers to deal with the rights of all parties, and in little more than four years the whole affairs of the office were wound up at very moderate cost, and apparently with satisfaction to all parties.

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Only a month or two after the collapse of the Albert office, it was seen that another similar institution, the European Life Assurance Company, was in difficulties. The cause of its misfortune was the same as in the case of the Albert, namely, indiscriminate and reckless amalgamation. In the end it had merged into itself no less than 46 other offices. It was wound up much in the same way as the other company.

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The result of these disastrous failures was that Government was forced to take action, and to legislate in regard to the affairs of Life Assurance Companies, and in 1870 there was introduced into the House of Commons by the Vice-President of the Board of Trade a Bill to amend the law relating to Life Assurance Companies. The real author of the Bill, which became "The Life Assurance Companies' Act, 1870," is said to have been the late Mr. Pattison, a member of the Institute of Actuaries, who was the adviser of the Vice-President of the Board of Trade, and the fifth and sixth Schedules were entirely drawn by Mr. Pattison, and were not, it is believed, altered in their passage through Parliament.

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Those who read the foregoing extracts from the first part of Mr. Nicoll's essay will, we feel sure, be glad to be afforded the opportunity of purchasing this useful *aperçu* in the shape of a handy little volume.

THE BALANCE OF TRADE.

The balance of trade is a term to express the difference in the amount of a country's exports and imports at any period. Its usual application is to such balance, or difference, in the yearly totals in the declared value of goods which have been sent to foreign markets and those brought from abroad. As a nation's exports were regarded as its "sales," and its imports as "purchases" respectively to and from foreign countries, these were believed to be the whole of its foreign trade, the balance of which, up to a late period, was spoken of as "favourable" if exports exceeded imports, and "unfavourable" if imports were in excess of exports. For over three centuries the idea prevailed that the extent of a nation's wealth and prosperity was only measurable by its possessions of gold and silver, which were held to be the necessary means of adjusting or settling the balance of trade when "unfavourable." This idea was termed the Mercantile Theory, a belief in which gave rise to some of the most momentous events in European history, not a few of the great wars having been entered upon in order to create such conditions as would, according to ideas then prevalent, by obstructing imports prevent the exportation of the precious metals. This is expressed by a writer who, in 1530, said: "The whole wealth of the realm is for our commodities to get out of other realms their ready money, so that all people in this realm be made rich therewith." We have modernized the spelling. Henry VIII forbad all exports of specie. In 1491 Spain forbad all imports which were not exchanged for goods. In 1581, oranges from Spain were forbidden entrance into Carmathen, because there were no goods to give in exchange. In the reign of William III English trade with France was declared "a nuisance." It was asked: "Why should England pay tribute to an enemy by buying its merchandise?" These ideas as to the danger of importations led to bitter international quarrels, which caused prolonged wars in the struggle to keep back imports and increase exports. In pursuance of this policy Ireland's industries were crushed, and throughout every dependency of Great Britain there were restrictions placed upon colonists buying any but British goods. To these restrictions upon their commerce is largely due the revolt of the American colonies which resulted in their independence by which they have been enabled to pursue trade solely for their own advantage, and not, as before, in order to help England in securing a favourable balance of trade. Several early writers, notably Sir Josiah Child, saw through the fallacy of regarding an excess of imports as essential to a nation's prosperity. In 1690 he attributed the prosperity of the Dutch to their encouraging imports of foreign goods, and pointed to Ireland also as a proof that exports could exceed imports without enriching a people. It would be too long a story to narrate how the Mercantile Theory, which regarded the balance of trade against a country as necessarily dangerous, come to be discredited. It never recovered from the blow given by Smith's "Enquiry into the Nature and Causes of the Wealth of Nations," issued in 1776. This work is, however, incomplete, as new conditions have arisen since then, but its principles in regard to the balance of trade, as far as they go, and with modifications—some of which were suggested by Ricardo—are now generally accepted. Since Smith's day, there has been established a very elaborate system of international monetary exchange, based on the transference of credits, without actual money passing, and the facilities thus afforded have entirely changed the methods of settling trade balances. What is now looked to is not "the balance of trade," as regards merchandise, imports and exports, but the Balance of Debt. Eminent economists now regard an excess of imports as more profitable than the reverse, as indeed an indication of a country being prosperous. A leading American authority declares that the advance of the States in wealth is measurable by the excess of its imports over exports. There are exceptions to this rule which some distinguished authors have ignored, to which we shall give attention later on. The argument of those who declare that an excess of