

vogue across the lines. The plotters usually fall into the pit digged for others.

The "clique" is a term of similar import, but usually designates a combination of lesser dimensions. No respectable man should allow himself to be entrapped into any of them, however specious the plea, and however alluring the prospect of advantage. Illegitimate gains are sometimes made to look tempting in the extreme when viewed in the distance, but commonly dwindle down immensely before realization; fair to look upon, like the apples of Sodom, when tasted they become dust in the mouth. It is only those men, whether in business or politics, who have the moral stamina to turn aside from their tempters and refuse to benefit their pocket at the expense of their conscience that really succeed. The "mess of pottage" obtained by the sale of honor may seem to meet a present necessity, but is generally repented of when repentance is too late.

WHAT IS THE MEANING OF A HIGH RATE OF INTEREST?

Mainly to check an overgrown credit business. So long as money can be readily obtained, and can be had cheap, certain merchants and manufacturers are certain to trade and work on it far beyond the limits to which they would go if they were trading on their own capital. They will buy far more and trust others far more. Large stocks of goods unpaid for will fill their warehouses and factories, and heavy stocks of goods, also unpaid for, will fill the shelves of retailers, and this has a strong tendency to go on increasing. Heavier and heavier bills payable accumulate, and heavier and heavier become discounts of bills receivable. The edifice of credit rises higher and higher, and the higher it goes the more dangerous it becomes. When a private family buys everything on credit, far more will be bought than would be for cash. This is certain. Besides this, it is very probable that such a family will be gradually getting deeper into debt. This many know by experience, and some by very sharp experience indeed.

They know also that in such circumstances they are liable to pulled up very sharp, perhaps refused further credit altogether, or an extra rate to be charged for goods supplied.

Now, as it is with the store-keeper and the family, so it is with the banker and the customer. So long as money is easy, the customer will borrow freely, and get deeper into debt. A banker is desirous to make money and willing enough to lend; for by lending he makes his profit. But this state

of things is sure to come to an end at some time, and then comes the sharp pull-up. Furthermore, extension of credit is refused altogether, and a higher rate charged for what must be had to meet engagements. The object is plain; the banker raises his rate because the demand is too urgent. He wants to check the demand and induce parties to make other arrangements. He has the future in view, also, and knowing as he does that credit has been overdone, he seeks to compel a curtailing of credit by making it unprofitable to use it. And it is sure to have this effect. Parties will be careful of entering into credit engagements when the profits are absorbed by a high rate for money. They will buy less and trust less. People who speculate when money is cheap, will be very chary of meddling when money is dear. And so, bye and bye, things will come round; that is, if the check has come in time. A high rate of interest is like putting on the brakes of a train. This ought to be done at a certain moment to be effectual, otherwise the train may get beyond control. So with money matters. A sharp check in good time, and a high rate of interest, may prevent far worse mischief—panic and failures. We trust the check has been applied in time. There is every appearance that it has, and that the end will be answered in curtailment of the overgrown credit which pervades every department of the business of the country.

ANDES INSURANCE COMPANY.

In another place we publish the official statement of this Company's position on the 16th inst. from which it will be seen that the amount of outstanding losses is about \$300,000, and the insurance liability close upon one million of dollars. Subsequent to the examination the following circular was issued:

"STATE OF OHIO, INSURANCE DEP'T }
COLUMBUS, SEPT. 13. 1871. }

To the Officers of the Andes Ins. Co., Cincinnati, Ohio:

GENTLEMEN: Having ascertained by an examination of the affairs of said Company, that its entire assets on the 15th day of August ultimo, amounted to the sum of one million sixty-one thousand three hundred and forty-four 86-100 dollars (\$1,061,344 86) and its liabilities to the sum of one million three hundred and fifteen thousand five hundred and ninety dollars (\$1,315,590 34), thus showing an impairment or entire loss of its capital of \$500,000.

You are therefore required to direct its Stockholders to pay within thirty days from date an amount which, together with its net assets actually owned, shall equal Five Hundred Thousand Dollars, and all claims outstanding against said Company—also an amount in addition thereto equal to one half of all the premiums on risks not terminated.

It shall be unlawful for said Company after the receipt of this requisition to issue any new policies, or to transact any new business, until the payment as aforesaid shall have been made, and a license from the Superintendent of Insurance shall have been received, giving authority to resume business.

Witness my hand and official seal this 13th day of September, 1872.

WM. F. CHURCH.

[SEAL] Supt. of Ins. for the State of Ohio.

On receipt of the foregoing, the directors of the Andes met (Sept. 19), when this resolution was adopted:—

"Resolved,—That it is the opinion of this Board, that the order of the Superintendent of Insurance for this State, dated the 13th inst. and addressed, "To the Officers of the Andes Insurance Company," is based upon a statement of the financial condition of the Company incorrect in some of its facts, and unwarranted by law; and the Officers of the Company are hereby instructed to so inform the said Superintendent, and to enter a protest on behalf of the Company against the said order and the requisition therein contained.

Attest: J. H. BEATTIE, Sec."

In order to understand the position of affairs clearly, it is necessary to add that the unpaid losses in Canada amount to \$40,000 or over, which we believe includes unsettled claims arising out of the late fires at Mitchell, Orillia, Wroxeter. &c.; there is, besides, the liability for unearned premiums, which must be a considerable amount. Against this there is the deposit of \$50,000 with the Receiver General. In view of the excess of liabilities over assets thus shown in this country, and the danger, we might say certainty, of further losses occurring under the Company's policies in this country, it is likely that the proposal to return the unearned portion of the premiums, will be generally accepted by policyholders.

It is possible that the stockholders may restore the \$500,000 of lost capital; but we are disposed to think they will scarcely care to add another half a million to the million and-a-half already gone. That question will not, however, remain long in doubt, as it will be decided at a meeting being held this day, the 4th October.

BANK OF MONTREAL.

Two rather important announcements have reached the public respecting this Bank, viz.: the retirement of Mr. E. H. King at the end of the current banking year; and the proposed increase of capital to \$12,000,000. While these facts have special interest for the shareholders, they are also of consequence to the public.

During the period that has elapsed since Mr. King assumed the management, the Bank's career has been one of continued prosperity. His annual balance sheets were well calculated to excite the envy of