

that of a house [‘castle of cards’ were a better term] engaged in the production of a class of female finery, and which leaves the world some hundreds of thousands of pounds *minus*—it is notorious that the house, during its existence, was an utter pest to all other people engaged in the same business, by reason of its practice of underselling. The case is an apt illustration of the beauties of the credit-system. The trade was conducted mainly on the credit and at the risk of a set of innocent, unthinking people, constituting what was called the Western Bank—spread desolation around among its compeers, who traded on their own risk—and now the bank shareholders have to make good, in solid cash, to their own impoverishment, the ideal capital which enabled a company of rash men to speculate for a small chance in their own favour against a certainty of loss to others. There is nothing in the case beyond the most familiar facts in human life. When a man works upon money of his own, he proceeds with caution, and the best exercise of judgment that is in his power. Give him other people’s money to do as he likes with, and he makes it spin. It is not therefore surprising that three or four hundred thousand pounds of a bank’s money, intrusted to an adventurer, should, in the first place, do a good deal of harm in the spending, and finally be lost.

The case leads to a view of the whole credit-system, which it were well to daguerreotype on the public mind. Carried to such extremes as we have seen lately, it promotes wasteful, mischievous, and unsuccessful business, and suffers a fearful penalty in itself. There is however another view of it.

There is such a thing as a tolerably good business conducted mainly on the basis of credit, though likewise with injurious results. We can state a case by way of illustration. An ingenious and accomplished man was in business as a publisher. He planned and superintended the preparation of many excellent books. But his speculations were too great for his means. He had consequently to buy paper from wholesale stationers at perhaps twenty per cent. above ready-money prices. He had to give large percentages to bill-discounters. He had to take in partners, who, for the sake of small advances drew a large share of profits. All the natural and proper fruits of many years of laborious industry were thus absorbed, and large losses incurred besides, and this really able and ingenious man ended as poor as he begun. It is strictly a nominal case. Where banks or other capitalists advances more expressly to carry on a business, they are not without a view to their own interests. They see to get good advantages from their loans, and usually succeed in licking up the cream of any concern they are connected with. It is only when they inflate the wind-bag too much that they suffer, as the Western Bank shareholders now do. ’Twas a risky trade, giving large returns so far as successful, but involving great risks also—so, when the business was carried to excess, *nine per cent. on shares* was suddenly exchanged for *loss of whole capital and a third more*.

The credit-system involves, then, an usurious element besides. We have come of late years to give legal sanction to what in former times was regarded as a kind of robbery. It now appears right that men should be allowed to take as much interest for their money as lenders are willing to give, it being assumed that a lender will only give what it is for his own good to give. Yet there is a natural sentiment against usury—it always looks like oppression. And, surely if any one makes a richly gainful trade to himself by holding out