

THE CITIZENS' INSURANCE COMPANY (OF CANADA.)

Subscribed Capital..... 1,000,000

Especially empowered by Act of Parliament, and fully authorized by Government under the Insurance Bill.

HUGH ALLAN, PRESIDENT.

Life Department.

THIS sound and reliable Canadian Company—formed by the association of nearly 100 of the wealthiest citizens of Montreal—issues policies on all the Modern Plans, including—Limited Payments, Endowments, Part Credit Premiums (without notes), Income Producing System; and several new and valuable plans.

A comparison of the very Low Rates, and of the liberal and unrestrictive nature of this Company's Policies, with those of any other Company, British or American, is specially invited.

All Life Policies are absolutely Non-forfeitable. Persons intending to assure their lives are particularly requested to first examine the Prospectus, List of Shareholders, and Policies of this Company, which, together with all information concerning the constitution of the Company, the working of the various plans, &c. may be obtained at the

Head Office, Montreal—No. 71 GREAT ST. JAMES STREET.

EDWARD RAWLINGS, Manager.

Agent for Toronto:
W. T. MASON.

Agent for Hamilton:
R. BENNER.

J. GILLESPIE & CO.,

HAVE NOW ON HAND,

OVER ONE THOUSAND CASES

SPRING GOODS,

AND ARE

PREPARED TO SHOW THE LARGEST VARIETY

OF

FELT AND STRAW HATS

IN THE DOMINION.

Inspection respectfully invited.

64 YONGE STREET,

33-1y

TORONTO.

THE

Monetary and Commercial Times.

TORONTO, FRIDAY, APRIL 22, 1870.

BOLSTERING UP CREDIT.

The habit of dealing on credit is firmly rooted in this country, and, in fact, in every civilized country. There is no use declaiming against it, nor is there any use in endeavoring to carry on our multifarious transactions without it. Obviously, if we did, our operations would be reduced to a very small fraction of their present amount; for, apart altogether from the credit given on goods, instruments of credit, in the form of bank notes, promissory notes, cheques, and bills of exchange, form by far the larger part of the medium by which commerce is carried on.

One has only to consider the enormous volume of transactions which are daily carried on by means of pieces of paper, of no intrinsic value whatever, to rise to the true estimate of the wonderful part played by credit in modern business.

This enormous power has often been abused, and is being abused continually, and

a considerable part of the art of carrying business on is to know how to apply it safely. A merchant must know not only goods, but men, in these days, or he will become a victim to designing knaves, on the one hand, or entrust his property to egregious simpletons, on the other. Credit is of such first-rate importance, that it may stand for a considerable time instead of capital; indeed, long after capital has disappeared altogether, credit may keep a firm up, and enable it even to retrieve its position. This being the case, there can be no wonder that means are sometimes taken to create a fictitious credit, or to bolster it up when weak, or to keep it when every shadow of a foundation for it is gone.

There are various means of accomplishing this, all requiring more or less of intrigue and deception to carry them out. A store-keeper may keep up an appearance of a good stock by carefully arranging his shelves so that empty boxes may pass muster for full ones. He may impose upon the wholesale merchant by a plausibly drawn balance sheet, in which some liabilities are conveniently forgotten to be entered, while in the department of assets, all debts will be treated as good. Some traders have a very particular repugnance to recognizing any claims in their books as bad or doubtful. He may, indeed fly at higher game. Now, that mercantile agencies, for rating the means and standing of people, have become so generally used, a trader may use every art to get a good and favorable "report," and a good "rating" in the reference book. Very pretty balance sheets can be drawn for this purpose, and unless the manager of the agency be a very crusty fellow indeed, he may generally be persuaded that all is correct. And it is to be remarked, that men who set themselves to work for the purpose of bolstering up credit have generally studied the art of persuasion—as one may say—in all its branches.

Once the object is accomplished, and the marking down on the printed page done, a credit is established which it will be very hard indeed to alter. There will be this standing difficulty in the way, that lower marking hurts credit, and in the absence of some open and notorious act, we may be pretty sure it will not be done. The man of straw will then be sent forth to the world as worth his \$50,000, more or less, and after its being repeated a few times, who is to be so hardy as to doubt it?—and if nobody doubts it, why should he not be trusted accordingly?—why not freely sell him goods?—why not take his paper to any amount offered? There may have been some symptoms that all was not quite right, but after all, they may have been accidental! And, generally, men would

rather trust and do business, than doubt and refuse it! It is so much easier, so much pleasanter, and there is an appearance of money making about it, which silences qualms. Thus the ball keeps rolling along, until some day or other a thing takes place which is totally incompatible with good credit on any possible conditions. Then there is opening of eyes and gnashing of teeth. The house built without a foundation topples over of its own weight, and woe to the poor fellows who are near enough to be hurt by the crash. Then the bubble bursts, and creditors open their eyes, and upbraid themselves for relying on printed books and statements, in spite of evidences which came under their own observation.

Another mode by which credit may be bolstered up, is by doing business in two or three banks, perhaps more. Bankers generally look favorably on an account which shows elasticity, and which can be reduced or paid off now and then. Keeping two or three accounts wonderfully facilitates this, especially if they can be so managed as to be in different towns. One bank will lend a certain amount on endorsement, and the sum thus raised could be used with another to put up a margin for transactions which the other would not countenance. "Paper" of the most spurious kind can be kept afloat for years, by thus borrowing from Peter to pay Paul, as was done by the great leather firm of Streatfield & Co., of London, some years ago. The concern was bankrupt for years before it stopped, yet its credit was so skilfully kept up that a leading bank used regularly to send out and ask for its paper for discount, and another institution lent £10,000 on their bare promissory note within a fortnight of the crash. It was done by a skilful playing off of one banking account against another. If concerns are so big that they can afford to have branches in remote cities, and figure as Bounce, Sons & Co. in London, Bragg, Bounce & Co. in New York, Bounce, Sharper & Co. in Hong Kong, &c., &c., they may victimize their creditors to almost any extent they please.

Credit can also be bolstered up—and this is the last we shall say of it at present—by a skilful use of blank signatures, entrusted by confiding customers. There are very few names so poor but what something may be raised on them; and if a man in fair credit can by any means be induced to put his neck into the noose, the combination of the two will generally enable arrangements to be made to keep the ship afloat. The day of reckoning, of course, will come at last, for the Nemesis in such cases is as inexorable as fate itself.

The practice of giving blank signatures will be stamped out in every mercantile com-