

CREDIT TOO CHEAP

SOME startling revelations during the past month have shown the business world that credit is too cheap, that wholesalers are much too anxious to sell goods, and that risks are accepted which are by no means businesslike.

A gentleman came to Toronto a few months ago with a few thousand dollars and an unenviable record. The wholesalers tumbled over each other in their efforts to sell the stranger goods, and the credit given was him treble his capital. He coolly sold out one day, put the money in his pocket, and skipped. His liabilities were very heavy.

Two gentlemen of the Jewish race, recently set up a jobbing business on Front street in the same city. They paid their debts promptly. A few days ago, a fire was discovered in the building which they, with others, occupied. It was put out before much damage was done, and an insurance company cancelled their policy for \$5,000, claiming that their stock was worth only \$2,500. Still the creditors credited, and a week afterwards the debtors had fled.

The record of failures during the year 1894 shows that the majority of failures in Canada was due to the lack of capital. Putting this in other words, it means that the wholesaler and the manufacturer gave a large number of merchants more credit than their capital warranted. They overloaded these weak and struggling retailers until they crushed them down.

The retailer who gives credit is doing something unnecessary. The wholesaler who wouldn't give credit would have to go out of business. But the wholesaler who does not give credit judiciously is courting his own destruction, is helping to pile burdens on those unable to carry them, is injuring the man who pays his bills when due and is demoralizing business generally.

THE DEPARTMENTAL STORE.

MANY people in Canada have been watching the discussion of the advantages or disadvantages to society of departmental stores, and arguments pro and con have been numerous. Some claim that the departmental stores are a benefit, as they give the people cheaper goods. Others claim that while this may be true to a certain extent, the evils more than counterbalance it.

A leading merchant of Woodstock, T. A. Forman, has written a strong letter on the subject. He attacks the idea that it is a case survival of the fittest, denies that this law applies to business, and substitutes a newer law: "The survival of the financially strongest is the inexorable result of commerce." And we would add to this law the words: "Conducted upon the basis of absolutely free competition." When competition is restricted by laws against large trusts and combines the competition is not absolutely free.

The great cry of the French Revolution, the great cry of all political reformers of the past two centuries has been "Equality." Equality of opportunity, equality of property, equality of political rights, equality of social privileges, etc., these have all been sought after. The man who has a thousand dollars capital is not an equal to the man who has a million—hence equality in capital does not obtain at present.

The departmental store has a great capital behind it. With this it becomes a power to crush out the weak. It crushes out

the small bookseller this year by selling all books at cost or less; it crushes out the wall-paper dealer next year by selling wall-paper at jobbers' prices; it crushes out the confectionery men the next year by a similar process. Thus it attacks one trade after the other, not all together, and slowly and gradually wipes them all out.

The department stores gain in other ways. Their managers advertise boldly and judiciously. They sell close, being satisfied with narrow margins. They buy right by carefully watching the markets, and by playing the bull. They are generally wide awake to all the newest methods, styles and fancies. They are usually all round hustlers.

In so far as the departmental store adopts improved and legitimate methods, they are to be admired. In so far as they unnecessarily disturb the existing methods of distribution—e.g., by selling marked lines at or below cost—they are to be condemned.

A writer in a New York journal speaks of them as follows. "I do not believe consumers are as well or as economically served by these department monstrosities as they could be by specialty houses. I believe that within ten years the business will again undergo a change, and we will find live, progressive, modern specialty stores growing up around these overgrown and top heavy establishments. What Commeymer has done in shoes, Sloan in carpets, Rogers, Peet & Co. in men's clothing and furnishings, with others that I could name, can be done in each separate line of trade. What man in his senses goes to one of these big slop-shops for his furnishings, when he can get better goods, better service and lower prices at a specialty store?"

If the departmental store is advancing on you, don't sit down to weep and to revile. Adopt the newest methods, wear your brightest smile and keep a-hustling.

THE WATTERS CASE.

THE trade generally were very much surprised at the willingness Watter's, the assistant Commissioner of Customs, charged with mis-appropriating less than \$200 agreed to compromise with a year's imprisonment for this paltry offence.

It was explained that it was simply an error in book-keeping, and that the sum had been made good as soon as the error was discovered.

The Government was condemned for the severity of the sentence they asked the magistrate to impose. The fact is that neither Mr. Watters or the Government had any desire to investigate further the affairs of this department.

According to the talk about the Parliament Buildings the misappropriation of moneys in the Customs Department will easily exceed \$100,000, of which Mr. Watters only received a portion. There are others equally guilty. One gentleman alone on one deal made \$20,000. There is much quiet fun poked at the Auditor-General—a capable man who seldom lets anything pass him—for not having discovered some of these irregularities.

Another feature, which was not gone into, is one to which we have several times drawn attention, that of Customs officials obtaining goods from importers. They nominally buy the goods on credit from wholesale importer, or simply help themselves when goods are passing through, or they go to the warehouses and ask for them. It is alleged that Mr. Watters