

packing charges as goods because it appears on the face of the invoice, and thus were wrong two and a half per cent. in their comparison with what they could have done had they stayed at home. Besides this, retail houses attempting this kind of business will be given to understand that they must not use the capital of regular importers thus; they will find they must reduce their obligations here, and pay promptly their Canadian indebtedness, and cease renewing at half before they absorb all their available means in the attempt to compete with the regular wholesale trade. It may be that the English houses can thus interfere with the legitimate importing trade of the country, but the chances are seven to nine against its success. A "swinging loss" or two, which they are pretty sure to have in Canada if she is at all true to her "traditions," will seriously interfere with its continuance. The same line of business was attempted about thirteen years ago, just in time for the crisis of 1857, and we fancy the English houses trying it on now, may have arrived just in time for another crisis, though perhaps of a different character, would do well to get the experience of those firms who undertook to do it in those years and failed.

Another friend writes:—

"Some of your ideas carried out to their logical sequence are alarming in their results, and yet I am certain you must be right. Take for instance your statement that there are nine thousand traders in the Canadas, and of that number you think there are three thousand too many, that to get the trade of the country into a healthy state three thousand men must quit business and adopt some other line of life. This is apparently all right in theory, but are we then to have three thousand failures more in addition to those already had? Even if we are to have a thousand there must be large losses in store for somebody. Drop us a line on this point."

We confess to be somewhat startled by this question and yet we do not see what other answer to give it than this: That until the retail trade of the country is divided among fewer hands there is precious little safety in it; that to accomplish this result there must be one of two things either failures or the raising of the standard of credit, by which it will be impossible that the weak or unworthy can obtain further credit. If, as was said in the previous article, the state of the country accounted for the depressed trade, if the consumers were poor and money scarce, we might hope that some improvement therein would cause an improvement in trade. But we have presented to us this anomaly—an unusually prosperous state of the country an unusually unprosperous state of trade. It is clear that the fault is inherent in the trade itself, and that fault appears to be excessive numbers, excessive credits, and excessive ease in obtaining compromises. The whole difficulty we think must be met by a large decrease in importations, by great caution in dispensing credits, and a complete stoppage of compromises. But that there must be more failures, and that a great many must go out of business from lack of credit seems inevitable, if the atmosphere is to be purified and the disease removed. The scalpel should not be hastily applied or it may endanger the life of the patient, but the removal of excessive causes of inflammation or weakness must be the regime pursued if perfect health is to be attained.

An enthusiastic Western man even telegraphs:

"Your article just the thing, Montreal is the chief of sinners, hit 'em again they have no friends!"

All very well in its way, Montreal deserves to suffer for its indiscretion, if we mistake not it is suffering its share in proportion to its departure from the paths of rectitude. But is not the West just commencing where Montreal left off. We hear, and rejoice to hear of the improved prospects of Western cities, of the large extension of their wholesale facilities, and the increased number of warehouses, &c. Query, is it just the time for this kind of movement, and will not the evils which Montreal begins to repent of be re-enacted in Toronto and elsewhere, even though it be on a much smaller scale? We opine there will be little difficulty in selling goods in the next year or eighteen months, and if the proceeds go to reduce indebtedness in Montreal, the "chief of sinners" won't complain, but that the trade of the country will be benefited or the business made more safe by increased trade at any point is more than doubtful.

A worthy and highly respectable Banker said to us:

"You appear to blame the Dry Goods people mainly. You are right, but only in a degree for the Hardware and other imports in 1857 were just as excessive, while the recent failures in Boots and Shoes and

Shoes and Leather indicate a not very healthy state of affairs in those trades."

This is true, and the figures of these trades would confirm it. But we selected the Dry Goods trade as representative of a class, and over their shoulders we sought to tell the other trades plain truths. The result is the same, Grocers have suffered largely in the past eighteen months. Leather and Boot and Shoe people must continue to suffer by losses, and all must be taught this lesson, that we have but a limited market, excessive trading over production by no possibility can enlarge it, and the true policy is to cut our coat to suit the cloth. In these as in all other branches of business credit must be more based on capital and ability combined, rather than on character, however good without capital, still less on fancied convictions, honest fools, or imaginary chances of success.

A good friend thinks we did not talk enough about the iniquity of the Bankrupt Law and the horrid scourge of Official Assignees. We admit an impossibility to touch every point, but think the example he sends us of how estates are depleted will sufficiently indicate what a bug-bear these necessary evils are, but especially in view of the advice to wind up every man who stops. We hope, however, the amendment to the law will meet this difficulty in part. The following are the charges for winding up an estate, the proceeds of which to creditors were nil:—

To Advertising . . . 62 95	By proceeds of	
" Legal charges . . . 7 00	Stock . . . . .	439 28
" Assignees disbursements 12 05		
" " commission 50 00		
" " discharge . 30 00		
" Insolvent's discharge . . . 00 00		
" To amount of first and final Dividend . . . 217 28		
\$439 28		\$439 28

It will be seen by the above that fully one half of the entire proceeds of the estate were absorbed by the Assignee, and inasmuch as there was claim for rent, actually the whole proceeds were gone before the creditors got a statement. The Insolvent's discharge for which \$50 is charged, is rich, in view of the fact of the Insolvent clearing out to the States months ago, and it is exceedingly questionable if they ever appear again to claim the privileges secured by the discharge.

A high authority on the point, and an esteemed friend, draws attention to the fact that, in estimating the value of Canadian manufactured dry goods we overstated them at four and a half to five millions of dollars. From the information he possesses, we are certain he is right. It is doubtful if the value of these goods reach three instead of five millions, so we stand corrected. The point of the argument based on this over-estimate is, however, strong enough to be unimpaired even with this reduction.

A spicy correspondent, in Central Ontario, prominently in the retail trade, gives utterance to his views as follows:—

"I have attentively read your article, it is about as solid a composition as I ever read—weighty, true, exhaustive, full of matter of fact. If this paper don't open the eyes of rag men of Montreal, nothing will. But many of them are fools, for the empty glory of large sales and no profit just suits their vanity better than small conservative trade upon judicious principles. I consider the wholesale men of Montreal richly deserve the castigation given them, especially for trusting every fool with borrowed money and no brains who may seek credit."

Of course, we cannot go the length of our friend but we reproduce the letter to show how the question is viewed from a retail point of view.

There is another aspect of the Dry Goods trade upon which there has been and will continue to be a great deal of discussion, but upon the utter folly of which there seems no diversity of opinion.—we refer to the practice of selling goods at an "advance upon the sterling." To our unprofessional readers it will suffice to say, that almost all the leading houses, to a greater or less extent, now will permit undoubted customers to know the price which their goods cost, the rate of freight, insurance, and exchange, necessary to lay them down here, and these points ascertained, will just ask

a slight advance on these figures for profit. Thus the usual figure is to ask £165 Canadian currency for £100 sterling. Inasmuch as the goods can seldom be laid down for less than £160 currency, it is clear there is only a margin of less than nine per cent. on amount sold, which is barely adequate to pay the enormous expenses of interest, warehouse, clerk hire, living, &c. leaving out of the question the possibility, nay, now the certainty of losses by bad debts, which no trade in Canada is now secure against. It will thus be seen that excessive competition and a disposition to over-trade has cut down the profits of the wholesale trade so as to make it a matter as clear as noon-day, that to continue in the present practice no sinking fund of profit whatever can be made to provide against bad debts and other calamities. The consequence must be that if we are to continue to have failures; if the retail trade of the country is to be weeded out, as seems so essential, and losses met in consequence, those who continue to sell on the sterling must expect to have their surplus taxed to meet these losses, for certainly the profits will not. If then capital is to be depleted to sustain this ruinous system, how long can it stand the strain, and how long before the feeling will be felt in Britain and elsewhere, that houses who sell so cheap and yet make severe losses cannot be in a position of much safety? Capital and credit alike cry out against the system. It is a premium on bad buying, and destroys all chance of profit from any favorable circumstances of the market, and is altogether bad and doubtful in its policy. We have no doubt but that to this practice may be largely attributed the enormous increase in the importations of Dry Goods, for the only way in which the advance on the sterling business can be made to yield any return is to do a large business. Small sales and small profits are incompatible, but large sales and small profits sometimes result favorably. But the present is no time for the continuance of such a policy. At all times, more or less probable, the over-crowded condition of trade in the Province make it evident, that losses by bad debts are removed from the probabilities to be classed as certainties. Aside, therefore, from the folly of selling goods at the lowest profit, of employing capital at a less return than it can be employed in any other business, there is a direct and positive danger in continuing the practice to which we refer. It has become so general that the retailer is but slightly benefited, for the competition in it prevents any particular one having the trade over another, while the advantage of slightly cheaper goods to the people is so diffused as to be unappreciated and even unknown. Under the circumstances then, why continue selling at an advance on the sterling at all?

The writer has conversed with nearly all the leading importers in the three prominent cities of Canada, during the last six weeks, and he can safely say that never before has he heard such an unanimity of sentiment as is entertained on this point. All seem ready to abandon it, but all seem like a flock of sheep crossing a stream; all want to go but afraid to make the plunge, because a few may not follow! Who will take the lead? We are sure the reform can be brought about if only it is started in the right way, and the sooner the better. We shall have something more to say on this on a future occasion.

## OUR STOCK

IS STILL COMPLETE

IN ALL

DEPARTMENTS.

McINNES, CALDER, & CO.

Hamilton, May, 1853.