

THE TRADER.

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Editorial.

WHY MERCHANTS FAIL.

It is said on good authority, that more than seventy-five per cent. of all the people who start in business fail during some period of their career. If this be a fact, and from the many eminent names which back up the assertion we cannot reasonably doubt it, it surely reveals "something very rotten in the state of Denmark." We believe that this statement is true, and we think that perhaps a short discussion of a few of the principal reasons of such failure may not be out of place at this juncture.

Of course nearly every case of failure is caused by a different combination of circumstances, and still there are some general principles underlying trade, the non-observance of which will furnish a key to many otherwise inexplicable disasters. Amongst the principal of these may be mentioned the following:

1. *Lack of business training.* Probably more people fail from this cause than any other. It is a common thing in this country of ours, where people do not stick to the same business from generation to generation as they do in the old world, to find persons who have made some little money by farming or some kindred occupation take up the idea that they are fully competent to run a store, and that such a life, while being more genteel than the one they have hitherto led, is also more remunerative. Acting upon

this idea they sell their farms and invest the proceeds in stock, and as long as the money lasts they are apparently prosperous. But a time comes sooner or later to the most of these dealers, when this source of supply becomes exhausted, and then they begin to realize that business is not such child's play as they used to think it, and in nine cases out of ten the end of the struggle is failure. Others again are tempted to put their money into some established business on the strength of some plausible story of the business paying well, but wanting more capital, and the novice, knowing little of the general principles of business and less of book-keeping, is oftentimes drawn into the trap and taught to pay for his experience at the loss of his money. Apropos of this kind of thing there is a good story told of a certain Israelite who had just roped into his business a partner having more money than brains. Being asked by some one on what principles the business was established, and how it came about that the other partner furnished the money while he furnished the funds, he replied, "Well you see at present he has the monies and I have the experience, but after awhile I will have the monies and he will have the experience." This story may not be strictly true, but it has at least been the truthful experience of many a person who put his good money into a business, as against his partner's experience.

We scarcely understand how any sensible man should expect to succeed in any business that he is not thoroughly conversant with. Of course there are exceptions to this rule, but they succeed either on account of advantageous surroundings or natural business talent, and their success is no proof that every Tom, Dick or Harry can go and succeed likewise. It would appear about as sensible to us for a farmer who never touched a piano in his life to expect at once to make a living by teaching pupils to play on an instrument about which he knew really nothing. The fact is that business is a science, its rudiments and principles have to be mastered in the same manner as mechanics, music or any other business or profession that is usually supposed to demand previous training. They understand these things better in the old world than we do in this, and young men have there to serve a five years' apprenticeship to any business before they are supposed to understand it. With us, a lad after

putting in six months in a shop usually thinks he can run the machine as well as his boss, and the result is that our failures from this cause as compared with those in the old world are just about in an inverse ratio to the time spent in training.

2. *Extravagant habits* are very often the cause of failure, even to those whose capital and business habits should entitle them to a high measure of success. To use a common expression, successful merchants often "feel their oats" so much that they are carried away by their success, and forgetting that economy was a great factor in helping them into their present position, they allow themselves to be led into all sorts of useless expenditure. Better dress and more of it, increased household expenses, free handed charity: these and many other things of a like nature combine to impoverish many a merchant who, had he persevered in the methods with which he entered business, might have kept on steadily making money. Every merchant should find out at least once a year how his business is prospering, and his general expenses should always be based upon his profits and always be within his means. He should, in other words, put himself on a salary, and his salary should never be exceeded except for some very grave and weighty reason. In regard to charitable subscriptions, while he should do all in this way his means will allow, he should remember that "persons should always be just before they are generous," and that if he exercises this habit too freely, he may be making a gift of his creditors' money instead of his own. We have known merchants, (who were afterwards proved at the very time to have been *hopelessly insolvent*) donate thousands of dollars for the purpose of church building, when as a matter of fact they were worth less than nothing, and the money thus misappropriated was really not their own but that of their creditors. This kind of thing may be orthodox and pass current in some of our churches, but it don't come up to the standard of respectable business morality by a jug full. In referring to an incident of this very kind that occurred in one of our large cities, a Canadian poet sarcastically observes:

"Plank down, plank down your shokels;

Don't say you can't afford;

You'd better let your creditors wait,

Than try to cheat the Lord."

3. *Speculating in real estate, and building fine dwelling houses* is another and very