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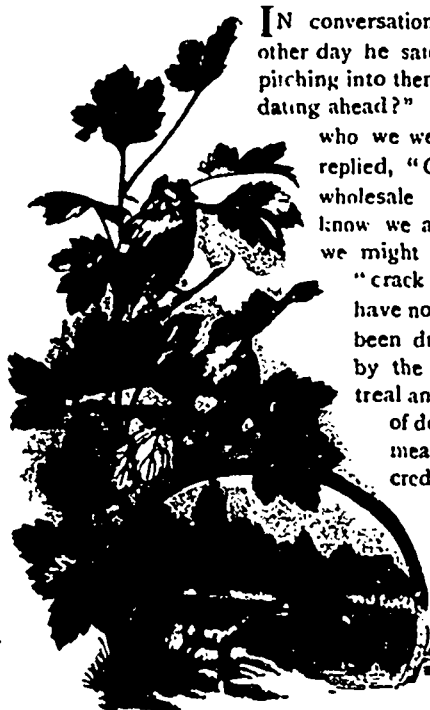
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A NOTE OF WARNING.



IN conversation with a merchant the other day he said, "Why don't you keep pitching into them about long credits and dating ahead?" We asked him to specify who we were to pitch into, and he replied, "Oh, well, I suppose the wholesale men." From what we know we are inclined to think that we might pitch into them till the "crack o' doom," and it would have no effect. The matter has been discussed time and again by the wholesale trade in Montreal and Toronto with the object of devising some satisfactory means of introducing shorter credits, but a solution of the difficulty is as far distant now as it ever was. There seems to be "a nigger on the fence" somewhere. But even supposing the wholesale trade of the country entered into a combination to abolish long credits and dating ahead, it seems to us that it would not have the desired effect without the concurrence of English and foreign houses who cater for our retail trade, and perhaps that is the stumbling block. So far as the retailers are concerned they will take long credit just as long as they can get it, and nobody can blame them. But some of them do not shut their eyes to the fact that it injuriously affects them by enabling notoriously weak men to carry on their business at an ultimate loss, not only to themselves, but to dealers in the same locality as well. The evil may possibly become so great as to work out its own destruction, and we are of opinion, judging from the remarks of the general manager of the Merchants Bank of Canada in his annual report.

that the end is nearer at hand than most people imagine. He says: "The subject of long credits given by wholesale houses to retailers, and by retailers to farmers, has been so often dwelt upon, and with so little result, that one gets weary of talking about it. Numbers of our failures can be traced to it, and a good proportion of our bank losses. During the American war mercantile credit was annihilated, and all goods were sold for cash. Since peace was restored, credit has been resumed on a moderate scale. Where Canadian merchants give four and six months, and often renew beyond that, and date goods ahead to begin with, the same class of merchants in the United States sell at thirty and sixty days, and look askance at a customer who wants a day longer. There is some solid comfort and assurance of growing prosperity in a system of business like this. One could almost wish that something might happen in Canada, which would compel all dealings to be for cash, and bring about a rational method of trading. There is nothing more mischievous in our system of credit, than the fact that it leads to such heavy accounts being carried against retailers in the books of merchants. The greater part of these are two or three times as large as they ought to be. I am well aware that the evil is intensified by the credit that English houses give. This is an evil, however, that will cure itself in time. Our manufacturing industries are largely infected by the same evil, especially that of agricultural implements. There is one striking exception, namely, the flour milling trade, which is practically conducted on a cash basis, both in buying and selling. In some other manufactures, even raw materials are bought on four and six months' credit, a very great abuse, which has led to heavy losses. Raw material ought to be paid for in cash. There is a certain movement going on among manufacturers in the way of amalgamation, with a view of diminishing competition. This movement is good if kept within reasonable bounds, though we want no great monopolies created in Canada like those that have troubled our neighbors in the United States. Competition had, however, run riot in many places, and it was time for a check to be put upon it. Legitimate competition is the life of trade, when carried beyond that it is a bane. Bankers have it in their power to remedy many of the things now complained of. Long credit manifests itself in long bills offered for discount, unreasonable amounts offered on the names of weak traders, and borrowing from banks by importers without security at all. These things are within the power of bankers to remedy." This is apparently thrown out as a hint, and a very broad one too, that unless something is done by business men themselves to abolish long credits and dating ahead, the bankers will step in and force them to do so. It would be as well, therefore, for them to be prepared for such an emergency. The banks have been heavily hit recently and have evidently come to the conclusion that although they cannot have too much of a good thing there is a material difference in having too much of a bad thing. Bankers, however, are not infallible, and shrewd business men have been heard to say that some of their recent heavy losses could have been avoided if they had applied ordinary business methods in dealing with the parties involved.

Trade papers in the United States are waging war against the system of dating ahead. The New York Dry Goods Economist handles it without gloves in the following manner. "Dating ahead is the legitimate parent of all the evils that assail the welfare of the dry goods trade. It begets over-purchases; stimulates over-production and imperfect goods; it incurs large expenses for storage, vast expenses for salesmen, and traveling expenses; it renders liable the return of many goods, and the cancellation of orders that have been received in good faith; it promotes over-trading and large risks; it makes criminals of many who are impatient to get rich; it breeds commercial derangements of every and all forms, and finally ends in lamentable insolvency. To our mind there is no argument that can be advanced that will support such a bastard policy and call it legitimate merchandizing."