

present not more than fifty per cent. of our gross sales. Therefore, by this system of insurance, we permit the sale of goods on credit to doubtful parties.

During the last epidemic of insolvencies we encouraged a false system of philosophy, whereby it became an acknowledged duty on the part of creditors to make such a settlement with the insolvents as would enable the latter to recommence business with sufficient capital to continue to buy goods, generally giving them more capital than they previously had, and encouraging them to seek for profit, not in the prices at which they sold goods, but in the reduced prices at which they could obtain them by means of compromise settlements with their creditors. By this process we encouraged the reckless traders, drove out of business the legitimate ones, and burnt our candle at both ends, until the continuous outrage upon a city caused it to deprive us of an insolvent law of any sort, and served us right too.

Our position is now that of *saave qui perit*,—save yourselves who can. If we sell goods on credit to a reckless trader we have to count upon some one else getting a preferential settlement with him and leaving us out in the cold. Yet we go on selling on credit to such people all the same, and cry to the government Hercules for aid in the shape of a law for the propagation of insolvency whenever the other fellow gets the preference. We first made insolvency a profession, then we elevated it into a science, just such a science as burglary now is in some of our cities, and now we ask the Government to allow us to divide the profits with the burglars.

If we were more careful as to the character, habits, antecedents and training of those to whom we sell goods on credit, we should have fewer disasters in our business. And if, in doubtful cases, we insisted upon proper security we should have few losses; not only so, but we should encourage instead of discouraging the legitimate trader who pays one hundred cents on the dollar, and sells his goods at such prices, and on such terms, as enables him to continue to do so. If then a debtor met with such misfortune as could not reasonably have been foreseen and provided against, we could always shew our good feeling by subscribing for his maintenance or his re-establishment in business; but if an insolvency were caused by extravagance, speculation, drunkenness, laziness or any kindred vice, we should not leave it in the power of any majority of us to encourage that party to a continued career in business. There are some of us who have reduced the provocation of insolvencies and preferences to a science; we get hold of a man who will sell large quantities of goods for what they will bring, we are careful to have only one such in a village. We take a mortgage or other security such as will cover the amount of our limit of crediting, we get his fire insurance policies made payable to us; we then encourage him to buy miscellaneous goods from others, allowing him to refer to us; and, in answer to any enquiries we simply point out the amounts of our sales to the party, without saying anything concerning our precautionary measures. When the crash comes we are paid in full, whilst the

outsiders get nothing. As, however, this sweet arrangement cannot long continue to work, and, as it is doubtful whether any insolvency legislation can be secured, is it not best to digest all these experiences and expedients and do our own work instead of asking the government to do it for us?

Well then, if ten per cent. of our customers are doubtful persons, and if ten per cent. of our sales to them are paid for at the rate of fifty per cent., then an insurance premium of one-half per cent. will insure us against loss by them. So, if we cannot trust each other for fair play at the time of the insolvency, why should we not be insured against loss at the time of the sale of the goods? It may be answered, because there is no organization for the purpose. But why can we not organize one for our own protection, just as well as the jewellers organize to insure themselves against loss by burglary? The answer to this is, because no one has propounded such a plan of insurance, and it is doubtful if the one who dared to do so were not looked upon as a lunatic.

There must necessarily be some expenses to add to the net cost of insurance, and, being an experiment, the first attempt may be a failure. To this it may be replied that the insolvency proceedings were notoriously the most expensive and the least satisfactory proceedings that ever were invented; they gave more scope to dishonesty than any other and the failure of that system was so complete as to be considered incapable of reconstruction or of amendment. The inauguration of a system of insurance against losses by insolvencies should not be a very difficult affair; it involves the consideration of several principles, none of them abstruse:

1. The premium must be paid by the purchaser of the goods, and, until a system of averages was established, it would have to be large enough to allow those who did not cause loss, to participate in the profits of the company.
2. The company would require to be subrogated to the rights of the creditor.
3. The company would require the right to examine the affairs of the purchaser whose credit was guaranteed and to be trustee of the estate in the event of insolvency, to be payee under policies of fire insurance and to hold such securities as they might deem necessary to their safety. By these organizations the expensive and unsatisfactory machinery of a bankrupt law would be rendered unnecessary; persons who did not pay cash for goods would procure insurance for their creditors, doubtful parties would be sent to the insurance company for guaranty, failing to procure it would mean "NO CREDIT," bad men would be weeded out of business, and merchants would soon so appreciate the facilities afforded them as to require the general adoption of Commercial Insurance, and it would soon be as much a matter of course as is fire or guaranty insurance. Besides which, instead of calling upon the government Hercules and squabbling over the form of assistance we wanted, we should be using our own shoulders to push our own wheels.

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SHORTENING CREDITS.

Among the features of wholesale business as at present done, there is none deserving of more attention, with a view to its reformation, than that of the lengthening terms of credit and the dating of goods ahead. Maritime province merchants are excited about West India trade and reciprocity with the States; Manitoba merchants are discussing the North-West Council ordinance which protects new comers into the territories; Quebec and Ontario business men are urgent for a Distribution of Assets measure or an Insolvency Act. But here is a matter which affects all; a growing evil, and one which extends to importations from Europe by wholesale dealers as well as sales by these to the retail trade.

Dry goods houses, as is well known, sell their wares on terms of credit which extend from five to seven months. Some boot and shoe manufacturers, as we lately showed, are relaxing their terms to a corresponding extent. [And next the hardware houses complain that terms of credit on goods which ought not to exceed four months' have reached to six. The fancy goods importers in this city are trying to restrict their credit sales to "three months from 1st of following" instead of four or five, but some will not come into the proposed restriction. And the book and stationery trade are making spasmodic efforts to get nearer to a cash basis. It would be a salutary departure if, at the New Year, all branches of the wholesale trade could agree upon a basis of credit which should do away with dating ahead and consequent overlapping of bills. We are drifting into lax methods in this respect, which must result in disaster.

"HOW HAVE YOU FOUND BUSINESS?"

"The trade of Kincairdine has been fairly active during the fall," writes Mr. Robert Baird. "There have been no failures, and our business men seem satisfied with what they have done and hope for a good holiday trade and winter business. The deliveries of grain by farmers at this point, so far, have run up to about 150,000 bushels. Add to this large sales of cattle, sheep and hogs for export and the means of circulating considerable money is apparent. The successful manufacture and sale of cheese has been a great source of revenue to the farmers of Kincairdine, Bruce, Huron, and Kinloss townships; this industry will be largely increased next year. The export trade of this place has exceeded that of any other year."

A correspondent in Nottinghamshire, Eng. writes as under, on 17th ult: Your paper is a very welcome visitor. I am sorry to see commerce so much depressed in the Dominion. I hope you will continue to oppose such a wild scheme as Mr. W. Wallace of Simcoe advocates. Flooding your country with paper money, not redeemable in gold, cannot be of any benefit.

G. W. Ames & Co., of Warton, write us on Dec. 5th: "This section of the country, depending largely on the lumber and timber business, the depression in this industry has caused a slackness in business during the past year. However, stocks have mostly been got rid of by the saw-mills, in small lots, and the output for the coming winter will be small. Our village has had a steady and healthy growth, old business men as a rule meet their engagements promptly and we have faith in the future of this peninsula."

Messrs. E. Cogswell & Co., of the Colonial foundry, Sackville, N. B., write on the 4th inst.: "Trade in our line has been fair, but not up to the average. This is partly owing to the general depression in trade and partly to the difficulty