

CASH vs. CREDIT.

One of the leading retail houses in this city, whose sales amount to more than a million of dollars annually, commenced business on the credit system. After a thorough trial during a period of five years, the proprietor announced to his customers that on and after a certain date his sales would be only for cash. Many of his customers were offended and transferred their trade to other houses doing a credit business. Still he persevered undaunted by his rapidly diminishing sales. At the end of the first year his books showed a loss of 40 per cent. on his sales compared those of the year before, yet his profits, on account of having no bad debts and the less capital required to conduct the business, were actually 5 per cent. greater than the year preceding when he sold on credit. The result surprised the proprietor nearly as much as it did those who had predicted his speedy downfall. His success has justified his theory that a retail business should be conducted only on a cash basis. Every dealer will have something to say on this subject according to his circumstances and sphere of business. Many seem to think that a long list of names on their ledgers, and the working off of a large quantity of goods are evidences of a prosperous business. These are fatal mistakes, and to such must be attributed a majority of the failures yearly occurring among the retail dealers. The giving up of the safe method of a cash business with a limited number of paying debtors, for the sake of making a show by means of a long list of names on your books, or allowing credit to all because a certain few are favored, we consider the most pernicious of doctrines. A cash business is everywhere a safe business. But, does a cash business imply that in no case and under no circumstances credit should be given? Are there not cases where exceptions can be made without detriment to the seller? Is there no line of conduct a dealer can pursue which will at the same time enable him to gratify his customers and yet protect himself from imposition? These questions have puzzled many business men, and we fear, in many cases, have been decided in the negative through fear of driving a customer to some competing house, and the hope that even if he does not pay the profits on what he does pay for will secure the dealer from actual loss. That such a line can be drawn, and a proper discrimination used in giving or refusing credits is, we think, a fact to which our readers will agree. Such cases should only be decided by each one's judgment and his knowledge of the resources of the purchaser, and the circumstances attending the case, and not through fear that unless the terms the purchaser may desire are granted the sale will be lost. The great difficulty undoubtedly is where to draw this line between cash and credit customers. The latter plan will continually bring numerous applications for goods which would not otherwise be bought, and which are not actually needed if the purchaser were obliged to pay cash. It also tends to crowd one's store with applicants examining goods and explaining their present peculiar circumstances, with their undoubted ability to pay at some future time. Many dealers will even almost force a purchase upon a wavering customer who, not being in need of the goods, would not purchase but for the "time" which the eager dealer whispers in his ear. This over eagerness to sell on the credit is the direct cause of many failures, and the merchant who sets the trap should not complain if caught in it himself. On the other hand, when credit is refused, many buyers are undoubtedly driven to other competing houses who will grant the desired "time." Yet low prices and cash sales are a good offset to numerous customers and long credit. It requires less capital, and the profits are secured. Therefore, as a general rule, we consider the less credit a merchant gives the better his business and the better prices he can obtain from the wholesale

dealer who supplies him with goods. But if caution and judgment are exercised, a certain amount of credit can be given, without detriment, to parties of undoubted honor and ability when called on.—*American Grocer.*

PENALTY—LIQUIDATED DAMAGES.—A simple and unlearned layman would have imagined that, if he entered into an agreement with another simple and unlearned layman to do a certain act or forfeit a named sum of money, he was at liberty to omit to do the act on payment of the penalty; but those learned in the law have discovered that such is not the case. The defendant in the action of *Ream vs. Wyles*, who was a wholesale grocer, agreed in writing to admit the plaintiff as a partner, or forfeit to him the sum of £500. During the negotiation for settling the details of the deed of partnership, some differences and disputes arose between the parties, and, in the end, the defendant refused to carry out the agreement or to proceed with the partnership deed. On this, the plaintiff brought his action for breach of agreement, claiming damages. The defendant then paid into court the sum of £500, the penalty named in the agreement, and thus thought himself free of all further liability; nevertheless, the plaintiff proceeded with his action, and delivered a declaration, taking the 500% out of Court. Defendant demurred to the declaration, but on argument the Court gave judgment for the plaintiff, on the ground that a penalty was distinguished from liquidated damages, and that the plaintiff was entitled to as much more than the 500% as a jury would award him, even if it were only a farthing. On this the parties agreed to refer the matter to arbitration, the result of which was that an award was made in favor of the plaintiff for a sum, it is believed, amounting with the costs, to more than double the penalty named, and in addition to it, which the defendant had received. Thus the defendant has had to pay nearly 2000% for not knowing the difference between a penalty and liquidated damages, or employing some one who did.—*London Grocer.*

UNPROFITABLE RAILROADS.—The English Board of Trade returns, published in July, 1868, show that out of 477 railways in the United Kingdom, 327 of them are paying no dividends on their ordinary share capital. These are principally short branch lines, and the total amount of unproductive capital employed in railways in Great Britain is estimated at £100,000,000.

THE NOVA SCOTIA GOLD FIELDS.—Mr. A. R. C. Selwyn, the new Director of the Geological Survey of Canada, recently returned from a month's visit to the Nova Scotia gold fields. Mr. Selwyn is said to be of opinion that the geological character of that gold region offers every guarantee for the permanent establishment of its quartz mining industry, and that intelligent and persistent search will yet lead to the discovery of paying alluvions. The yield of gold reported for the months of May, June, July and August, is 5,588 ounces, value nearly \$111,760. Many of the mines, however, report nothing for July and August, as, owing to the dry weather, no crushings have been made; and consequently, the total yield is smaller than it would otherwise have been.

The vexed question as to whether insurance brokers are the agents of the companies or of the insured who employs them, seems to have been settled, at last, by a decision of the New York Court of Common Pleas. In the case of the Cern Exchange insurance company against Henry Emmons, the evidence showed that the broker had collected the premiums but failed to pay it to

the company; and the court held that the broker, at the time of receiving the money, was the agent of the defendants, under the clause or condition of the policy disclaiming him as an agent of the company. This condition was construed as binding upon the insured and the defendants were directed to pay the premium (and costs of suit) to the company.

—The supply of fur from the hunting regions of the Ottawa is very fair this season. The following prices are obtained:—Mink, \$3.50 to \$4.00 each; Martin, \$1.00 to \$1.50 each; Beaver, \$1.25 per lb.; Otter, \$5.00 to \$6.00 each; Raccoon 15c. to 40c. each; Wolverine, \$25 each; Red Fox, \$1.00; Fisher, \$5.00.

Western Assurance Company.

NOTICE IS HEREBY GIVEN THAT A DIVIDEND at the rate of

TWELVE PER CENT. PER ANNUM,

Has been this day declared upon the paid-up capital Stock of this Company, for the half-year ending 31st inst., and that the same will be payable at the Company's Office on and after

Wednesday, the 4th day of January next.

The Transfer Books will be closed from the 20th to the 31st instant, both days inclusive.
By order of the Board,

BERNARD HALDAN,

Western Assurance Co's. Office, } Secretary.
Toronto, Dec. 13th, 1870, }

Canada Landed Credit Company.

THE Board of Directors of the Canada Landed Credit Company hereby give notice that, in pursuance of the Act of Incorporation, the Annual General Meeting of the Shareholders will be held on Wednesday, the eleventh day of January, 1871, at the Company's Office, at twelve o'clock precisely, to receive the report of the Directors, to declare a Dividend, and to elect six Directors in the place of the following, who go out of office by rotation, but who are eligible for re-election; viz:—

Hon. G. W. ALLAN, M.P.
C. S. GZOWSKI, Esq.
His Honour Judge GOWAN.
Hon. WILLIAM MCMASTER, M.P.
SAMUEL SPRUELL, Esq.
LAWRATT W. SMITH, Esq., D.C.L.

The Transfer Books will be closed on the 5th, and re opened on the 13th January.

By order,

J. SYMONS, Secretary,

22 King Street, Toronto.

December 13th, 1870.

Western Canada

Permanent Building and Savings Society.

FIFTEENTH HALF-YEARLY DIVIDEND.

NOTICE IS HEREBY GIVEN THAT A DIVIDEND of Five per cent. on the Capital Stock of this Institution has been declared for the half-year ending 31st day of December instant, and that the same will be payable at the Office of the Society,

No. 70 Church Street

ON AND AFTER MONDAY, THE 9TH DAY OF JANUARY NEXT.

The Transfer Books will be closed from the 20th to the 31st December inclusive.

By Order of the Board,

WALTER S. LEE,

Secretary and Treasurer.

Toronto, 13th December, 1870.