

But the compromising merchant by his dexterous move has effected a settlement of his liabilities at fifty cents on the dollar, so that his watches only cost him \$5.00 instead of \$10.00 as before, adding a profit of fifty per cent. we find that he can now afford to sell these watches at \$7.50 each and still make as large a percentage of profit on them as before. As compared with the honest dealer he can if he wishes sell them at exactly half his price and make the same profit as his competitor, or if he has an eye to the speedy acquisition of riches he may sell them at a profit of one hundred per cent. and still manage to dispose of them at the other's cost price. This example is based on a fifty cent settlement, which, as every one knows, is a good deal beyond the average; the smaller the composition however, the more it is in favour of the compromiser and the greater the hardship and injustice to the honest merchant who pays his debts in full.

How any merchant can withstand such competition we can hardly understand, and the wonder is that retail dealers do not complain more often and loudly than they have heretofore done.

From experience we know that they are not altogether blind to the injustice of these compromises, and we shall be very much mistaken if they do not speak out more decidedly in the future. In this connection we give an extract from a letter that was handed to us a few days ago by a wholesale house in this city, which shows that the writer had the root of the matter in him what ever was the motive which inspired the production. The extract runs as follows:

"Since I saw your Mr. ———, I was thinking of making up a small order for you, but when I considered the hardness of the times, and what we have to compete with in our town, it makes me begin to think how or what way are we to pursue. But the question can be easily answered if you will do for us as you do for our neighbours; say twenty-five cents on the dollar we can get along pretty well. You heard me say that business was on the quiet side, and was it anything to be wondered at when we have to compete with such men as you give encouragement to by letting them off at 25 cents on the dollar."

This complaint, although somewhat differently worded, is similar to fifty others we have seen or heard, and the only pity is, that it's only too true. In the case above mentioned the writer and the rest of the merchants in the same line have decided to "Boycott" every

wholesale merchant that has joined in giving their mercantile opponent the start of them by condoning his debts at twenty-five cents on the dollar.

So far as their decision is concerned, we think they are perfectly justified in their action. It is the only remedy within their power, and they would be foolish not to put it in force. If retail merchants generally would bear this in mind and act accordingly, we are strongly of the opinion that favourable, and, as we have shown, unjust compositions would be of much rarer occurrence than they are at present or have been in the past.

We yield to no one in sympathy towards a debtor who is through misfortune compelled to meet his creditors and ask for their leniency, but the necessity for such things are very much rarer than most of us imagine.

The incompetent or careless man although standing morally upon a much higher place than a dishonest debtor, is after all not one who should have any right to demand such exceptional treatment. Charity is all well enough in its place, but when we come to realize that charity, such as is evidenced by indiscriminate compromising with bankrupt debtors to the detriment of honest traders who are struggling hard to pay their obligations in full, is no virtue at all, but simply a premium upon incompetance or dishonesty, we should seriously ask ourselves the question, why should this practice be continued? As a matter of simple business it is not expedient, for as a rule the man who compromises rarely succeeds permanently.

View this matter of compositions from whatever standpoint you will there seems to be but very little in its favor, and a great deal against it, and we trust, that as it is evidently so unjust to the honest and deserving merchants who have to meet its competition, it will become very much more of a rarity in the future than it has been in the past.

A COMMERCIAL NECESSITY.

It is to be much regretted that the superabundance of political measures during the late session of our Dominion Parliament had the effect of pushing entirely out of view the pressing necessity of a new Insolvent Act.

People may differ as to the exact form which such an Act should take, but few we venture to think will dissent from the principle embodied in all Insolvent legis-

lation, viz., that when a debtor becomes unable to pay all his creditors in full, that his estate should be divided *pro rata* amongst his creditors in a fair and impartial manner.

No one for a moment would argue that our old Insolvent Act was a perfect piece of Legislation; its defects have been pointed out time and again, but we think it will be generally conceded that with all its faults it was better than none at all.

At the present time we are entirely without an Insolvent Act of any kind, and the result is that the first come is first served. Now, this is all well enough for the creditor who comes first, but it is very poor consolation for a creditor whose debt happens to be in the form of an unmatured note to know that another creditor whose debt is due is getting one hundred cents or the dollar, while the strong probability is that he will have to content himself with nothing.

As a rule the first two or three creditors, if their claims are of any magnitude, sweep all before them; for between their actual claims, costs and the sacrifice caused by forcing sales to satisfy these executions, an estate hardly ever realizes more than half its real value. The result is that as soon as one firm comes down on a delinquent debtor, the rest to secure themselves must do the same or be willing to be left out in the cold. This latter, however, is a position in which few merchants are philanthropic enough to voluntarily place themselves, and as a result the first suit is the signal for a general onslaught amongst the creditors, and means ruin to the debtor thus involved: While the existing state of things works badly for the creditors, it is equally bad for the debtor, for its working is diametrically opposed to that thorough confidence which is the source of all mercantile credit. As a rule wholesale merchants look quite as much to the honesty and uprightness of their customers as their financial standing, but the working of the present law, or rather want of law, renders it almost impossible for a merchant however honest his intentions to treat all his creditors alike should he unfortunately get into difficulties. This being the case, it is almost superfluous to say that his honesty cannot command the price in the market that it would if the law were so amended as to allow of his putting his principles into effect.

Opponents of an Insolvent Act have never tired of pointing to the action of