

appears for the moment the cheapest way out of difficulty.

ARTICLE II.

difficulties in connection with business after it has been believed that it had been got rid of for good. Dating is an English practice, transferred to Canada. Its inconvenience was felt well as here and efforts were made to get rid of it. The leading dry goods stores agreed to abandon it, but the agreement was ill-observed, departed from by two firms, and then abandoned. English wholesale houses often gave six months' credit, with a right of three months' renewal, or nine months. Dating forward subsequent renewal would make it

A credit at one end is pretty sure to make the rule for credit at the other; in other words, what the importer gets he gives. Very much inclined to give. Are we apart from renewals, larger on this than the other? If not, a shortening of credit is more difficult than it would seem to be, if the practice of two counts and not to be taken into account. Competition is keen, each competitor makes every possible bid, whether in the form of credit or otherwise, to extend his share on the market. If he gives the same amount of credit that he gets himself, he expects to lose by the operation. He dates forward, he is probably to do so from the consideration, well founded, that the goods may as well be in the customer's store as in his own house during the extra time. In spring or winter goods, they are in advance of the time at which they enter into actual consumption, and in summer time they must be somewhere. Then, if certain customers get in back, they are in no danger of going into liquidation for their purchases. Doubtful considerations such as these help to support the system of dating forward; for men in the wholesale trade, each for himself or collectively, to say whether they will constitute a justification for the practice. The Hamilton convention shows that on this point are wide-spread, doubts. We have ourselves often emphasised, whether they will lead to a lasting change of method the future alone can

say to say that too many persons are in the trade, but it is not easy to see any remedy for the evil. Of those born in the country many have a strong, some an inherited, inclination to remove to town. Note times the inclination has been universal, both in Europe and Asia. In America. With such a disinclination it is useless to quarrel. Warning is given to act prudently are the weapons for combatting the tendency, and they may do much to check it, though nothing can be done to a movement which on the lines of civilization; and it is desirable that it should be altogether but only that it be so far controlled as to move at a reasonable pace. The remedy, perhaps, is self-acting, and is now beginning to operate. The

state of the retail dry goods trade in Toronto would seem to furnish an illustration of the effective operation of the true remedy, which is found in the successful competition of a few great houses, before which hundreds of small, weak, struggling concerns have, from first to last, gone down. The public is better served, and weak houses in leading positions have no chance, because they do not combine the elements of successful competition. Such a remedy comes slowly in small towns, but everywhere it is the main reliance for improving the condition of the retail trade. The great retail houses of Toronto are in an exceptional position because they buy at wholesale, and can afford to sell for about what small competing houses can buy for; but where this exceptional advantage does not exist, a comparatively large and strong house has a decided advantage over a small and weak one. The weak concerns are necessarily the ones that go to the wall.

The stronger the retail house, the better the chance of the wholesale house getting its money. In making sales is sufficient discrimination made between the weak and relatively strong customers? Are travellers recompensed according to the quantity of goods they sell, without reference to the proportion of losses which their sales entail on the house? If so, there is room for reform here. In England some great retail dry goods houses take special precautions against loss. The counting-house partner has exceptional powers and responsibility. With him alone rests the decision whether a credit shall be given to any particular person, and his profits are proportioned to his success in avoiding bad debts. If any other partner thinks that credit ought to be given where the decision of the counting-house partner is for refusal, such partner can secure the credit being given on condition that he becomes responsible. These precautions in fixing responsibility for credits are believed to have been the cause of preventing many bad debts being made. In England, when a new creditor presents himself, it is usual to require a reference, for the domestic trade, to two other houses with which the intending customer has previously dealt, and the information obtained in this way can generally be relied on; there is little or no danger that the houses referred to will have any motive in seeing their old customer get goods elsewhere as a means of securing what may be owing to themselves. The possibility of being played false, in this particular, depends upon the status of commercial honor, in any particular country, at any particular time.

The sale of bankrupt goods is a great hindrance to the regular trade. But it is the final, not the initial, stage of the difficulty. The mischief was done when the sale to the bankrupt was made. The channels of circulation were overloaded with goods, and when the clog came the excess had to be thrown overboard. Here again we are admonished of the necessity of caution in making sales. When the figures of bankruptcy run high, when in Canada they reach about thirty millions in a year, the problem what to do with bankrupt

stocks becomes serious. Can a sacrifice be prevented? In other words, when too many goods have gone into the retail market, can they all be sold at a normal price? what is a normal price under the circumstances? If it is to be made between the wants of the buyer and the necessity of the seller, must it not, in whatever form, be a competition price? If the goods are put on the market again, they must be sold for what can be got for them. To send all these goods back to the wholesale houses would tend to cause a block-up there; and having been handled and mauled about, they would have to be sold at a reduced figure.

Altogether, the mercantile community of Hamilton is to be congratulated upon the enterprise which brought this gathering together and upon the care and pains which have carried it to a successful issue. The one danger to be guarded against is the settling down of parties interested, as if they had accomplished everything, instead of regarding the meeting as a preparation for important work yet to be done. If the plans determined upon are faithfully carried out this danger will be averted.

THE I. O. OF FORESTERS.

Some few months ago our attention was called to the fact that in various parts of the Dominion persons were being solicited to join the above Order, on the assurance that they would not only be insured for \$1,000 or more, payable at death, at very low monthly rates, but that by paying two extra monthly rates in each year the \$1,000 or more would be paid down to them, if alive, at the end of their "expectation." We examined the subject, and in our issues of Nov. 23rd and 30th last showed most clearly that in the case of a person joining at the age of 54, with an expectation of 19 years, and paying \$22.20 per annum, the ordinary death losses would consume, during the 19 years, \$304 more than he would have paid in. That is if the American Experience Table of Mortality is any guide.

Dr. Oronhyatekha, the Supreme Chief Ranger, replied through the *Independent Forester* claiming that they would earn compound interest at the rate of 5% per annum on the gross receipts, notwithstanding that he must have known, had he stopped to think a moment, that the \$1.85 a month was nearly all being paid out for death losses as fast as it came in. He asserted that the two extra monthly assessments, added to the above \$22.20, making \$25.90 per annum, would produce in 19 years not 19 times \$25.90, which would be \$492.10, but with compound interest \$828.45, from which deduct the cost of risk, \$726.27, and there was a balance, he said, of \$102.18, instead of a large deficit. And then, seeing that \$102.18 was a long way short of \$1,000, he took the bull squarely by the horns and averred that the other \$897.82 would be obtained from (1) lapses and (2) infusion of new blood.

In a second article which appeared on the 25th of January last we gave, side by side, the cost of risk in one column, and the net annual payments of the man aged

54 in another column, for 20 years. Anybody could see from that table that after three years very much more than the entire receipts would be needed to meet the death calls in his case, and that the total deficiency on the 20 years would be about \$393. That is to say, if the general experience table upon assured lives is correct, the party who enters at 54 and just lives out his expectancy will cost the society a net loss:

If he dies at 73, of \$304.00
If he dies at 74, of \$ 93.07

And then we stated, what the table made very clear, that the Order would have a small surplus on him the first few years, but that in ten years this would change to "a stiff annual deficit, growing larger the longer a member lives." Instead, therefore, of any interest accruing in favor of the I.O.F. in his case, the table proved the interest account to be heavily loaded up the other way. As for lapses and new blood, these could not yield any real profit because it is the youngest and healthiest who let their certificates lapse, as a rule, leaving the older and sickly ones on hand. All new blood brings its own future liability with it. And again we asked, how is that deficiency of \$393 to be met?

It has taken the editor of the *Forester* a good while to get up material for a reply. In his last issue appears a long letter addressed to one of the other officers, abusing THE MONETARY TIMES as if it was an enemy of the Order, instead of one of its very best friends, and also laboring to prove what has been proved again and again in our columns—viz., that all life insurance companies and societies have a favorable death rate, on the membership as a whole, for a good many years, growing out of the influx of new members fresh from the examiners' hands. Quoting half a column from our article, in which we were speaking only and solely of the man who joined the Order at the age of 54, the Doctor proceeds to waste four columns of print in pounding a mere man of straw, erected by misquoting a line from our remarks. What we said was:

"The I.O.F. will have a surplus on a member's payment of only a trifle at the beginning, and in ten years from his entry will have a stiff annual deficit to meet."

But the Doctor misrepresents the above as follows:

"Notwithstanding the statement of THE MONETARY TIMES that in 'ten years we will have a stiff annual deficit to meet,' during the last eight years there never has been a year, hardly a month, in which we did not show a substantial gain in our surplus funds."

It is very plain that he has been guilty of gross, we hope not intentional, misquotation, by omitting the words "from his entry" and thus changing the entire meaning. We never stated, nor thought of doing so, that his society, upon its whole membership, would have a "stiff annual deficit to meet" in ten years. Many new members rushed in, as they are now so rapidly being rushed in to that society, will of course produce a temporary surplus upon the whole, even though there may be a very stiff annual deficit on those