

italics is affirmed by the *Grocers' Bulletin* of the grocery trade in particular, and we should be sorry to learn that the saying is true of all trades in the States. But in groceries, that journal declares, that "from competition in prices and qualities, jobbers have gone to competing in the liberality of their credits, so that the former universal thirty-day limit has well-nigh disappeared in favor of extensions to sixty and ninety days, and often to four and six months." It further appears that across the lines, in quoting prices the extent of time allowed on purchases has become an essential item. The retail grocer finds Mr. A. asking two cents a pound more for the same line of teas than Mr. B. But here is the set-off—Mr. A., while quoting the higher prices, gives longer time than Mr. B. The country merchant is thus encouraged to pay the higher price by availing himself of the longer time, a sort of double edged transaction, which not only cuts into his profits but increases his business risks, by rendering him more apt to give as well as take credit, and to be less careful in collections.

Consideration of this matter leads the *Bulletin* to condemn in unmeasured terms the system of open account, and to advocate in place of it the system of closing all transactions by note. The present plan of open accounts is declared to be an extensive and disastrous trade evil. Several Chicago jobbers made an effort to test the question by insisting on the settlement of all time accounts by note. All prices were quoted net cash (or ten days) and interest was charged on all time bills. It was contended that the risks to both jobber and retailer were thereby greatly reduced. The cash buyer would be given his due advantage, while the credit purchaser, being required to give his note, would be more disposed to limit the time of payment, and also more anxious to pay promptly at maturity. The experiment was unpopular in Chicago, we are told, because its purpose was imperfectly understood; and retailers, as a consequence, regarded a request for settlement by note as a reflection upon their responsibility and of the nature of an insult.

Illinois country grocers are probably not more sensitive than Canadian ones to any imputation upon their solvency; for we have known of many storekeepers in Ontario who "flared up" indignantly upon being required to close their accounts by note. Still, there are a good few who are shrewd enough to perceive the fitness of things, and who can perceive it to be to their advantage, as well as to that of the wholesale dealer, to establish a cash basis, and thus to avoid the canker of interest in their accounts. The saving to the wholesaler, on

his side, is that it simplifies his bookkeeping, lessens his risks, and enables him to sell cheaper.

### POLITICAL ECONOMY.

We are interested in learning that there is in preparation an American work upon political economy, to be named the "Cyclopedia of Political Science, Political Economy, and the Political History of the United States." A nation which is growing in productive power and wealth as fast as the United States, does well to give attention to the principles which underlie all national growth. It is perhaps not too much to say that the working classes of the American Republic can boast a higher degree of intelligence than any European country, Prussia alone excepted. But it is very probable that the knowledge, even of the American artisan, of the true relations of capital and labor, the proper function and value of currency, and the like, is very superficial, and that, therefore, his mind is open to the plausible harangues of communistic demagogues. The specious arguments of the "Greenbackers," the seductive voices of Kearneyism, and the wide-spread notions of Grangers, must have unsettled the minds of many and rendered needful the diffusion of sound views on economic subjects. The forthcoming volume will be of decided value, if one may judge from the names of contributors to the first volume, now in the press. Among them we find David A. Wells, Horace White, Horatio Burchard, Director of the U. S. Mint; John J. Knox, Controller of the Currency; Edward Atkinson; Ex-President Woolsey; the editor of the *Public*—Mr. Grosvenor and the editor of the *Iron Age*—Mr. Weeks. The work is to be edited by Mr. John J. Lalor, who has secured, in addition to the American writers named, articles from European statisticians.

Political economy is a broad science, at least it is so in the estimation of certain European economists, who are not content to be confined to dealing with the accumulation and distribution of wealth, but extend their enquiries into the principles of government. This, however, it seems to us, belongs properly to the domain of general politics, which includes the science as well as the art of government. It may not be amiss to give a definition of political economy as stated by a Scottish authority. Its principal topics are pronounced to be—"1. The definition of wealth; 2. of productive and unproductive labor; 3. the nature and measures of value; 4. the rent of land; 5. the wages of labor; 6. the profits of capital; 7. the results of machinery; 8. the circulating medium, or currency; 9. the nature and

conditions of commerce, or exchange of commodities."

One of the articles in this first volume is upon Clearing Houses, by Mr. H. D. Lloyd, the financial editor of the *Chicago Tribune*. It states an interesting fact which is not generally known, that while the United States has twenty-eight clearing houses in operation, there are only six in all the rest of the world; three in England, one in France, one in Austria, and one in Australia. The article embraces an interesting table, showing the earliest reported clearings for a full year of all the clearing houses of the world, their highest clearings prior to 1873, their lowest clearings, and the exchanges for the year 1880. Respecting the usefulness of these records, the article says:

"Not less important is the effect of the publicity given, especially in America, by the clearing house returns, which are published daily in most of the cities. Every week a summary of the statements of the American clearing houses that make reports is prepared, and telegraphed, with explanatory remarks, over a large part of the United States by the Associated Press. These statements are looked for by business men and capitalists with as much interest as the weather reports. They are financial weather reports. This work of collation and explanation is done by Mr. Wm. M. Grosvenor, editor of *The Public*, of New York, whose statistical genius was the first to see the application that could be made of these representative figures, which reflect the changing conditions of business as closely as a barometer measures the pressure of the atmosphere. Bank clearings at London, New York, Chicago and elsewhere, rose with the swelling tide of prosperity before the crash of 1873, sank with the industrial ebb that followed, and are now steadily rising all over the world. Mr. Grosvenor's weekly and yearly analyses of the American clearings show that they register the growth of cities, the rise and fall of speculation in stocks at New York, of grain at Chicago, and of cotton at New Orleans. Clearings are affected by such episodes as the gold speculation in New York in 1869, with the collapse of Black Friday, and the yellow fever in Memphis in 1879. Extraordinary winters like that of 1880-81, the cessation of navigation on the American lakes, the approach of the holidays, the condition of the money market and of general trade, such a shrinkage of prices in merchandise and stocks as took place in the spring of 1880, all these modify the figures of the clearing house. Declining yield in the great bonanza mines of Nevada, affects the clearings of San Francisco; and a break in wheat, like that of December, 1880 the clearings of Milwaukee. Pittsburgh clearings show the recovery of the great iron industry. The wheat corner at Chicago increases the clearings of July 1st, 1881. When stock speculators, to produce a break in Wall street, flood the country with rumors of disaster to all business interests, the weekly reports of rising clearings disprove the false assertion, and act a great part in the maintenance of confidence."

The cities in the United States possessing clearing houses are: New York, Boston, Philadelphia, Chicago, Cincinnati, St. Louis, San Francisco, Baltimore, New Orleans, Pittsburg, Louisville, Milwaukee, Providence, Kansas City, Cleveland, Indianapolis, New Haven, Memphis, Worcester, Syracuse, Lowell, St. Paul, Norfolk, Portland, St.