

The Commercial

WINNIPEG, JANUARY 10, 1893.

FARMER VS. IMPLEMENT DEALER.

One of the evidences of close times among farmers is the number of letters appearing in the papers, setting forth various complaints, and one frequent subject of complaint is the implement man. A point which is generally dealt with in these letters is the duty upon implements imported into Canada, amounting to 35 per cent. This seems to be a heavy tax upon the agricultural interests, and from the standpoint of the farmer, there is nothing to be said in its favor, though it must be understood that the duty does not increase the cost proportionately. The interest of the farmer is to buy his implements as cheaply as possible, and he is not supposed to look beyond this. Looking at the matter from the standpoint of the manufacturer, however, the case is a very different one. The Canadian manufacturer is shut out of the United States by a duty considerably in excess of the duty on farm machinery imported into this country. It would therefore be a very one-sided arrangement from the manufacturers' point of view to open his market to the competition of United States manufacturers, while he is shut completely out of the latter country. Canadian manufacturers of implements could not live a day under such conditions. The manufacturers of the United States have a very large market, and their season for making sales is very much longer than here. The United States manufacturer begins in the south to sell his goods, and follows the trade north as the season advances. His trade opens in the extreme south, and closes some months later in the north. Now, if the Canadian market were opened to competition from the United States manufacturers, the result would be that their trade for the season would close in Canada. They would have all the season to themselves in their own country, and when the season opened here they could step in and slaughter whatever goods they had left over, and they would slaughter them rather than carry them over. This slaughtering we may say would benefit the Canadian farmer, and if the latter were producing for export alone, it would be all right. But the home market is the most valuable one to the farmer, and the destruction of home industry would injure the home market. THE COMMERCIAL would like to see the implement duty removed on both sides of our southern boundary, and give the manufacturers of each country a chance to compete upon something like an equal basis. Even under this condition, the United States Manufacturers would have the advantage, as they are already established over a much larger area of country, and are prepared to manufacture for a larger market. Still, we believe the Canadian manufacturers would be able to hold their own, as they now do in foreign markets, where they compete on equal terms with United States makers. The question of the superiority of United States over Canadian machinery we believe is more sentimental than real.

Another matter of special complaint is the

interest charged by the implement men. The dealers have been in the habit of charging 10 per cent. and upward upon overdue notes. Twelve per cent. is the rule we believe. The rate of interest upon notes until due is 7 to 8 per cent., which is not out of the way as interest rates go here. It is the interest upon over-due paper which is the cause of complaint. No wonder farmers grumble at being obliged to pay such a rate of interest. It would mean bankruptcy to most business men. But in defence of the implement men, it may be said that they would no doubt rather have their notes paid at maturity, than receive the increased interest rate for over-due paper. A note should only be given with the clear understanding that it will be paid at maturity. No person, business man or farmer, should give a note unless he is very sure it can be met. Most farmers would no doubt prefer to pay even 12 per cent. than have proceedings taken against them immediately on the maturity of every note, and really the latter course is only considered good business principle. The trouble is, people in this country go into debt too freely and regard credit as a thing of endless duration. This custom is wrong, and is the cause of endless trouble. The implement men claim that if they did not charge a heavy interest after maturity, their notes would be allowed to stand indefinitely, or until other claims were paid. If dealers were prevented by law from charging an increased interest after maturity of notes, they would no doubt be more prompt in taking steps to enforce payment on maturity. A note is an obligation to pay at a stated time, and the maker should pay. An extension of time is a favor which should not be asked for if there is any possible way of avoiding it, and it should be paid for when granted. The people of this country, farmers and others, have had an exceedingly bad education in the matter of credit business. They have got into a free and easy way of buying on credit and putting off payment, until they have come to believe it is a hardship to be pressed to pay notes and accounts. They seem to think that the creditor should be satisfied with their good intentions to pay some day. What we need is a little sharp education in the direction of better business principles. Implement men, like other business people, have obligations to meet, and what they want is the money, and not the increased rate of interest after the maturity of a note. The increased rate of interest is no doubt insisted upon partly to induce farmers to be prompt in meeting their notes. If they would take a more active way of compelling the payment of notes, we believe it would be better for some of their customers in the long run.

Another complaint is that the implement men force their debtors to give chattel mortgages. No doubt they do, and they are wise in so doing in most cases. It is only good business principle to take all the security you can get, when there is any doubt about the ability or honesty of the customer. We do not think, however, that the implement men, as a rule, have been unduly harsh in taking advantage of any such security held by them. One large company makes the claim that it has never closed a chattel mortgage or sold out a debtor under execution, excepting in cases where the

debtor proved himself dishonest, or in cases where action had been forced by proceedings taken by others.

The implement men are charged with pressing business too much, and inducing farmers to buy articles they do not require. There is truth in this. THE COMMERCIAL has previously claimed that there is altogether too much liability incurred for implements. The annual sales of implements are out of all proportion to the agricultural production of the country, and form entirely too heavy a charge upon the latter. If a merchant spent 25 per cent. or more of the amount of his total annual sales (not profits mark) in new shop furniture every year, he would be bound to fail sooner or later, the time only depending upon the amount of his surplus capital at commencement of business. How, then, can we expect the farmer to succeed who spends this percentage or more of his annual income from crops in implements, yet the sales of implements show that many farmers must do this. THE COMMERCIAL believes it would be better for the country if the implement men were less active and energetic as salesmen, but they are not perhaps more deserving of censure on that account than are men in other lines of business. The commercial traveller goes out to sell goods, and he frequently succeeds in so overloading the merchants that assignments are the result. The implement agent also starts out to sell and does sell a great many articles, which, were his customers wise, they would not purchase.

Still another charge against the implement men, and one coming principally from retail merchants and other creditors of the farmers, is to the effect that the implement dealers, by their vigor in collecting, succeed in getting more than their share of the money going. THE COMMERCIAL has also made this complaint against the implement men in times past, but we do not blame them for it. If they get a larger percentage of the money than others, it simply proves that they have a better system of doing business. They show good business sense in trying to keep up their collections. If they attain a greater degree of success in this respect, they deserve it. Some implement men however, deny that they are more successful in collecting than others. One dealer says "there is not a dealer selling implements retail in Manitoba who will collect more than 50 per cent of their customer's paper which will mature during the fall and winter of 1892-3, and he believes that 40 per cent will be nearer the mark."

The implement trade, in a country so purely agricultural in its character as Manitoba, is a very important feature. The farmers cannot get along without implements. Where so many of our settlers come in with limited means, more or less credit business is necessary. A writer in defense of the implement dealers has said:—

"If the average settler in Manitoba and the Territories were compelled to pay cash for his implements the acreage under cultivation would not be one-half what it has been under the much abused credit system, and if manufacturers of implements would refuse to supply necessary binders, twine, etc., on credit during 1893 hundreds of thousands of acres of crop would never be harvested."

There is a great deal of truth in the above. At the same time THE COMMERCIAL is convinc-