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# Outlook for Commercial Credits

***Present Condition of Prosperity is Temporary, and Explains Excellent Condition of Credit Accounts — Legislation Places Bank and Commercial Credits upon Different Footing — Need for a Thorough Examination of Advances on the Part of Commercial Houses***

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In no sphere of human endeavor is the problematical effect of the advent of world peace causing more concern among those who are best informed than in the matter of commercial credits. The vital part of every business is the credit end. Salesmanship is of prime importance, of course, but the tendency (only human) is for the salesman to make the credit standing of his customer subservient to the (to him) all important matter of selling his goods. It is the duty of the intelligent, modern and capable credit man to say whether or not a particular customer is entitled to the credit asked for. The loss of even a few thousand dollars a year by reason of the pursuit of lax credit methods makes a big hole in net profits.

This cardinal point is overlooked by alas too many managers of large business houses to-day, and the average credit man is not equipped with proper tools to do his work, while his brother in business, the salesman, is too often treated lavishly by comparison.

For the past several years the matter of the extension of credit by wholesalers, jobbers and manufacturers has been given scant consideration by them. The fictitious prosperity existent throughout Canada and the United States is caused in the first place by inflated prices. The farmer is receiving comparatively speaking fabulous prices, in real money too, for his grain, garden truck, cattle and hogs. In turn he is to-day paying the local retailer in cash for his purchases, and the latter in turn is paying off the jobber and wholesaler in most instances promptly and in cash.

In the second place the wage-earner is earning much higher wages than ever before in the history of the world; this is true with some classes of workers, even after taking into consideration the decreased purchasing power of money. He is buying in his turn more extensively than at any other period in our history. The savings bank deposits were never as large as they are to-day.

In fine, the enormous amount of money raised by all the governments in the world, and, in the case of the United States and Canada being spent within the confines of these territories for the purchase of purely war supplies for Europe, has created what appears to-day to be country-wide prosperity, but what in reality are fictitious, unsound and temporarily favorable credit conditions.

Under such circumstances those who control credits, with the possible exception of the bankers on whom the burden of war financing has largely devolved, need not have been possessed of any extraordinary amount of financial prescience to keep their accounts in apparently excellent condition.

What effect then will the cessation of hostilities have on the general abnormal prosperity of the country? Will prices and wages fall or rise, and whichever the result, how will the credit fabric be affected?

Without entering into a detailed discussion of the matter, as our subject is essentially the granting or withholding of credit and not economics purely and simply, it is common knowledge that those in the best position to judge of these matters—bankers and financiers—with one accord not only believe but by dint of repetition have tried earnestly to warn the entire country that we are undoubtedly in for a protracted period of hard times during the process of reconstruction of the world fabric. Taxes will be enormously high for years to come. Skilled labor which has been occupied almost exclusively in manufacturing war supplies, will perforce be compelled to look elsewhere for employment, and this condition will not be improved but rather aggravated by the necessity of restoring huge numbers of returning soldiers to civil life. Wages of labor must out of necessity decrease as well as the prices of the staples of life, with the over supply of the former and the diminished demand from Europe for the latter.

Storm signs have been constantly hung out during the past year by financial and responsible men of affairs. Wholesalers and manufacturers have been told that accounts that are even a little slow now will be absolutely bad when that time arrives. Yet what is being done to minimize resultant loss? Are the dispensers of credit fully alive to the true condition of affairs? In the main, it seems to me that they are on a parallel with the old sourdough who makes fabulous money during any particular mining boom,—he cannot see an end to his afflu-