

THE CANADIAN DRY GOODS REVIEW

VOL. I.

TORONTO, MARCH, 1891.

No. 3.

THE DRY GOODS REVIEW

THE ORGAN OF THE CANADIAN

Dry Goods, Hats, Caps and Furs, Millinery and Clothing Trades.

Published Monthly by

THE DRY GOODS REVIEW CO.,

8 Wellington St. West, Toronto.

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LENGTHENED CREDITS.



BOTH wholesalers and retailers, since the issue of our last number, have been pressing upon us the absolute necessity of doing everything possible to remedy the giant evil of lengthened credits. It is generally felt that, unless some effective measures are adopted soon in this direction, the result will be most disastrous to all concerned. Merchants in Great Britain and the United States are confronted with the same evil and are valiantly fighting to overcome it. In our own Dominion the evil is intensified by the keen competition of foreign houses, and the jealousy between Montreal and Toronto houses. The other day, while conversing with one of the most cautious and experienced men in the trade on the subject, he gave utterance to the following practical views, which

we commend to the careful consideration of our readers: "Over-production in textiles resulting from the effect of the National protective policy gives too early deliveries which lead to a certain class of retailers continually fighting for earlier shipments or better datings. The very keen competition resulting from rival influential firms which started between 1884-6, and the keen competition from Glasgow, Manchester and London warehouses have caused the laxity in dating now prevailing to some extent, as well as the Montreal terms, where sorting bills are often shipped as spring in November, and at six months, while the usual Western trade is four months. The

present dating custom causes an unduly large amount to become due 4 Jan., 4 Feb., 4 July, and 4 August, whereas comparatively little matures in Oct., Nov., Dec., the best collecting months in the year. It is an unkindness to many deserving and well-intentioned men of limited means and experience to grant such credits, and the result is seen in the failures of one in every 45 traders in Canada, whereas in the States they have only one failure in every 102 people in business. The Merchants' Convention held in Hamilton in 1889 complained that credit was too cheap and accused the wholesale trade of starting too many men of limited capital in business for the sake of their opening order, thereby increasing the competition, and these stocks when thrown on the market irritate trade and harass more solvent and competent merchants. The transport facilities have so increased in Ontario that speculative orders need not now be placed by retailers. The farmer gets cash for eggs in March, April and May; for butter and cheese from June to October; barley and wheat from September to December, and lumbering operations circulate cash in other sections from November to March. Consequently storekeepers should not require such long credits as they had twenty years ago, as they can buy in cut lengths and smaller quantities, and oftener, and thus get a large assortment of fresh new goods for little money from the numerous and expensive army of travellers, and they need not carry heavy stocks. The more sensible retail merchants do not wish early deliveries, and the present mode is apt to overstock the incompetent man by tempting him to over-buy early when he hardly knows what his trade demands."

The Dominion Cotton Mills Association, which is a new feature in the trade this season, appears to occupy a similar position to the Sugar Refiners. The latter are combined to protect their own interests by regulating the price of granulated sugar, and wholesale grocers cannot sell at any other than the prices fixed by them. The Dominion Cotton Mills Association in the same way can regulate the price of grey cottons. They will practically be about the principal creditor of each wholesale house and have large powers in directing for weal or woe a considerable part of the dry goods trade in the Dominion. The full scope of their operations is hardly yet realized. Meantime let us see if some understanding could not be arrived at between the wholesaler and retailer as to shortening credits. The terms on grey cottons have been reduced somewhat to the wholesale trade. Warps, yarns and bags are now usually sold nett, 30 days, but the amount of these items in some orders is so small that they are run in and averaged with 3 and 4 months' goods at the end of the month. Could they not be sold at closer prices and for nett cash, 30 days, and so make nett goods such an important item that they would form a settlement by themselves and not be run in and averaged? Then sell all other Canadian domestic manufactures at mill terms thus: Colored cottons at 3 months, and woollens at 4 months, and at mill datings, say 1st March, and 1st September, and give imported goods only 1st April and 1st October. The dry goods men will be forced sooner or later to some such plan from the action of the wholesale grocers. They should not, however, make the same mistake the grocers did and reduce both terms and discounts at the same time; these touch two different sets of customers and both classes were irritated. If the mild changes suggested were made it would help greatly in enabling the dry goods men to get their pro rata share of cash; it would affect a limited number of retailers only; Montreal merchants, who are reasonable enough, would join with Toronto and the West on domestic goods, and by and bye terms might be assimilated on imports.