THE MONETARY TIMES, AND TRADE REVIEW.

TORONTO, CAN., FRIDAY JULY 6, 1877

THE COAL TRADE.

Coal, in the United States, whence a large part of Canada draws its supplies, has recently touched a lower figure than has been reached for years before. All attempts to restrain production with a view of obtaining monopoly prices, have failed. Combinations among the great mining companies dissolved before the force of competition. The reduction in the price of coal is partly due to the same cause as the fall in prices generally ; and it is not likely greatly to rise till a general rise in prices comes round. Still present prices imply a sacrifice and cannot long be counted on to continue, though for a while they may become somewhat lower. In Pennsylvania, the fate of the working miners, always dismal enough, is rendered harder by the low rates paid for their labour. It is doubtful whether the capitalists gain by this oppression of labour. No doubt the cheapness of coal is a condition of success in many manufactures for which it supplies the motive power. It is the true interest of the United States that coal should be produced at the lowest figure consistent with a fair remuneration of the capital and labour employed in its production. That either is now adequately rewarded we are not authorized to assert. Within a year or two there has been an aggregate decline in the shares of certain coal companies to the amount of $10,000,000.

Canada is reaping the advantage of the cheapness. There have been attempts here, as on the other side, to keep up prices by combination, undertaken at the instance of parties below the line, who had themselves failed in those very attempts to check competition which they recommend for trial here. Cheap coal is as good a thing for us as for the Americans. It is desirable that a living profit should remain to dealers, otherwise a reaction may, for a while, send up prices abnormally high. Coal consumed here, is said to cost now, by the time it reaches Oswego, about $3.40 gold, and nearly four dollars by the time it reaches Toronto. The waste, on the way, by theft or otherwise, is set down at from five to ten per cent. Both exporters and importers are interested in finding out the cause of this waste. If it arises from theft, shippers ought to be made responsible for it. The price, in the opinion of some authorities, will probably still further decline. At present prices, the mining companies are doing a losing business ; but, with the stocks on hand, the present rate of production, must, in the opinion of the *Engineering and Mining Journal*, cause a further reduction of price, should the companies not agree upon some new line of procedure. Buyers have as heavy stocks as they can carry, and a further decline may come without regard to the cost of production. The mere announcement of auction sales has had the invariable effect of checking regular business. The war between producers has reached the East, and a Springfield paper announces offers to sell at a rate which implies a decline of $2 per ton, in the retail price. The mining companies, after filling the yards of dealers, have gone out of the way to reach consumers direct. But if the dealers are unable to sell, the companies will feel the effect in the shape of protssted notes. The war may bring about a combination among producers, in the shape of a pool. In any case, selling below the cost of production is too abnormal a mode of doing business to be lasting.

WHAT IT COSTS TO SELL GOODS.

It cannot well be doubted that there are business houses in Canada who do not know how much it costs them to sell their goods, and who, therefore are unable to tell whether they are making or losing money. Some there are, who content themselves with aiming at a certain per percentage of gross profit, while omitting the very essential calculation as to what percentage of that gross profit must go for business expenses ; or if they consider it all, give but a rough guess at it. The result of such loose guessing is often to land a merchant in difficulty, as much to his own astonishment as that of his friends. A business, to be successful and enduring, must be conducted with some regard to the proportion which its expenses bear to its extent.

We have before us some letters and memoranda from wholesalers in different lines and cities, bearing upon this point ; and their testimony is singularly uniform in the direction of proving what we are convinced is the case, viz : that wholesale men do business at a ratio of expenses, that some who bear the name are not aware of.

A dealer in hardware, who likewise acts as agent for European houses, reaches the conclusion that in his business a profit of six per cent upon the cost *laid down*, of his goods, is necessary as an average to cover rent, salaries, travelling expenses, interest and bad debts. A wholesaler of fancy goods finds that it costs him from seven and a half to nine per cent upon cost in Canada of goods, for business expenses; the expense of travellers alone being from four to four and a third per cent. As to groceries, we are told that a normal rate of expense is considered to be two and a half per cent without bad debts, and five to seven per cent including them. A hardware house declares that "in these times it takes nearer ten per cent than anything else to cover expenses and bad debts ; but in better years it can be done for a third less."

Amongst the dry goods trade, we are told of old and carefully conducted houses whose goods cost them to sell, after being duty paid and delivered in warehouse, eight and a half to nine per cent. One whose turn over in a certain year was $750-000, expended $67,000, or nine per cent in partners' and business expenses and bad debts. And there are firms whose trade costs even more than this to conduct, although, on the other hand where supply accounts are numerous, the relative expense is lessened. Houses which do not employ travellers, and whose business is managed with experienced skill, find it impossible to reduce their percentage of expense below seven. A gentlemen who has spent a life time in the trade, expresses the opinion that a well conducted dry goods wholesale trade requires at least six per cent to cover business (aside from personal) expenses, depreciation and bad debts. This he regards as the normal figure—if more be incurred, there is either too little trade or too much expense. This is apart from interest on capital. A boot and shoe manufacturing firm state their estimate of the cost of selling their goods at eight and a half to nine per cent of the sales, not including in this interest on capital, which would make it ten. Of this they allow four to five per cent for travellers ; one and a quarter in good years, but in the present year two and a half per cent to cover bad debts. Of course there