

ACCOMMODATION PAPER.

The failure of James Campbell & Sons, Wholesale Stationers and Booksellers, of Toronto, although affecting only their line of business, is one of the most disastrous and far reaching in its effects that has ever occurred in Canada. The amount of liabilities is placed at about \$800,000, and from present appearances it would seem that the unsecured creditors will not receive more than ten cents on the dollar, if they are lucky enough to get even that. The worst feature of this failure, and the only reason why we go out of our usual course to moralize upon what concerns another line of business almost exclusively, is that most of the disaster attendant upon this failure will result from the fact that this concern, which has been financially rotten for years, has been bolstered up by accommodation paper obtained from their customers. The result of this system of financial juggling is that the assignment of this firm alone will probably be the immediate cause of the failure of some sixty of those customers who had sufficient confidence in their integrity and sound business standing to put their names to paper merely to oblige them, and for sums they never owed, and that the accommodation paper discounted by them will aggregate nearly \$100,000.

A more practical comment than this upon the folly of any merchant ever giving accommodation paper it would be hard to imagine, but we very much doubt whether this warning will deter merchants from asking and granting such dangerous and unbusiness like favors.

It is a well known fact that a good many firms are in the habit of getting notes from their customers for which no value has ever been received, and thus bolstering up a rotten business, long after it has become practically bankrupt. When the after clap comes and the firm is declared insolvent (which, in fact, they may have been for months or years previous), people read the list of victims of this kite flying system and say they have their sympathy. If they were bluntly told that they had been a parcel of fools, and that the result was but a certain consequence of their own folly, it would be but the truth, and probably do these victims of misplaced confidence more good than the pleasant but misdirected sympathy of which they are generally the recipients.

"But," says one of the victims, "al-

though we know well enough that it might be dangerous, we couldn't very well help it; the wholesale house with whom we were dealing asked us to give them our note as a favor, and as we sometimes require favors ourselves from them, could not refuse, although we know well enough we had never received value for it; besides, they assured us that it would never trouble us, as they would take it up themselves when due." A more absurd argument than this, when you come to analyze it, could hardly be imagined, for in the first place none but a weak house would ever ask or require to use accommodation paper. The very fact of a house being compelled to ask their customers to lend them their names on which to raise money, ought to be proof positive of its financial weakness, and in itself the very strongest reason for refusing it. It is true they may take up the note at maturity, so that their customers are never troubled about it at all, but this apparent security and freedom from risk only makes the danger greater by inducing recklessness on the part of the dealer, who argues that if he can put the wholesale house he deals with under an obligation to him by so "cheap" a favor as simply signing a note, it cannot be a bad investment. When the assignee is in possession of the estate and the dealer is officially notified by the bank that they look to him for one hundred cents on the dollar for the amount of his accommodation note, he begins to realize that he will have to pay pretty dearly for his whistle, unfortunately for him the knowledge came too late to be of practical use to him, except as an experience not to be repeated.

The ease with which wholesale dealers in fair credit can discount even inferior paper, is often a great incentive for unfortunate or unprincipled men to make use of their friends and customers by obtaining notes to be used in this way, but the danger would be greatly lessened if all the retail dealers could be brought to understand and believe, that with the aid of a financier with plenty of cheek and a judicious use of accommodation paper, a business utterly rotten to all intents and purposes can be floated on for years. In the end it must go down in the maelstrom of bankruptcy around which it has been so long circling, but until the crash comes it presents to the unthinking outsider a fair but deceitful appearance.

Our advice to all dealers, whether wholesale or retail, and we cannot too strongly emphasize it, is to have a watchful care with whom you deal. Especially in this matter of accommodation paper, rest assured that a house that has to ask for it is a weak house, and should either be avoided altogether, or dealt with on hard business lines. In conclusion, we offer as a maxim to all traders, "*Never give your paper to any firm, unless you owe them the money and have received value for it.*"

Selected Matter.

WHY BUSINESS MEN FAIL.

Let me give your readers, says a correspondent of the *United States Economist*, the benefit of the replies I have received from leading men of our country to the question, "What in your observation have been the chief causes of the numerous failures in life of business and professional men?"

Governor St. John answers: "Idleness, intemperance."

Alexander H. Stephens answered: "Want of punctuality, honesty and truth."

Hon. Darwin R. James answers: "Incorrect views of the great end and aim of life. Men are not contented to live plain lives of integrity and uprightness. They want to go ahead too fast, and are led into temptation."

President Bartlett, of Dartmouth College, names as causes of failure: "Lack of principle, of fixed purpose, of perseverance."

President Eliot, of Harvard, replies: "Stupidity, laziness, rashness, and dishonesty."

Dr. H. M. Dexter, of the *Congregationalist*, answers: "1. Want of thoroughness of preparation. 2. Want of fixedness of purpose. 3. Want of faith in the inevitable triumph of right of truth."

Anthony Comstock's answers are: "Unholy living and dishonest practices, lust and intemperance, living beyond one's means."

Mr. H. E. Simmons, of the American Tract Society, replies: "Fast living, mental, spiritual, and bodily; lack of attention to the details of business."

General O. Howard answers in substance: "Breaking the divine laws of the body by vice, those of the mind by overwork and idleness, and those of the heart by making an idol of self."

Professor Homer B. Sprague, of Bos-