PRICE CUTTING AND FAILURES

Some anxiety is being manifested by bankers and financial authorities lest the so-called "wave" of price cutting should bring with it some business embarrassment. There is always danger of this kind in every deflation movement because of the fact that as inflation proceeds the margin of protection to the business community against ill-advised or speculative operations is greatly narrowed. When prices are steadily advancing from month to month it is difficult indeed for a business establishment to "go wrong" if it is guided by elementary principles of sound judgment. By buying steadily and unloading promptly it gets the natural advantage which comes from rising prices even if it obtains no other earning. This is undoubtedly true of a considerable number of business houses at the present time.

Our contemporary The Journal of Commerce says:

It is, however, necessary to remember that when real price recessions come they will necessarily mean hardship. The most serious sufferings will be inflicted upon those who find themselves overstocked or with large commitments. Such houses necessarily have to pay the penalty of their unwisdom by seeing their capital eaten up to cover the loss on their goods. Others, however, will suffer from the fact that even with the best of judgment and the utmost of skill on their part they will find the trade overcrowded. In many lines of business the number of establishments is to-day undoubtedly larger than is warranted. As prices recede and as a higher degree of skill is called for in the attainment of business success some concerns will find themselves crowded out. Declines in prices will cancel the small margin of profit which was all that their ability or good management enabled them to gain, while other concerns which were better managed or enjoyed a larger patronage will succeed in holding their own in a much more permanent way. There is nothing new in this condition of affairs, but it is a situation which has been noted during former periods whose characteristics resemble those of the present.

There is no use in treating the obvious and visible signs of contraction as if they were indicators of disaster. Bankers and others have been insisting upon contraction in not a few lines as an absolutely necessary concomitant of returning soundness. There has been much truth in these arguments, yet they sound hollow when those who put them forward begin to object and hesitate about the practical application of the very remedies which they have advocated. There is every reason why the banker should endeavor to carry his customers, small and large, to the ultimate point of safety and conservation, and every reason why he should endeavor to support present conditions and should regret business changes, consolidations or retirements.

HOW MUCH TO KNOW

How much must I know about life insurance before I can attempt to sell a policy?" This question was asked, says the New York Life Bulletin, of one of our agency directors by a young agent who, after a couple of weeks' study of his supplies, had discovered that there was a heap yet to learn. The young man had a conscientious fear lest he might give some client the wrong data. His agency director answered him as follows:

"It is necessary for you to know three things:

"First, that if your friend, William Jones, has a policy in force with the company and William Jones should die, his beneficiaries will get the money immediately.

"Second, that if William Jones has no policy in force and should die his beneficiaries would get nothing

"Third, that while every one must die sometimes, no one knows just when that time will come —nor does any one know just when he will be unable to secure life insurance.

"Those are the fundamental things you ought to know.

"Then, you need to fill your mind so bursting full of these great truths that you won't permit your friend or acquaintance to leave his loved ones unprotected for a single day nor for a single minute, if you can help it.

"Pursue this text from day to day with earnestness. It will bring you into contact with other questions that will certainly broaden and deepen your knowledge of life insurance and what it is doing for men and women everywhere. Look out, however, for one thing. Never let your knowledge of the details or incidentals of the business become so great as to obscure your clear vision of the three fundamental truths just enumerated. The question 'Is William Jones protected by life insurance?' will always be of vastly greater importance than the question 'What form of insurance does William Jones carry?'

"Be assured too that wherever people 'live and move and have their being' the number of men and women uninsured is so near inexhaustible that you'll never have any trouble on that score. Get that fact firmly fixed in your mind."

The agent acted promptly on these suggestions and quickly became a regular producer and has never lost sight of the three things he ought to know in order to sell life insurance properly.