

or in exports, the greater the sacrifice is that it must make in the price of its exports, at the risk of embarrassing its own currency by the transmission of bullion. If it limits its imports from the creditor country by high duties, it is put, in a less degree perhaps, under the same disadvantage. An indebted country must, in short, pay in money or goods, either by a direct exchange or by an arbitrated exchange, which, as all economists know, is simple or compound. But the loss cannot be escaped."

The disadvantage under which a creditor country is placed is further insisted on: "The essence of the trade between a creditor and debtor country is that the advantage to the debtor country is narrowed on the whole of its transactions, because the control of the trade is much more in the hands of the lender than it can be in those of the borrower. If the countries are on perfectly equal terms, each takes what it wants. If they are on unequal terms, the stronger, in this case the creditor, takes what he wants, and can take it, assuming the solvency and good faith of the debtor, on his own terms. If the debtor then narrows the terms of his exchange, he makes the pressure of the creditor more onerous. On the other hand, the more willing the creditor is to take that of which he can make a profit, and the more able he is to choose those articles on which he can make the most profit, the more can he compel his debtor to pay in what he chooses, and the more, therefore, can he depress the price of the articles which he selects, and vary them according to the exigencies of the market in which he, the exporter, deals. Hence England is constantly experiencing this phenomenon. It is getting foreign goods at lower prices than they are sold at for consumption in the place of their origin. Liebig is alleged to have said, some years ago, that the English importer was draining off the fertility of the rest of the world. The Indian malcontents are alleging the same complaint now about their own country. In a sense an identical change may be made by any nationality which owes English capitalists considerable sums."

It is surely going far to say that the creditor country takes goods on its own terms from the debtor country: it does so as to quantity but not as to price. If the creditor country can depress the price of the products of the debtor country, then a new element must be taken into account in estimating the burthen of the public debt which one owes to the other: interest, exchange and expense of management, do not, as has heretofore been believed, constitute the whole cost of a loan. No doubt the debtor country must produce what it can sell; and what it can sell depends upon the purchaser. But this is also true of a country which is not a debtor to another; it cannot force on the world a description of goods which the world does not want. No doubt any particular debtor country is controlled to a great extent, in its productions; but to produce a cheapening of the products it would seem to be necessary that production should be on a scale large enough to cause a pressure of competition, which implies some excess in

proportion to demand. Mr. Rogers distinctly says that these foreign debts stimulate labor; to pay the interest on them great exertions must be made, and he assumes that production must take a form which responds to a demand in the creditor country. In the case of England, to which the civilized world pays an enormous tribute, "the amount of which is far in excess of the annual expenditure of the United Kingdom," there is much truth in the statement. Mr. Rogers assumes that, as a creditor country, England can control the money market of a country largely indebted to it, through the action of the Bank of England, "or subject it to still greater sacrifice in the sale of its goods in order to prevent a monetary drain." The exertion of this power, we are further told, produces the phenomenal cheapness, especially of raw materials in England, and "the depression of profit in other countries."

Whether the effect of one country owing a debt to another is as far-reaching as Professor Rogers claims, what he says is sufficient to beget serious reflection on the effects of such indebtedness.

HONESTY IN SELLING GOODS.

The question is put, by a young successor to an old firm of merchants, who have for many years been subscribers to THE MONETARY TIMES; "Is it necessary, or rather, is it considered good business practice, to divulge the cost of your goods in order to make a sale; and do you consider it possible to make a success as salesman or indeed in a business of any kind, without drawing the long bow, *sometimes?*" The latter question is evidence, to our mind, that the enquirer is beginning to feel the pinch of competition. Possibly, too, the devil, in the shape of some wretched skin-flint, has been poisoning his mind with the notion that it does not pay to be honest. If such an honest striver after truth as our questioner can be reassured in his evident aim to do "the square thing," we shall be repaid for the trouble of answering his questions.

Thirty or forty years ago, "A practical treatise upon Business," was written by Edwin T. Freedley, a New York merchant who, like his father before him, had been engaged largely and widely in a variety of businesses. In the seventh chapter of this book, which is devoted to Getting Money by Merchandising, occurs a paragraph which may very well be quoted in answer to both the enquiries of our correspondent. It as follows:

"Is lying necessary in buying and selling? This question needs but a short answer; if it is necessary, then buying and selling are sinful, which is absurd. Many of the assertions in bargaining are mere badinage; they are substitutes for want of something better to say, and are generally an indication of poverty of wit. Many of the falsehoods in trade are about irrelevant matters, not pertinent to the bargain. Cost is a matter *never* pertinent to a sale. It is not to be presumed that a man who is in his right mind is selling at cost, and what he paid for his goods is an interesting enquiry, of no practical importance. The

reasons which make a man anxious to sell are sometimes, but rarely, necessary to be mentioned. Lying seems to be a natural defect in some men, and must be viewed in the same light as the well-known natural propensity for stealing. In other men it is a confirmed habit; they have lied so long and so often that it has become a second nature to them. Loquacious men cannot always command the time necessary to stop and recollect the truth. But in no instance is the ability to lie a qualification of a good buyer or an expert salesman."

This last sentence may sound like queer doctrine in an age such as the present, when it may be as aptly said as in the days of that old scamp, Falstaff, "Lord, lord, how this world is given to lying." Indeed, to go still further back, it was known to Ecclesiasticus that "Sin doth stick between the buyer and seller as a nail between the joinings of s'ones." But happily there are not wanting instances of adherence to truth and fair dealing on the part of merchants which brought success and fortune. The late H. B. Claflin of New York was a shining example. It cannot be denied that a truthful merchant in competition with unscrupulous ones is handicapped in the race, for the world likes to be humbugged and will swallow quantities of cleverly constructed lies if they point to an advantage to be obtained in a bargain. Hence, the honest dealer requires to be armed at all points. His goods must be well bought, well displayed, well judged in quantity and variety for his market. He must see that the lying, cheating dealer has no advantage that can be guarded against. The honest merchant must be honestly served; he cannot afford to have leaks about his establishment, whether they are caused by careless methods, thieving employees, short deliveries or what not. He cannot afford to *give* full weight and not be sure that he *receives* full weight or measure. Not only must he "to his faith add virtue, but to virtue knowledge." Brotherly-kindness and charity will work him injustice if he does not see that he gets his rights as well as gives them. In closing we must re-affirm the truth that honest dealing can be made to pay; indeed it is the only standard that a young merchant should set before him.

THE LICENSE QUESTION.

There never ought to have been any contention between the Federal authority and the Provinces on the license question. The right to issue licenses was specifically given to the provinces, and the control of commerce was vested in the general government. Was the granting of licenses any part of the regulation of commerce? On this point the issue was made to turn. The validity of the local license laws had been brought in question; but it might have been decided without the intervention of Federal authority. The Provinces should have been left to regulate the licenses; the interference of the Federal legislature was uncalled for, and as we now know unwarranted. The resolution that the Federal authority should interfere was taken without necessity and in the heat of a party cam-