

The Commercial

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Short Credits.

There was a time in the history of this country when any other than a long credit system would have been detrimental to its best interests. That was when the facilities for transportation between here and the outside world were slow and comparatively in their infancy. When merchants could not rely upon getting their orders on and until about two months after they had been placed with the eastern wholesale houses, then long credit was a necessity forced by circumstances. Up till about a year ago this state of affairs prevailed. The Canada Pacific Railway, via Emerson, was up till then the only source by which supplies could be brought in, and the volume of work which they were called upon to perform taxed their energies to the utmost limit. The same was true of the St. Paul, Minneapolis and Manitoba road, which was the big and only connecting link between the boundary line and St. Paul. Consequently goods were often very much delayed in transit, and although goods were purchased on long time, it was not an unusual thing to have the drafts come due before the goods, payment for which they called, had to be met. Long credit was a necessity then, but the North-west has now entered upon another era of its existence. The country now has a wholesale centre within itself, and goods can be delivered promptly in a day or two from Winnipeg, at any point along the line of the C.P.R. To outside points, such as Prince Albert, Battleford, or Edmonton there is still the old difficulty of overland transit to be contended with, and there no particular change can be made from the old methods of doing business until better transportation facilities are obtained. But all through the province of Manitoba, and at all points within easy reach of the C.P.R., either east or west, a change in the method of conducting business is very much needed. That portion of the country has now reached a stage in its development when the old fashioned long credit system is no longer necessary, and it would be in the interest of wholesaler and retailer alike if the American system of cash or credits not beyond sixty days became the established rule of business in this country. By this system of doing

business the retailer may not send on such extensive orders at any one time, but they will come in oftener, and he will not be so liable to have his shelves stocked with goods of slow sale. If he buys every month instead of every three months he can tell exactly what goods are in demand and can replenish his stock accordingly. On the other hand, the wholesaler while not sending out such large parcels at one time, send them out with greater frequency, and by only giving short dates can always keep his customer well in hand. He can tell exactly by the way his payments are being met how he stands and if he does not find things satisfactory he stands a great deal better chance of getting his own, when no note has longer than thirty or sixty days to run, than if he had to wait three or four months for it to come to maturity, and until which time he is powerless to act. By all means let the short date system be adopted wherever practicable. The benefit will be mutual to buyer and seller alike, and more satisfactory in every way.

THE TIMID POLICY.

It is quite a natural, although a very foolish mistake which humanity are heir to, namely to commence rectifying blunders after they have been made. The old saying of "lock the stable door after the horse is stolen" finds its origin in this common practice, and numerous sage adages which are every day sayings have utterly failed in preventing man from following this useless policy.

One of the most ludicrous examples of rectifying blunders after they are made is furnished by the policy of timidity now being pursued towards the North-west, by wholesale merchants, manufacturers and bankers in the east. A large proportion of the wholesale merchants of the east have at present shut down entirely upon the North-western traders, and refuse to execute orders for any customers there. Eastern manufacturers have largely followed a similar course, and more than one bank refuse to discount for their eastern customers the paper of North-western men, no matter how good their standing may be. Such a combined method of contraction is certainly putting on the screws with a vengeance.

A few weeks ago THE COMMERCIAL, in an article on Commercial Bravery, laid down the principle regarding business men in this country, that in proportion to

their recklessness in the excited days of the boom, was their present timidity and despondency. The principle can be safely extended to eastern parties who did business in the North-west during the past two years. The heaviest failures that have occurred in this country during the past three months have shown the bulk of their liabilities to be in the east, and where the worst cases of recklessness have been brought to light, the credit given by eastern houses has been the foundation upon which all the evil has been built. An examination of the statements of insolvents of the present year cannot but impress upon the mind of any business man who takes the trouble of making it, that but for the indiscriminate credit given to North-western men in the east, a great share of the present commercial troubles of this country would not have been brought about. The local wholesale men have certainly showed all along more discrimination, and their losses by insolvencies although considerable, have been light compared with that of their eastern competitors; and some of their heaviest have been increased if not caused by the illiberal policy recently pursued by eastern houses to some insolvents, who might have weathered through with a little time and assistance. The reaction in the minds of these eastern men, like most other reactions, has run to an extreme, even where that extreme is suicidal in its effects. Reckless crediting was certainly less excusable during the boom days on the part of houses at a distance, who could calmly measure the state of affairs in the North-west, than on the part of local houses who were in the very midst of the excitement, and their scared and crowding policy, now that they have been the greatest power in creating trade troubles, is still less excusable.

There can be no doubt but that the banks in the east have much to do with the present action of manufacturers and wholesale merchants. Canadian chartered banks have not as a rule been friends to North-western trade, except when that was of the jug-handle character, and all in favor of the east. Only a small proportion of trading houses doing business in the North-west are sufficiently solid to be beyond the dictation of their bankers in this respect, and the whole timid policy probably finds its source in financial circles. The stingy policy pursued by the banks having branches here