

COMMUNICATIONS.

AGRICULTURAL IMPLEMENT MANUFACTURERS
VS. THE FARMERS AND
MERCHANTS.

To the Editor of the Commercial.

About six weeks having elapsed since Mr. Van Allen's last contribution to this discussion appeared, some others of his friends and myself had begun to conclude that he had been seized by a fit of discretion, which, had it come in proper time, would in the opinion of not a few have induced him to stay out of it altogether. This, however, is his affair, not mine. Mr. Van Allen, by giving this subject the form of a controversy having enabled me to secure an attention for my remarks which I could not otherwise have hoped for, has, as I have already stated, earned my gratitude. As to the relative soundness of our contentions, I leave your readers to judge.

I had a sort of sneaking impressing obtained from a re-perusal of the correspondence and from some comments which I had heard, that I had rather had the better of the controversy. This I was not vain enough to think, was due to any other cause than the weakness of Mr. Van Allen's case and a most unexpected display on his part of a singular lack of logical acumen. Under these circumstances it will be easily understood that I was thunderstruck when I learned from Mr. Van Allen's last epistle that I had been living in a fool's paradise, and that I had not only been not victorious, but that I had been most ignominiously "done up." Mr. Van Allen shows most conclusively, and to his own entire satisfaction, that he has turned me at every one of the eight points into which he divides his amusing quasi-judicial summary of the case. I am very certain that the surprise of a good many of your readers will be no less than my own.

There is only one point in Mr. Van Allen's latest effusion which calls for attention. This is a question of fact. The incident referred to in my last and which Mr. Van Allen characterizes as "not so," was, as I explained, related to me by a reliable eyewitness. I have seen this gentleman since the appearance of Mr. Van Allen's letter. He reiterates the statement and asserts its correctness and permits me to give Mr. Van Allen his name, which I enclose, and which Mr. Van Allen can learn by referring to your office. As my informant is very easy of access to Mr. Van Allen, he can take the "statutory declaration" if he thinks necessary, as I have done all that I am called upon to do in order to show the *bona fides* of my reference. I might just add that Mr. Van Allen's own version of the incident in question, in which he states that an order for one kind of American machines was cancelled, and another order placed for a different make of American machine, does not go a long way in support of his contention that the Canadian machine is equal to the American, as the purchaser (Mr. Sanderson) has the reputation of being one of the shrewdest and most progressive farmers in Manitoba. The rest of Mr. Van Allen's contribution is simply a rehash of his two previous communications in which he persistently misapprehends the real points of discussion, as those of your readers will remember who have followed the dispute. Those who have not I would re-

fer to my two previous letters in both of which I deal with Mr. Van Allen's objections to my statements. Going over the ground a third time would be both tiresome and unnecessary, more especially as Mr. Van Allen in his judicial capacity has decided that I have no case, and has given suggestive insight into his classical erudition by making copious if somewhat irrelevant, citations from that profound philosophical authority Eli Perkins. I trust I may without impertinence suggest to Mr. Van Allen the desirability of a less exclusive devotion to literature of the stamp produced by Mr. Perkins, as its influence is already unhappily apparent in Mr. Van Allen's controversial faculties, which do not seem to have been constructed on any very herculean model originally.

My object, however, was not to bandy phrases with Mr. Van Allen. My design was to clearly bring out the fact that the business of which Mr. Van Allen is, I am pleased to believe, a very successful representative, is conducted in a manner which makes it a menace to the mercantile community. For their inferior position in regard to collections, the merchants themselves are to blame. The machine dealers have profits enormously greater than theirs, yet the machine dealer is invariably secured for every dollar that the farmer owes him. If a farmer has not enough to pay all his liabilities he will, and as experience has shown, he does pay the creditor who is in the position which enables him to compel payment. This means, of course that when the farmer has not enough to go round all his creditors the retail storekeeper is the one who will have to wait or lose. This necessity causes more insolvencies than all other causes combined. Is there any reason why the retail merchant who supplies the farmer with what he eats and what he wears, and gets only a very moderate profit, should take virtually a gambling chance of getting paid, whilst people who supply him with goods certainly not more necessary and in a great many cases not nearly so much so, and who sell them at high rates of profit, should be absolutely secured? If this is necessary then no man capable of reasoning effect from cause should be found in the retail business. Why cannot a merchant, who supplies a farmer with his necessities take security for the advances which he is compelled to make? It is done elsewhere, why not here?

Again, there is, except in rare cases, no regular system of closing accounts, which often run for months without any acknowledgement of the indebtedness by the debtor, or any interest being charged. The loss of interest on an account which has been running a year materially reduces the margin of profit, already small enough through stress of over competition. It will, of course, be argued that a retail storekeeper in this country dare not ask a farmer for a chattel or other security as he would thereby lose his trade. This argument would not be accurate as to fact, as there are a few cases of merchants who insist on securities after the lapse of a certain time, and, by the way, these merchants are invariably successful. But if the statement that a demand for security would cause a loss of the customer's trade were true, what would it mean? Every farmer almost without exception has given security in some shape or other to loan companies, machine dealers, etc. If he will give security for debts like these and

refuses to give a storekeeper security for his debt to him, what is the presumption? Simply that he wants to be in a position to evade payment of this debt if necessary, or to take his own time to pay it. When his customers have given security to other creditors is it business for the retail man to trust to chance? The result of this system is too well known. A large proportion of the retail trade of this country is tied up on account of large items of book accounts in their assets, which are collectable only by the good will, and in the event of the good luck of their customers, and which, if collected by an assignee would probably realize on an average 10 to 15 cents on the dollar.

It is necessary to do business in order to succeed, but it is still more necessary to collect. The selling of goods without reasonable security of payment is simply shortsighted gambling. The mere fact that their purchaser can get goods elsewhere on his own terms is no excuse for a merchant supplying him on these terms. It is no good reason for any man doing a foolish thing, that some other will take advantage of the opportunity to do so if he declines. Then comes the argument that he might as well get out of the business as refuse to do business on principles which he admits to be unsound and unsafe. To which the reply is simply that if he cannot do business on business principles he would certainly be much better to get out, because he can never make a success on any other plan. He can go on selling goods and making profits—on paper. But when he wishes to turn these paper profits into hard cash a disillusionising process is at hand.

If all the creditors of the farmer were unsecured and on an equal footing the retail merchant would still be at a disadvantage compared with the machine agent, on account of the comparative narrowness of his profits. But when the machine people hold security the position of the unsecured retail merchant is precarious and absurd. The credit system of Canada is vicious and unreasoning and is of course the main cause of the humiliatingly large proportion of insolvencies which discredit the country. A thorough revolution could only be effected by combined action the prospect for which is almost hopeless in view of the absurdly large number of people "in business," so many of whom have no business training or capacity. Such "business men" I do not address. The notion that they could be turned into possibly successful competitors of the machine people in collecting by any demonstration of the aimlessness of their present methods would be a vain one. They will meet their fate irrevocably decreed for all such as they, and nothing can save them from it but timely retirement, and they never do retire in time. I invite the attention of all men well up and shrewd in a general way who from force of a bad custom have given too little close examination into this subject of collecting, and who in their desire to do business where competition is keen are apt to study the susceptibilities of their customers too much. Collection is the consummating process of the whole business. If it is not effectually done the business cannot succeed no matter how well other branches of it may be attended to. Collecting can never be affected properly while a merchant accepts as a reason for non-payment of the account due him that the debtor has liabilities to meet to other creditors who hold security. The preposterousness of such a plea is borne on its face.