

## COMPROMISE SETTLEMENTS.

It is only a few seasons since a merchant in Western Ontario, in a communication to this journal stating that there were far too many in business, put the following question: "Is not the ease with which unpleasant debts are compounded and cancelled a primary cause of this insane crowding into business, both in wholesale and retail?" He went on to say that it was hard to make a living, but still new men were continually starting up in business. "These are nearly all green hands, having a few hundred dollars saved from farming or clerking. The trade of some districts, though no bigger than in 1880, is divided among twice the number of shopkeepers." So "long as our young farmers see in our towns business men living in style and luxury, so long will this state of things exist." This appearance of style or luxury is, in most cases, only an appearance, for country merchants who pay a hundred cents in the dollar, do not expend their substance as a rule on style, nor are they generally able to indulge in luxury. But it is unfortunately true that the ease with which compromises have been obtained in Canada has given thousands of people wrong views of the difficulties and responsibilities of business. Why, the very business of compromising bids fair to grow into a science! It has its own nomenclature. There are professors in the art who for a consideration will undertake to get a trader "put through the mill." Others, more discreet, use better language, and propose to "effect an amicable arrangement" on the best possible terms. In their addresses to creditors they say that this readjustment will put their client "on a more satisfactory basis," and hint that it will even make him "a good account." And we all know cases in which an insolvent negotiated a compromise of his own estate not once or twice only, but even three times in ten or a dozen years.

A grave injustice is done to honest traders by the facility with which dishonest or reckless ones secure favorable settlements from their creditors, and are enabled to resume business and further demoralize trade. All over the length and breadth of the land are traders who have begun business without adequate capital and without sufficient experience, or who have been entirely ignorant or unmindful of sound business principles, and whose failure was from the day they commenced business only a question of time. These men have, by attempts to do the impossible, injured their neighbors before their failure, and they have been rehabilitated by creditors for no other or better reason than that they were willing to undertake to pay a little larger price to creditors than it was thought would be realized after deducting expenses in an ordinary liquidation. This is all wrong. In nineteen cases out of twenty there is no ground for letting a man off by paying one third or one-half what he owes and carrying him on again, and to do so is cruelly unjust to the man who pays in full.

Now what induces merchants to agree to rob themselves in this way? Is it not true that the average wholesale creditor

usually makes the question of the immediate pecuniary return to him the sole test of whether a settlement should be granted. He has ignored such considerations as: whether the business of his debtor has been honestly or efficiently conducted. Though there may have been incapacity, recklessness, extravagance, the slaughtering of goods below cost, and even strong suspicion of dishonesty, the creditor has, in the great majority of cases, consented to a compromise, because he considered he would thereby save a few dollars as compared with the liquidation of the insolvent's estate.

Consider the effect of these continued compromises. It is undeniable that scores of honest men have thus been driven to join the great army of bankrupts for no other reason than that they have had, throughout their whole business career, to face, in the first place, the competition of those whose business was carried on in such a way that nothing but failure could possibly result; and again, still worse, the competition of the same men after their creditors had reinstated them and given them license to further undermine business. The injustice thus perpetrated calls aloud for vengeance upon those who are responsible for such pernicious, shortsighted, and immoral practices.

It has been said, and with much truth, that this state of things would not exist to the same extent were it not that "there are in the wholesale as well as in the retail trade firms that have neither the capital nor experience to justify their existence. It is too much to expect that these men, who have themselves too often encouraged the recklessness of their retail customers, would in their ideas rise above a policy of 'from hand to mouth' dealing." But there is an argument which has too often influenced very respectable importers. It is this: A person or firm to whom a failing retailer owed a lot of money wishes to secure a compromise settlement of that retailer's affairs, and going to the importer says, "I hope you will come into this to oblige (perhaps 'relieve') me. You may be in the like fix yourself, and I will do as much for you."

What is the remedy for this condition of things? An evil of the sort cannot be cured in a day. It is of gradual growth, and requires careful and patient handling if it is to be eradicated, or even materially amended. Those in the wholesale trade who have a real stake in the commerce of the country should be the ones to remedy it. There are houses in Canada, all honor to them, few though they are, which have done, and are doing, their utmost to stem the tide of impudence and rascality. Some, we know, absolutely refuse to compromise with their customers. Their hands should be speedily strengthened by all who feel that they have anything to lose in business, and who are able to rise above the present emergency and to realize that a present loss is very often an ultimate gain, and that to all parties concerned.

—Two men in Baie St. Paul, Quebec, have made 100,000 feet of spindle wood which they have sold in England.

## THE FARMER AND THE MONEY LENDER.

In a recent article on the subject of loan companies, some strong statements about the condition of the Ontario and Manitoba farmer are made by the *Montreal Journal of Commerce*. The writer goes so far as to say that "a large if not the largest proportion of farming lands in Ontario are really only hired off the loan companies by their supposed owners; as the possibility of the mortgages ever being paid off is so remote that the interest may fairly be looked upon as a fixed annual charge." We fear that the manifest desire to say a smart thing has led our contemporary to make a statement at the expense of this province easily capable of disproof. According to the report for 1888 of the Bureau of Industries, there is more than 11,314,000 acres of cleared farm land in Ontario, and 8,512,000 acres of woodland, besides some two million acres of swamp, marsh, or waste that comes under the description of occupied and assessed farm land. The value of this land and what it contains is placed as under:

Farm lands, value 1888.....	\$640,480,801
" buildings, ".....	188,293,225
" live stock, ".....	102,839,255
" implements ".....	49,754,801
Total value thus.....	\$981,368,081

On these 22,000,000 acres of Ontario farming area, assessed at something over \$40 per acre, and the value of ground and buildings placed at \$828,000,000, there are mortgages which amount to say \$58,000,000. [We take the figures in the official return for 1888, and deduct \$6,500,000 done by companies in other provinces, \$1,000,000 as the probable share of the business of these companies done in Manitoba, and \$20,000,000 dollars as loans made upon city or village properties or factories.] This burden is equal to seven per cent. of the total value of farm property. But there are a number of loan companies whose business is not included in this return; suppose we place their Ontario mortgages at \$10,000,000, and say we allow \$20,000,000 more is loaned by private lenders on farm lands, it brings the percentage of burden up to nearly one-tenth of the value at most, and yet this critic coolly declares that "the whole of Ontario and a great portion of Manitoba is literally plastered with mortgages,"—"Virgin soil no longer exists in the province,"—"the increased productiveness in former years given to a farm by some money judiciously borrowed is a condition 'altogether changed,' and on the whole the Ontario farmer is in a dreadful way. Any one who takes the trouble to observe that the live stock alone upon these Ontario farms will almost suffice to pay off the mortgages upon them, will be disposed to laugh at the prophet of evil who makes such a lame effort to belabor the loan companies over the broad shoulders of the farmer.

It is stated by this writer that there is but a remote chance that these mortgages (which he untruthfully says cover a large if not the largest proportion of Ontario farming lands) will ever be paid off. What

does he think of the of a total of \$54,000 Ontario lands value less than \$12,275,000 largest and oldest of Canada Permanent the thirty or forty over 30,000 loans. two-thirds have nearly one-third made last year 1,53 part payments on were entirely paid discharged. We k pany which discha extent of \$47,000, \$72,000 in four con present year, the m them off by paymen of 250,000 mortgage companies holding to take compulsory 390, representing eighth part of the v these are sufficient ness and folly of t we have quoted.

Another word as state in which the said to be plunged. assessed value of a rose from \$325,000, (1886). The actual much greater than appears from the gives the value of \$831,758,040, near value. These figu value of live stock amounting to \$157 of crops and produ property is not g assuming it to be more than its as 387,325—and addi the value of farm l real estate in 1886

But leaving th subject of the diffi this critic devotes the loan companies peats his declarati graphs, that "it is ness [of lending on done, and that soo companies will b considers it a por bilities of the mor grown from \$37,60 000 in 1883 and \$1 is an agricultural usually congratul growth of our area the corresponding of the field. Let of this sort, upon individual or asso have kept pace, in those assets upon their advances.

In the year 18 Canadian banks, w total loans \$120, liabilities had gro the loans to \$172 of the banking b is to be regarded