

THE LAWS OF CREDIT.

CONCLUDING ARTICLE.

RESUMING the consideration of these laws as they affect the business of the Retailer, we have to notice the time for which credit may reasonably be asked of him, and which he may grant without detriment to the regularity and promptness required in his own payments.

We perfectly understand that, in this matter, any individual retailer must do pretty much as his neighbours do, or lose custom; nevertheless it is possible to lay down general principles by which traders generally may guide themselves and make as near an approximation as possible.

Long credit is undoubtedly a source of bad debts; and the shorter the time any given number of accounts have run, the more likely they are to be paid. People in general, unless they keep an account of the purchases they make on credit (which not one in a hundred does), have little idea how the bill goes mounting up, and how deep they are running in debt. Hence when an account is presented which has been running twelve months, they are often astonished and angry, and feel a sort of dissatisfaction with the storekeeper who has allowed them to get so deep into his books.

These long accounts are apt to become like a chronic disease, which is never shaken off. Payments are made on account, but there is never a settlement; or, at any rate, if an old bill is settled, it is not until a new score has been run up as large as the old one. In many cases, indeed,—and this is the real tendency of the system—the accounts go on increasing year by year; and if a trader makes money it is all swallowed up in this vortex of credit accounts, the collecting of which would be a matter of infinite difficulty and expense. It is well known that storekeepers in Upper Canada frequently close up their business, simply that they may collect the accounts due to them; experience having shown that, to go on further would only swell the volume of such debts as could never be collected at all.

Taking these considerations into account, we think that bills should never be allowed to run longer than six months, even in those parts of the country where all the customers are farmers. It would stop much foolish spending if bills were rendered in time, and the effect would be to reduce the average of indebtedness in a tradesman's books. It is objected that it would reduce his business too. We answer that if it did, it would not reduce his profits, for it is precisely by thoughtless and extravagant expenditure on the part of customers that bad debts are made.

It may be said, that farmers could not settle every six months; from the nature of their business, money only comes in once a year.

This is scarcely true now, though there was a time when the objection would have had force. Farmers have other products beside grain; their wool, hay, cattle, cheese, &c., all now contribute to the general result; and moneys received from these sources would enable them to settle their accounts by the time we have named.

But there are many parts of the country where credits may be much shorter than six months:

1. Our old settlements, where there are numbers of farmers who have money, and could pay cash if they pleased for everything they bought. Storekeepers would find it to their interest to cultivate a cash trade with such people, and if they offered them sufficient inducement, it could be done. At any rate, there is no reason why three months' accounts should not be rendered then with an offer of a discount.

2. Our manufacturing villages.—Cash ought to be the rule of trade in such places, for goods are constantly being sent off to market which bring ready returns. Even such a business as milling may come under this category; for our railway facilities are being so constantly increased that a miller need never hold his flour longer than a few weeks; consequently all parties dependent on his business should have ready command of cash.

3. In our towns, where tradesmen sell to one another, or to professional men, or to manufacturers, every possible inducement should be held out for business to be on a cash basis. Large as may be the difference between the cash and the credit price, it is the cash sales which will yield most profit in the end.

A tradesman may, if he pleases, give six months' credit to his country customers; but this should be the outside limit, and it should be strictly understood that a pretty heavy interest will be paid should the time be exceeded. In such cases too, the six months' account should be settled before new goods are bought.

A storekeeper should be very chary of customers who want to give notes.

Retailers have no business with notes from their customers. Bills properly belong to wholesale transactions, and it was long ago observed that when a person wants to give a note to his butcher, baker, or dry goods dealer, it may be safely assumed that he is over-running his income. In cities, where there is a constant and rapid circulation of money, three months is the longest credit that should be allowed, at any rate for articles that go into immediate consumption.

Articles of household use are best settled for monthly; and as to articles of luxury, such as fancy goods, pictures, books, periodicals, jewellery, &c., even if longer credit is allowed on them, it should be remembered, that there is a terrible temptation (to many persons irresistible) to get more of them than can be paid for, if long credit is the rule.

It should not be forgotten that the circumstances of people change very rapidly in a country like this, which is of itself the strongest of all arguments for making credit short.

When a retailer finds that a customer is slow, he had better take warning in time and watch the account carefully; making enquiry into the reason, whether it arises from some temporary cause which will soon pass away, or whether it does not indicate approaching financial embarrassment, such as will end in bankruptcy. Watchfulness, indeed, is the grand secret of avoiding bad debts. In politics it is a maxim that incessant vigilance is the price of liberty—and in trade incessant vigilance is the price of safety.

It is generally best to avoid legal proceedings until every other resource has been exhausted. When a debtor shows a disposition to pay, it is never good policy to sue him, and it rarely happens that attempts to gain an unjust preference over other creditors lead to any good. The law is often as great a terror to creditors as to debtors, and many a merchant and storekeeper knows to his cost the fable of the fox taking the oyster for his fee in arbitrating between two monkeys, who disputed about its ownership, and giving each of them a shell for his share, is only too true.

The attention which is being bestowed on this subject cannot but result in good. Credit is the life-blood of trade, and it is all-important that it should be healthy and pure. Rash and indiscriminate crediting injures a wide circle, for men in this matter are apt to rely on and to follow one another. "Such a one credits him," is a very common remark; "I may, therefore, safely do the same." In such cases, the banker who discounts the bills, the merchant who sells the goods, the retailer to whom credit is given, and the customers to whom he sells, are all alike injured, though not all in the same way.

The whole community, therefore, is interested in a proper standard being maintained.

If credit were only given where it is really deserved, if a constant watch were kept over every account, and the first symptoms of irregularity noted, and if time were rigorously shortened to reasonable periods, according to circumstances, business would be free from a vast amount of immorality, overreaching and evasive on the part of the debtor, and would entail far less of that harassing anxiety on the part of the creditor which is its greatest bane.

AFTER RECIPROCIITY.

WE presume that after 17th March, the present United States Tariff will apply on all articles hitherto free under the Reciprocity Treaty. This tariff, as it at present exists, imposes the following duties on the articles mentioned—the leading commodities between the two countries:—

Wheat.....	20 cents per bushel.
Corn.....	12 " "
Cats.....	12 " "
Rye.....	15 " "
Barley.....	15 " "
Beans and Peas.....	10 per cent ad val.
Flour.....	20 " "
Ashea.....	15 " "
Lumber.....	20 " "
Staves.....	10 " "
Hides.....	10 " "
Flax.....	\$15 per ton.

The duty on wool is as follows:—

When costing 12 cents or less per pound.....	3 cents per lb.
When costing over 12 cents, and not over 24 pounds.....	6 " "
When costing over 24 cents, and not over 32 pounds.....	10 " "
When costing over 32 cents.....	12 cents per lb.
On the Skin 20 per cent ad valorem.	and 12 per cent ad. val.

Hence on wool bought in Canada, which has of late years been worth over 32 cents per pound, the duty would be 12 cents per pound, and 12 per cent ad val., or nearly 16c. per lb.

FROM OCEAN TO OCEAN.

WITH every meeting of the United States Congress, for many years past, has come up the question of constructing a monster Railroad across the entire continent—from Ocean to Ocean. Since the great project was first mooted, many different routes have been advocated, some of which are now almost forgotten. The line which is considered most feasible, is called the Middle Pacific Railway, and there is now every probability of its ultimate construction. According to American documents, by this road it is intended to "penetrate the Central belt of States and Territories, which now unite the Pacific and Mississippi river, by a line of contiguous settlements in Kansas and Nebraska, Colorado, Utah, Nevada and California." Nearly all of this line, passing through California, has already been constructed; and before the close of 1866, it is expected that nearly 20,000 men will be engaged upon the various sections of the line. The American Government supports the Middle Pacific line, and we may therefore conclude that in a few years the great undertaking will be complete, and that passengers will then be able to travel from the Atlantic to the Pacific Ocean by rail in a few days! Only one other Railroad route to the Pacific is popular in the States—that known as the Northern Pacific road—although the Southern Pacific, which is proposed to pass through Texas, New Mexico, Arizona and California, has some friends. The route proposed for the Northern Pacific is from Lake Superior through Wisconsin, Minnesota and the intervening United States territories on to Oregon. There can be no doubt of the importance of this line, and it would be almost impossible to calculate the impetus it would give to the opening up and settlement of the rich and fertile territory through which it is proposed that it shall pass. The Northern Pacific, if ever constructed, will be of great service to British America, and we may almost be said to have a personal interest in its success. We believe Congress has agreed to give the Company a grant of land; but many have doubts as to whether this will be sufficient to warrant capitalists in investing their money in so gigantic an undertaking. That the Northern Pacific will one day be built, we feel quite certain; but it may be many years before our American neighbours, with all their enterprise, are able to carry it forward to completion.

COTTON.

Advices respecting the next season's planting are growing more favourable, and we have to notice a marked advance in the estimates of the number of bales that will be made, few of the estimates being under 2,000,000 bales.

Should the advices from the cotton districts, during the next three months, confirm these estimates, and show that the crop is likely to come up to these figures, we think the ability to grow future large crops will be placed beyond question, and cotton will hardly reach the extreme prices for which so many holders are now waiting.

As the real settlement of the question of the future price of cotton must be next season's crop, we give as a partial guide to those parties who may wish to make their own estimates, the amount grown in each State during the year 1859:

States.	Bales.
Mississippi.....	1,068,896
Alabama.....	879,960
Louisiana.....	691,824
Georgia.....	623,868
Texas.....	888,628
Arkansas.....	826,572
South Carolina.....	814,144
Tennessee.....	268,524
North Carolina.....	129,946
Florida.....	57,914
Missouri.....	36,612
Virginia.....	11,818
Illinois.....	1,119
Total number of bales.....	4,794,104

The Freedmen have shown more willingness to go to work well, than the earlier accounts from the South rendered probable, and the crop is, therefore, not likely to be in any way limited by scarcity of labour, but rather by want of buildings, machinery, animals, implements, and by the neglected condition of lands. But in every view of the case, the coming crop will be large, unless the season is very unpropitious.