

# The Commercial

WINNIPEG, APRIL 7, 1890.

## BUSINESS OVERDONE.

Of the many letters which have been written to the papers concerning the recent retailers' convention, there is not one which contained more truth than that signed "A Farmer," which appeared in the *Winnipeg Free Press*. This writer, as may be expected, gives vent to some peculiar views; but when he speaks of business being overdone, he hits pretty close to the mark. The following extract from the letter is worthy of re-production. "A Farmer" says:—

"There is not a city, town nor village that does not have two or three times as many dealers as there is business for. Some poor fool gets it into his head that he is a little better than his fellows. He is above working and thinks if he can get at storekeeping he will be a gentleman. The few dollars he has at command are invested in goods and he gets as much more on credit. In some place where there are too many traders already he hangs out his sign and henceforward he considers himself a man of no mean order. But customers are few and the profits on what he sells are scarcely enough to keep soul and body together. His case soon becomes desperate; he sells almost indiscriminately to any one, and finally goes under. Gainsay it who will the above is about the modus operandi of a large percentage of the retail dealers from start to finish."

While it is not necessary to endorse the extreme view of the case as presented in the above extract, there is no denying the charge that business is overdone in this country. There are certainly altogether too many people in store business, in comparison with the total population of the country. Almost every town and village in the country is overdone in the matter of stores, and yet even in this close year new stores are being opened every day. Where there is a fair living for one good general store, there are usually two or three such establishments. This is the rule all through the country, and an exception to it can hardly be found in all Manitoba. Nor does there appear to be any prospect of an improvement. The population is increasing year by year from immigration, but the stores are multiplying in greater proportion than the increase in population. As fast as new railways are opened, stores are started at points all along the line, and these come into competition with stores previously established in the older towns in the same districts, while at the same time there is no material increase in the population. All the storekeepers are anxious to do business, and the keen competition which follows leads to reckless credit business, paying too high prices for produce, and finally to failure.

It is not hard to discover the cause of this state of things. Competition and reckless credit business on the part of the wholesale trade may be safely set down as the direct cause. To go beyond this again we might say that the banking system of the country is in a large measure responsible for the conditions which prevail in the wholesale trade, and which in turn lead to the undesirable state of things

ruling in connection with retail trade. For the present, however, it will be sufficient to consider the conditions as ruling between the wholesale and retail trade. The direct cause of the trouble is the ease with which almost any one can obtain a stock of goods for the purpose of starting in business, without possessing either of the two main requisites—capital and business ability, the latter of course including experience. In fact it may be said that capital is no object in starting business in this country. About all that is necessary to get a large stock of goods is to rent a store and hang out a sign. In a short time the drummers will be on hand, and if the "merchant" will only buy, he will soon have more goods than he knows what to do with. We are aware of several instances where a party has opened a little store with a single line of goods, and has soon found himself the nominal proprietor of a large stock of general merchandise. We will say, for instance, that a party with very limited capital, starts in business at a country point with a few dollars' worth of groceries. He is soon visited by a representative of a shoe house who is anxious to work up a connection in the town, and not being able to sell to any of the houses in that line, he induces our small trader to accept a stock of boots and shoes, by promises of unlimited credit and strong backing. Then a dry goods man and a clothing man and representatives of other branches follow in the same manner, until our little "one horse" trader is soon at the head of a large establishment. He is lacking in experience to be sure, but then he has nothing to lose, and he can slash away and roll out the goods on credit freely until the time comes for him to assign, the latter move preceded perhaps by a compromise at 50 cents on the dollar.

Is the picture overdrawn? Well, we have known of just such cases. It has been remarked, and it seems to be a fact, that wholesalers will ship goods to parties on orders taken by travellers, where they would not accept the order were the same party to apply at the office of the house. If the party had applied for goods on credit at the office before starting in business, he would have been refused, but once he hangs out a sign and is visited by a traveller, his orders are taken regardless of the consequences.

This does not mean that credit is not given too freely at the offices of the wholesale establishments. Even in these close times, and with evidences on every hand that the trade of the country is greatly overdone, those who decide to go into business seem to have little trouble in obtaining plenty of goods on credit. We have recently learned of new business ventures floated upon capital of three to five hundred dollars, which would indicate that the situation is not likely to be improved for the future. The result of this system is over-competition, reckless credit, compromises, assignments, slaughter sales, and general demoralization of business. Under such circumstances it is no wonder that many merchants who have started under better conditions, become discouraged, or are forced to the wall. The position of those who endeavor to do a straightforward, legitimate business, is anything but comforting, while at the same time the wholesale trade is

bringing disaster upon itself, in the bankruptcies which are inevitable under such a system.

In conclusion, we may say as a warning to any who may be thinking of starting in store business here, that Manitoba is not a desirable place for such ventures. There is scarcely a point in the whole province where business in the store trade is not overdone. Those who have nothing to lose of course are safe enough in trying an experiment; but to those who wish to do business in a legitimate way, there is very little encouragement to embark in store business here, either in the city, or in the country towns and villages.

## TARIFFS AND TRADE WITH THE U.S.

The proposed changes in the United States tariff are outlined in a recent issue of *Bradstreet's* journal. A large number of changes are submitted in almost every class of goods. The duty on steel rails is reduced \$4 per ton, and about the same reduction is made on railway iron. Many other changes in metals are made in the bill. Lead ore is placed at a duty of 1½ cent per pound, and silver ore containing lead will pay the same rate for the portion of lead contained in the ore. On wool the duty is advanced one cent from 10 to 11 cents on first class, from 10 to 12 cents on second class, and from 2½ to 3½ cents on third class wools. Washed wools pay double duty, and scoured three times the duty on unwashed. On raw silk the duty is advanced to \$1 per pound. Advances are made on flax, hemp and jute. A large number of changes are made in drugs and chemical, oils, etc., usually in the direction of reductions. Hewn timber is reduced from 20 to 10 per cent. ad valorem, sawed boards remain at \$1 per 1,000 feet for soft woods, and \$2 per 1,000 feet for woods not enumerated. The duty on sugar is fixed at 35 per cent. ad valorem below No. 16 Dutch standard and 40 per cent. above that grade. The duty formerly collected on sugar was 69.75 per cent. ad valorem, so that the reduction will be about 50 per cent. Willet & Gray say of the sugar changes:—

"Refiners' protection is reduced from the present prohibitory tariff to the equivalent of about 16/100c. per pound on refined, and the raising of the color limit to No. 16 Dutch standard will permit a few sugars from Demerara and West India Islands to come in, which might possibly go directly into consumption without refining. Home production receives about 1c per pound protection instead of about 2c, as at present. Consumers will be benefited to the full extent of the duty reduction, say 1c per pound, at least. The government will receive about \$25,000,000 for duty, plus an increase from increased consumption stimulated by low prices."

The duty on Sumatra tobacco is increased to \$2.75 per pound and the duty on cigars is changed from \$2.50 per pound and 25 per cent. ad valorem to \$3.50 per pound. The provision schedule shows a general increase of rates. Horses and mules are made dr. tiable at \$30 per head, but when exceeding \$150 in value they have to pay 30 per cent. ad valorem. The duty on grown cattle is fixed at \$10 per head, on hogs at \$1.50, and on sheep at \$1.20. The duty on barley is increased from 10c to 30c per bushel, that on hops is raised from 8c to 15c. per pound. There is a reduction of the duty on rice from 2c to ½c per pound. The duty on