

months they have done a successful "cash and one price business." The people have confidence in them, their prices take and their goods sell. Another merchant by the name of Robinson has started to do the cash business. He finds it most satisfactory, people being willing to pay cash when they are convinced there are counterbalancing advantages.

Another town in Huron County is called Blyth, and the leading dry goods firm in the place is McKinnon & Co., managed by a brother of S. F. McKinnon, wholesale millinery dealer of this city. Mr. McKinnon has been running a cash business for about two years and is amply convinced that it is a feasible and proper method. Blyth contains less than 800 inhabitants and consequently the bulk of the customers are farmers. They pay McKinnon & Co., cash or produce when they take away goods, and yet weakling merchants throughout the country still utter the old cry, "the farmer cannot pay until fall." That this is not the case, the experience of all the merchants cited goes to prove. The farmer who cannot pay is putting money in the bank, doing a note-shaving business, or laying out the money where the cash is absolutely necessary.

Up on the borders of Huron and Bruce counties is another town of a thousand or so inhabitants and in this town is a firm by the name of Cameron, Murdock & Co. Their trade is fifty per cent agricultural—yet they do a cash business, claiming to do 10 per cent. better for their customers than credit merchants can. They find the cash method the most satisfactory and have no intention of reverting to old practices.

If there is a retail dry goods merchant in this country who is not convinced by this recital of facts, that the cash system is feasible, he must be pig headed. The country is full of similar experiences. The retail dry goods trade of Toronto is being all swooped in by The T. Eaton Co., and they sell for cash only. In the cities of Canada, the retail business can be said to be 75 per cent. cash. A few years ago, in the towns and villages the business was 75 per cent. credit. But credit in the retail business has received its death blow, and it is only a matter of time until the fossilized dry goods merchants of this country drop it entirely. The brightest men are dropping it now—abandonment is the order of the season.

Ninety per cent. of the dry goods retailers of this country are in favor of the cash system, yet they go on selling for credit and settling with their debtors once a year. Why? Simply because they lack the moral courage to make the change. The practice remains diametrically opposite to their sentiment because they believe that certain inexorable circumstances exist which prevent them from making sentiment and practice harmonise. The object of this article is to show that these circumstances do not exist.

The credit system shortens the merchants life because it imposes a great strain on his nervous system. The degree of labor, thought and energy that is required is trying indeed. The cash system prolongs the merchants life.

The credit system brings loss—loss through money withdrawn from use—loss from bad debts—loss from slow paying customers remaining away from the store. As the Germans say: "To lose a friend, lend him money."

Credit is costly, and the credit merchant makes his cash customers pay for the losses and expense of the credit customers.

When they buy on credit customers are under great temptation to buy beyond their ability to pay. The cash system avoids this and the merchant is saved the reproach of having pushed goods on someone who did not really need them.

A credit store in New York has thirty bookkeepers. What a prodigious waste of money, and yet one bookkeeper may be more costly according to the business done.

Low prices, bargains, drives—these are what the people of the day are after. It is the cash retailer who offers them the best bargains, hence he gets the trade.

Another argument in favor of cash retailing perhaps the most important one—is the fact that the man who sells his goods for cash, can buy for cash. In these days this is an important consideration. The wholesale merchant will sell cheaper to the cash buyer, just as the retail merchant does. In the dry goods trade the cash discount is important. Suppose a merchant buys \$5,000 of goods on July 1st, and has them dated Oct. 1st, four months. Then he finds on the invoice sent him that the cash discount is 5 per cent., 30 days, and that 10 per cent. interest is charged on overdue accounts. He has the money and he desires to see what he can save by paying that bill on August 1st. Were he to pay it on November 1st he would get 5 per cent. discount, which amounts to \$50. But from August 1st to November 1st is three months. Three months' interest on \$1,000 at 10 per cent., the rate the firm charge on overdue accounts, is \$33 $\frac{1}{3}$ . Total discount on \$1,000 is \$83 $\frac{1}{3}$ . That is, the merchant who sells for cash and uses the cash to advantage can make \$83 $\frac{1}{3}$  on every \$1,000 in six months, or 16 $\frac{2}{3}$  per cent. on his money. Is that rate of interest any inducement to you to start cash retailing or are you still unconvinced?

A cash retailer related an instance told him by a wholesaler. A certain general firm somewhere in Ontario, had bought a bill of goods at 90 days net or 60 days, 6 per cent. That firm were rated in the Mercantile Agencies at over \$40,000, and yet they had so much on their books, and so little cash coming in, that they were forced to take the ninety days and lose the 6 per cent. Do you grasp that rate of interest? Six per cent. for 30 days is 72 per cent. a year—lost because those merchants allowed their customers to buy from them on credit and carry their cash else where.

These are days of close competition and of accurate financing. The dealer who succeeds to-day must be an excellent arithmetician and he must use his accomplishment constantly and intelligently. By its aid he may be able to so arrange his business that he can make profits, while other men are starving at the same work. A manufacturer remarked the other day, that he could make 25 per cent. profit when other manufacturers of the same line were making nothing. There are retail merchants to day, who are making from ten to fifteen per cent. more on their investment than their competitors with the same volume of business. But no merchant can buy cheaply and take advantages of drives and discounts, unless he has a certain amount of cash, and he cannot hold this cash, if he gives unrestricted credit to his customers. He must sell for cash himself, if he wishes to buy with cash—and this is the only satisfactory and proper method of buying.

