

LOSSES THROUGH BAD DEBTS.

To the Editor of the *Monetary Times*.

SIR,—The reference in your issue of Oct. 3 to a proposed radical amendment in the Insolvent Law, has attracted much notice, and I venture to ask that you will further elaborate that proposition if (as I assume) you think favorably of the idea.

I have had several years experience with Canadian mercantile life, and, notwithstanding the utmost care, have naturally (and unfortunately of necessity) met with many, and generally the most unexpected losses. Subscribing to two mercantile agencies, and constantly in consultation with our ablest bank manager, experience shows it impossible to guard against a painful percentage of losses, although aiming to do business only with firms of supposed unquestioned solvency. Such, I am constrained to add and infer, is the experience of the most prudent merchants in the Dominion.

Unquestionably a certain percentage of losses are the result of fraudulent representations by those who attempt to do business without capital or experience or both; but a still larger percentage is lost through credits given those who, after a long business experience—thereby securing the confidence of bankers and the community—come to suspend, and the creditors for the first time learn that all the capital and most of the assets *have been lost through bad debts*. Is not such the experience with almost every insolvent estate? and does not that information come too late to prevent the credits which are at last ascertained to have been undeserved? and the further enquiry is pertinent whether we have not the right to that information at an earlier day, and, through some official source, know the exact liabilities of every insolvent estate, *and the names of creditors*? And in what other way can we so truthfully estimate the solvency of our correspondents as by judging the character of their business from the frequency of their losses?

It is safe to assume that most firms make a fair profit upon the merchandize sold by them; but who can estimate their losses through bad credits under the present management of insolvent estates? If, therefore, the losses so incurred result in insolvency, is there not a manifest propriety in the exposure of such delinquency or weakness, *before an estate is made all but worthless*?

Will it not be unpalatable to some? It will unquestionably and notably so to such as sell goods for any paper to carry on business; to those who care little what prices are had, or to whom they sell, so long as paper may be had to discount at bank, or with the note broker. Perhaps such exposure may not be relished by any of us *per se*, but the inevitable result must be to terminate the business career of the first named, and increase the caution of such as have money to lose.

It is proposed that every official assignee should be required to take from the insolvent a sworn statement of all liabilities and estimated assets, publishing the same in the *Official Gazette* and a local paper, and that every dividend should be announced in like manner. I would provide that no composition (whether with or without the aid of an assignee) should be held valid without publication in like manner.

Whatever objections may lie against these suggestions are not likely to affect the principle involved in the opinions of prudent bankers and careful business men, and I feel confident that within one year of its adoption, we should have less disreputable and insolvent estates to shake our confidence in human nature.

Creditors are apt to lay the blame of their losses to the insolvent law, forgetting that the non-enforcement of its provisions, coupled with reckless crediting, are more justly chargeable

with the defaults. If creditors would absolutely refuse any compromise to insolvents whose books show that they had been doing business "with intent to deceive," i.e., without capital; reckless crediting, without honest yearly balances, I predict the number of failures would decrease after the clearing-out process had restored a more healthy atmosphere.

It is too much to hope that the solvent business men of the Dominion will unite in asking Parliament to protect us in the manner hereinbefore suggested, and with the possible additional precaution that official assignees should be designated by the government or some competent local authority, but to be selected with some reference to their knowledge of mercantile law and usages.

If you shall approve of these suggestions in substance, I hope you may lend to their advocacy the intelligent assistance of your valuable publication.

MANUFACTURER.

Montreal, 13th Oct., 1873.

THE OIL TRADE OF CANADA.

(To the Editor of the Advertiser.)

SIR,—With regard to your article of "Diamond Cut Diamond," I wish to remark that it is not the parties to what the *Monetary Times* calls the "Canadian Oil Swindles" only that are at present being punished, but the public of Canada who are being mulcted, and a prosperous trade ruined, by a gigantic ring, whose operations are driving fair traders out of this city and preventing an absolute necessity being sold at less than double what it would under ordinary circumstances be supplied to the public. If the press will not take it up where is the remedy?

At this moment crude oil can be bought at Petrolia at two cents per gallon. I may assert positively that this is the cheapest material for the manufacture of refined oil in the world, and this has been the price for months past, and is likely to continue. Though there is an excise duty on refined oil of five cents per gallon, this could be sold at sixteen or eighteen cents per gallon, leaving a fair manufacturing profit.

The price of refined oil, of very bad quality, is thirty-five to forty cents per gallon, in this city, where it ought to be cheaper than any other place. As instances, in New York, refined Canadian oil is worth per gallon, 15c. London, England, the Imperial gallon one-fifth more than the Canadian gallon, 26c., or the Canadian gallon, 21c. London Canada, per gallon, 35c.

This state of things, by which the trade is being ruined, consumption checked, and the Canadian consumer made to pay nearly double what he ought for a necessary of life, is brought about by the operations of the ring in this wise.

The refiners combine and agree to sell only through the "Refiners' Association," who fix a price without the slightest reference to cost of the article, being guided only to obtain the last cent that can be got out of the Canadian public; they then proceed to divide the quantity to be made amongst their members and take the oil from them. This price is first made so high that between \$1 and \$2 per barrel is paid amongst the ring to each other for the privilege of making. Then the price is placed by the Association as high to the retail trade as they dare fix it, and the consumer has to bear it all. If anyone wishes to keep out he is threatened, cajoled, and finally bought. In case of concerns insolvent, and in liquidation, money is lent, and parties can be named who have not the means to make a barrel of oil, who are the pensioners of the Association, receiving large sums simply not to make oil. The reason several refiners in this place are not at work is because they are better paid to shut up their places.

In this manner the consumers of Canada are made to pay \$500,000 to \$600,000 per annum more than they otherwise would for the primary necessity, *Light*. It is very nearly if not quite equal to the primary value of every barrel of crude oil raised in the Dominion, and more than double, if not treble, the excise duty raised by the Government.

This enormous sum does not go net to the refiners equally; there are highly paid officers of the association; an inner as well as an outer ring. Sometimes they play each other false, but when detected the facts are carefully concealed. Recently the large sum of \$3,200 was paid by one refiner of this place, and \$1,200 by another, to quiet matters, the fact being that both sides were ashamed to go into court.

Should not the public of Canada be made aware to whom they are indebted for all this? A large refinery was this year built at Petrolia solely to prevent the London ring having it all their own way, but before it gets to work the proprietors are, in slang phrase, "squeezed," and it is now in the association. So an equivalent capacity is idle here, property depreciated, and a large body of workmen sent to seek other employment.

Major John Walker, lately candidate to represent London, and Vice-President of the Canadian Pacific, is the President of the present and was so of the last Association. Hon. John Carling our member, Director of the Western of Canada Oil and Lands Company, which though the shares are probably not worth a cent each, and it is now winding up under an order of the Court of Chancery, is actually having its portion, is in the ring, and as far as sweating the people of the Dominion is concerned may claim equality with the others.

The Pacific Railway abomination will end in costing the country much more from the discredit cast on it, by the conduct of those concerned in the first successive oil companies which have earned the names of Canadian oil swindles in Great Britain, have done the greatest injury to one of the most legitimate and proper sources of wealth to the Dominion, and the first and best remedy is for the press to expose and the country to turn its back on the more prominent perpetrators.

If further information is desired it will be given by a
SUFFERER.

Commercial.

MONTREAL MARKET.

From our own Reporter.

MONTREAL, October 14, 1873.

There has been a great improvement in the state of the weather which has been fine and mild, on Sunday we had some heavy rain, yesterday being again cold and raw, and to-day is more like Indian summer. Trade has not been very active, few buyers being now in the city. Groceries though not in large demand have been very firm and a strong tendency to an advance in prices. Chemicals are quiet and prices steady. Hardware has been very active. Leather in fair demand. Breadstuffs dull and quiet with downward tendency. Provisions quiet. Ashes show very little change. Fish are in better demand, the first of the new catch of herrings are to hand and some were sold yesterday by auction. Reports from the fisheries say that the herring fishing this year has been almost a failure.

The panic in the United States has had a depressing influence on freights, and our quotations will be found under those of last week, tonnage is in plentiful supply.

ASHES.—Pots.—We have had a brisk demand during most of the week, first sort were