

cautious people to be more than ordinarily careful. At the same time, it should be observed, a spirit of despondency is to be guarded against equally with an unreasonable amount of elation. The one is as mischievous as the other.

The recent failure of a great dry goods mercantile house in this city has not been the result of an accident, or a mere unfortunate combination of circumstances that could not be guarded against. The management of the house was notorious for years as contrary to sound principles of business. And when the head of the firm allowed himself to be drawn into the arena of municipal politics, the result could easily be foreseen.

When times are good, profits large, the country prosperous, and everything sailing along easily, a merchant may feel justified in leaving the details of his business to be looked after by a junior partner, and taking some time to devote to the interests of the public. But, when the opposite of all these conditions is prevailing, and especially in his own particular business, it is unpardonable folly, and grave injustice to creditors, to take time from attention to his own business to serve the public, to whom he is under no particular obligation. To his own creditors he is under the stringent obligation which confronts every man who incurs liabilities, viz., that he shall pay 100 cents on the dollar. This is an obligation that can never be shaken off. And any man who, on any pretext, enters on outside engagements which imperil the fulfilment of this obligation, is entering on a course which is radically unjust.

So far, with regard to this particular failure. But the whole trade in dry goods, for the last few years, has been most unsatisfactory. Formerly it was one of the most remunerative of all the branches of business that were carried on in the country. Of this there is abundant evidence in all our large centres. But of late years an entire change has come over the trade; and, while profits have been steadily cut into by increasing competition among Canadian houses, and by persistent selling to retail storekeepers by wholesale houses in England, expenses have been steadily mounting up, until they consume so large a proportion of the gross profit that scarcely anything is left to provide for losses, and for the living of partners.

As to losses, it is totally impossible to avoid them altogether, and a certain average may be reckoned on as inevitable, just as much so as the ordinary expenses of the business. But when the ordinary profits of a business are cut down to such a fine point as they have been in this trade for years, it is only reasonable that business should be so conducted that the average of losses should be cut down also. But how, it may be said, can this be accomplished? We may answer this question by casting a look over the methods in which this business is conducted by dry goods firms in the United States. They give much shorter lines of credit. The amount they trust to their customers at any one time is consequently far less, and the losses, as a necessary result, are on a very much lower scale than prevails in Canada.

The recent failure of a storekeeper in Portage la Prairie, Manitoba, emphasizes the above remark. Portage la Prairie is a small place—prosperous enough, no doubt, and with a splendid country about it—but how could any storekeeper there run up legitimately a line of credit with wholesale houses, to such an enormous extent as one hundred thousand dollars. His sales would hardly amount to more than \$50,000 in a whole year—say \$1,000 a week—so that he practically owed for two years' supply. A two years' term of credit is so unreasonably out of proportion, and so contrary to common sense, that one can scarcely

understand, even in these days of driving and pushing, how wholesale houses could permit it. It is quite possible that each of these houses was ignorant of the amount which was owing to its neighbor; but this does not really mend the matter, for houses ought to know enough of one another's business to be aware when large lines of credit are given to the retailer to whom they also sell. In fact, the whole system of crediting is on a false basis, and it is high time a radical reform was instituted.

Why cannot wholesale houses approximate to the methods of these great retail concerns who give no credit at all, sell for cash over the counter and do as much business, some of them, as wholesale houses? We do not say that they could imitate and hold fast to a strictly cash system like this; but it would be possible to approximate to it and limit the total amount which any one retail dealer should be allowed to owe.

It is to be hoped that this trade will have a better experience now that this house of Samson & Co. is out of the way. It will be their own fault if it is not so.

It is probably because of this failure that a number of English wholesale houses are bestirring themselves on the subject of an insolvency law for the Dominion. From the manner in which they pass resolutions one would judge that they were in entire ignorance of what has been done in Canada during the last few years in the same direction.

The merchants of Canada are just as anxious as the merchants of England for the establishment of an equitable insolvency law; and, as we all know, they have devoted an immense amount of time and labor to the consideration of various bills brought before Parliament for the purpose. The evils that the English merchants complain of weigh just as heavily on the merchants of Canada, and they are just as anxious to find a remedy for them. But they are well aware that unless great care is taken, the remedy will prove worse than the disease.

The bankers of the country have devoted quite as much attention to these bills as the merchants; and there has been a good deal of comparing of notes between them. In the case of by far the larger number of the voluminous clauses of the Act before Parliament last season, there was unanimity of opinion between the merchants and the bankers. In a few, however, there were differences of opinion, especially in the matter of ranking on estates. Some bankers, too, had rather strong views as to the clauses granting a discharge, holding that an Act which would give a discharge on payment of only half the debt would be simply an Act to encourage insolvency. The subject may probably come before Parliament during next session, but as all experience shows, it is one that bristles with difficulties, and not the least difficulty is that of reconciling conflicting interests.

The figures of the banking return do not call for any particular comment. Our usual summary is subjoined:

ABSTRACT OF BANK RETURNS.

31st Dec., 1894.

[In thousands.]

Description.	Banks in Quebec.	Banks in Ontario.	Banks in other Prov's.	Total.
Capital paid up	34,806	17,691	9,186	61,683
Circulation	15,748	11,400	5,227	32,375
Deposits	94,604	72,407	25,286	192,297
Loans, Discounts and Investments	109,863	77,172	35,132	222,167
Cash, Foreign Balances (Net), and Call Loans	42,400	30,461	6,294	79,155
Legals	6,859	5,741	2,609	15,209
Specie	4,178	2,802	1,038	8,018
Call Loans	6,560	10,360	871	17,791
Investments	7,126	9,915	4,441	21,482