

THE LESSON TO BE LEARNT.

THE bad times from which we emerged during the present year, illustrated a condition of trade, which was not at all a satisfactory one. Large liabilities, miserable assets, poor estates, and a low grade of mercantile morality, were everywhere apparent. The losses by bad debts were more than sufficient to swallow up the profits of more than one previously successful season, and a degree of general uncertainty was felt which could only be accounted for by the fact that something was radically wrong in the mode of conducting business. Happily we have passed through that period without any very generally disastrous results, though the individual cases of embarrassment and loss were of frequent occurrence. The teachings of that dreary time should not be lost sight of, and in the present prosperous condition of trade they should be frequently borne in mind. These sad results were not the product of bad crops only. They followed from a departure from the correct principles in the previous history of the trade; a departure that was hardly noticed at the time, and perhaps never would have been, but that a season of trial ensued, which tested very severely the general condition of our internal commerce. It is in seasons such as the present, when industry and commerce are, comparatively, in a normal condition, that the foundations of a successful business career can best be laid. The lessons of the past will not have been in vain, if our merchants so shape their course, that in time to come they can more safely ride, and avoid the dangers and disaster which are certain to follow from a defective system of transacting business.

Unquestionably one of the greatest difficulties which the merchants of this country have experienced during the past few years, has been the exceedingly un-realizable shape of their assets. It was an exception to find a trader whose affairs were in anything like a tidy condition. The rule found to be almost universal was that capital was sunk, or in such a shape as to be utterly unable to perform its ordinary functions. Real Estate absorbed a great bulk of the means of merchants. Doubtless many possessed excellent premises, some good farms; others village lots; many had mills, and nearly all had their money invested in such a shape as to be quite useless when most required. This was, of course, the result of the inflation in 1856 and 1857. It could hardly fail to be otherwise than that the majority of the traders of the country should find themselves in this position after such a universal mania for land speculation. The purchase of such property absorbed so much of their means as largely to augment their difficulties and confine their operations. It was a flagrant departure from the legitimate business of a mercantile man to speculate in real estate. All experience proves the impossibility of carrying on successfully two, or three different descriptions of business. A trader with small means can hardly expect to be a successful merchant, and a successful real estate operator at the same time. The means required for the one could not be spared from the other, and if real estate absorbed the capital, the legitimate business would materially suffer. This was the first and most important departure from correct business principles. The withdrawal of capital from the ordinary channels of trade was decidedly wrong, but the error was aggravated tenfold when this capital was invested in so cumbrous and unproductive an investment as real property.

But even this violation of the most simple principles of commercial ethics might have been rendered comparatively harmless if the merchants had not fallen into another grievous error, that of abuse of the credit system. Many, not content with locking up their capital in almost a hopeless shape, scattered abroad in indefinite credits the means of other people. Not a few merchants, deeming themselves well off because they possessed property, bought goods to large amounts, sold them out to farmers on time, and were of course unable to meet their payments as they matured. Could it be otherwise? If it was a general rule to have capital locked up in real estate, the rule was equally general to do business on credit. The attempt to do both was fatal in its consequences. Even if a man had a small surplus capital, a large credit business would soon absorb it, and nothing but the most extraordinary luck would enable him to survive anything like a critical season. It was in the nature of things that if he could neither sell his property, nor collect his debts, it was utterly impossible for him to pay, and hence, when both conditions co-existed, nothing but embarrassment could follow. We hardly know

which was the worst in its result, a large credit business, or a great lock-up in real estate. Either system of itself would severely tax the capital of the country. Both together brought us almost to the verge of a general collapse.

Another serious evil was found in the great number of parties engaged in trade. In Western Canada particularly, from one end of the province to the other, there could not be found a town or village in which the number of stores were not twice too many. The trade of the cereal years of 1861-5 could have been far better done if one half only of those engaged in it were doing business. Better profits would have been realized, and in many cases large losses avoided. The keenest competition, the closest cutting prices, and the most extraordinary attempt, to force sales, will long be remembered as the characteristics of that remarkably depressed period. Honest men, who considered it a sin and a shame to sell their goods at less than cost, found a difficulty in getting a living and paying expenses; while those who were less honest, and whose consciences were more elastic and pliable, knew that they themselves had nothing to lose, even if their creditors had. We know that the wholesale merchants were largely if not altogether to blame, for unwise and injudicious credits, in almost all localities. Excessive importations, large stocks, and the fear of declining prices, led many to grant credits to parties utterly unworthy, and who, lacking as they did character and capital, would not hesitate to sacrifice the property thus received, to the great detriment of their more honest neighbors. It is an old proverb that, "competition is the life of trade." It may be so, but in Canada it has been almost its death.

We have here therefore three flagrant departures from the legitimate and proper system of trading. There certainly were other causes, which may hereafter be commented on, but nothing was more apparent than that the sinking of capital in real estate, added to an unwise extension of credits, and an injudicious expansion of trade, were the leading elements which constituted the depression of last year.

Now that it is all happily past, and the country is once more restored to its originally healthy condition, these errors should be carefully corrected, and such precautionary measures adopted as will avoid all similar dangers in future. It is now within the power of every merchant and trader so to regulate his affairs that for all time hereafter he can be in an easy and comfortable position. Real estate has at last begun to experience an appreciative value, and a very large amount of money is now in the country seeking investment. It is not improbable that some of it may find its way to the purchase of property, and traders who have pieces of land which they can do just as well without should make a strong effort to get rid of them. It would be unwise to wait for high prices. They may never come, and if anything like a reasonable figure can be had, he is a wise man who closes the bargain. We see nothing to prevent a great many merchants from disposing of, at a fair price, a large bulk of their real estate, and if they will place the money so obtained into their business, they will find it far more profitably employed than when locked up in property.

There never was in Canada a better opportunity for an entire revolution in the system of granting indiscriminate and dubious credits, than there is at the present time. Consumers have now become rich, by the produce of a bountiful harvest. If credit is at all necessary—and we suppose people will continue to think so—quarterly payments and even monthly ones may now be insisted upon. They will certainly serve their own interests best, and those of the trade generally, by bringing their business to a basis as close as possible to cash. It is utterly impossible for a man to feel perfectly at ease, while his entire worth is scattered in small trifling sums all over the country, and very often in uncertain hands.

It is not desirable either that any further expansion of trade will result from the present prosperous condition of business. Wholesale merchants have already suffered sufficiently from over-trading. The policy pursued this year of moderate importations has been found most productive of good results. The uncertainty which is felt with regard to markets for our products in the future, and the present high prices of every description of goods, will tend to lessen importations for the coming spring. It is therefore unlikely that any increase will be made to the number of traders. This certainly is an improvement on previous years, and the country may well be congratulated upon the prospect.

TAXATION OF TOWNS AND VILLAGES.

WHEN the young clerk, or merchant at length, feels himself sufficiently experienced and sufficiently well off, both in ready means and credit, to commence business for himself, there are various considerations which should guide him in the choice of a locality to open his store. He should select a prospering place, so that he may grow with it—not a decaying town or village, which will soon dampen his energies. He should consequently study the elements which make up the prosperity of towns, such as their situation on rivers or railways, or on leading roads—the nature of the country they can supply with merchandise, whether fertile or the reverse, increasing in population and wealth, or stationary in these respects. And, although this is not so vital a consideration as the other, he should also observe what is the taxation of the place he is inclined to choose, whether heavy or light, whether increasing or diminishing year by year, and whether incurred for purposes of which the place is really reaping the benefit. We propose to exhibit here the taxation of the various cities, towns and villages of Upper Canada—in Lower Canada the taxation is nowhere heavy enough to give much cause for consideration, except in the cities, and for these, owing to the different methods of assessing trades, it is not easy to make a comparative statement.

The Auditor's blue book, from which we extract our data, makes a distinction between the taxations for municipal and for educational purposes, and properly, since the expenditure for schools each taxpayer may be supposed to reap the benefit. In this particular, moreover, one can hardly make a correct comparison between small and large places, since where the schools are numerous, their education necessarily costs less per head. By way of illustration we see that in Hamilton and Toronto the school tax for 1864 was one and one and three-quarters cents on the dollar respectively—in Ottawa, Kingston and London, it was two, two and a half, and three—thus averaging about two cents in the cities—while in Cobourg it was three and a quarter, Port Hope three, Peterboro' two and a half, St. Thomas three, St. Mary's six—averaging in these separated towns three and a half cents; while in the towns not separated from the counties the average was six cents, and in the villages six and a half cents in the dollar.

The following then, are the rates of taxation levied last year for municipal purposes only, in the various cities, towns and villages, which we classify in several categories:—

TAXATION 20 CENTS IN THE DOLLAR, AND UPWARDS.		
Hamilton.....	21	cts. "Simcoe..... 20
Toronto.....	20 1/2	" "St. Catharines... 21 1/2
Cobourg.....	2 1/4	" "Caledonia..... 21
Dundas.....	2 1/2	" "Kincardine..... 22 1/2
Paris.....	21 1/2	" "Richmond..... 20
Stratford.....	25	" "Trenton..... 25

TAXATION BETWEEN 15 AND 20 CENTS IN THE DOL.		
Kingston.....	17 1/2	cts. Lindsay..... 16 1/2
London.....	17	" "Owen Sound... 19 1/2
Ottawa.....	19 1/2-12	" "Perth..... 15
St. Thomas.....	16 1/2	" "Windsor..... 17
Amherstburg.....	15 1/2	" "Lanark..... 17
Dublin.....	15	" "Stirling..... 16
Galt.....	17	" "

TAXATION BETWEEN 10 AND 15 CENTS IN THE DOL.		
Peterborough.....	11 1/2	cts. Brampton..... 11
Port Hope.....	12	" "Clinton..... 12 1/2
St. Mary's.....	11	" "Dunville..... 11
Barrie.....	11	" "Hespeler..... 10 1/2
Belleville.....	10	" "Ingersoll..... 10
Bowmanville.....	14 1/2-10	" "Kemptville..... 12 1/2
Brookville.....	12 1/2	" "Mitchell..... 10
Chatham.....	12 1/2	" "Morrisburg..... 11
Guelph.....	13	" "Pembroke..... 13
Milton.....	11 1/2	" "Preston..... 13
Prescott.....	11 1/2	" "Stratroy..... 13
Sarnia.....	12	" "Thorold..... 12 1/2
Woodstock.....	12	" "Welland..... 11
Ashburnham.....	12	" "

TAXATION BETWEEN 5 AND 10 CENTS IN THE DOL.		
Brantford.....	6 1/2	cts. Fergus..... 5
Clifton.....	7 1/2	" "Hawkesbury..... 5
Collingwood.....	6 1/2	" "Holland Landing 5
Niagara.....	9	" "Iroquois..... 9 1/2
Oakville.....	7	" "Merrickville..... 6 1/2
Pictou.....	8 1/2	" "Napane..... 9 1/2
Sandwich.....	6 1/2	" "Newbury..... 5
Whitby.....	7	" "Newcastle..... 9
Aurora.....	6	" "Newmarket..... 5
Bradford.....	6 1/2	" "Oshawa..... 9
Brighton.....	6 1/2	" "Portsmouth..... 5
Cayuga.....	6 1/2	" "Renfrew..... 9 1/2
Chippewa.....	7	" "Streetsville..... 6
Colborne.....	7	" "Vienna..... 8
Elora.....	8 1/2	" "

TAXATION BELOW 5 CENTS IN THE DOL.		
Goderich.....	2 1/2	cts. "Orangeville..... 4
Amprington.....	0 1/2	" "Port Dalhousie.. 3
Bath.....	0 1/2	" "Smith's Falls..... 3
Embro.....	2	" "Southampton..... 4 1/2
Fort Erie.....	2	" "Waterloo..... 2
Gananoque.....	4 1/2	" "Wellington..... 1 1/2
New Hamburg.....	4 1/2	" "Yorkville..... 4 1/2