

In fact, if we had a misanthropic pleasure in the miseries of mankind we would put forth and commend to everybody's notice the following infallible receipt for bringing on insolvency :

Buy once a year as much as you can get credit for.

Get as long credit as you can, and for the sake of it don't mind the price.

Sell on twelve months credit as much as you can persuade people to buy.

If they cannot pay take a note at six months and go on selling as before.

If they cannot pay the note renew it and get your own paper renewed too.

Do not trouble to collect small accounts. Let them run till they are large ones.

If your customers do not pay in three or four years, hand their accounts to the Division Court.

These maxims steadily followed, we will undertake to be successful in bringing to insolvency any trader whatever. The length of time required to bring about this consummation will vary of course, with the amount of capital the trader started with, the circumstances of the district, and the risk. But they only require perseverance to ensure success.

But we are not misanthropes. On the contrary, we claim to be the honest trader's best friend. We have a horror of insolvency, as the curse of commercial life, and do our very utmost to discountenance every practice that leads to it.

It is for this reason we have spoken, in somewhat strong terms, of dating goods forward. It should be discountenanced if for no other reason than that it is a very mean business. By this practice a firm may be able to keep, nominally, an understanding with other members of the trade, as to terms of credit, while breaking them all the while in spirit and intent. If four months' credit is the general rule he can state that his terms are four months. But to sell a man goods on the 1st of March, on the understanding that the four months only begins to run from the 1st June, is a miserably mean evasion. It is a sham and a pretence. The credit is really seven months, and a trader who is guilty of such a practice is cheating himself, his customer and the trade.

No doubt it is a great temptation, especially to a weak or struggling house, to have goods sent in months before payment is asked. But this very temptation is the dangerous thing on both sides. Travellers like to swell up their orders, or their commission sales, and in these days of keen competition men will do almost anything to "do business," but the merchant who sends them out should know his own

interest better than to consent to such a practice. For what is the effect of it? It is impossible, taking human nature as it stands, but the effect will be this: The retailer will buy more than he wants. He will, bye-and-bye, get behind in his payments and ask for renewals. He will put off his goods on long credit, and get his books full of heavy accounts that cannot be collected. He will almost certainly fail or abscond some day, and then away will go the profits made by means of forcing goods upon him under the delusive notion of dating forward.

Besides this, the merchant himself will be deluded by the extensive sales that his travellers have made. He will be led to order more of the goods that have been sold. Just when he gets them he will find his market forestalled, and that by his own servants. Goods then will lie on the shelf and when payment have to be made all the shifts of financing will have to be resorted to in order to get through the difficulty.

Look at it then in what light we will, this dating forward is a bad system. It is disreputable. It is not an honest and fair business proceeding, but a trick of trade. And it is certain to recoil mischievously on all those who countenance or practice it. Short credits, small profits, rapid buying and selling, small stocks, quick returns—these are the only rules that will carry a man safely along in these days, and every merchant who is alive to his own interest will do his very utmost to develop them.

#### BUILDING SOCIETIES.

We devote a good deal of space to a tabulated statement of the Permanent Building Societies transacting business in the Dominion in 1872. It is derived from official sources; and though the figures are becoming somewhat stale from the tardiness with which they have been published by the Government, they have not yet lost their interest or value. The steadily increasing number of these societies, the facility with which they may be organized under the general act, and the large powers conferred upon them by that statute, render it important that full information should be afforded the public respecting their position. Especially in view of the fact that they are active competitors for the savings of the people at rates which the chartered banks cannot afford to pay while employing the funds in the ordinary channels of commerce. The returns would be much more satisfactory if they informed us as to the standard of valuation adopted in estimating the mortgages. To our knowledge, impro-

per methods of valuation have been adopted in certain cases. Every actuary knows that everything depends on the basis of valuation assumed; a difference of one per cent. in the rate fixed upon would in the case of a society having large loans, make all the difference between constructive insolvency and a large surplus. It would also be satisfactory to know how much of the profits were derived, if at all, from premiums on new issues of stock. Without this information any conclusions drawn from the figures as to the relative prosperity of different societies might be very wide of the mark.

On the 30th of June, 1872, the nineteen societies named in our tabulated statement had on deposit the sum of \$2,473,267.94, or about 80c. per head of the population, according to the census of 1871. This was, however, less than one-fifth of the total deposits in the savings banks, other than chartered banks in Canada at the date named, as appears from figures given under the heading "Savings Banks," elsewhere.

One reason why the Building Societies can outbid the chartered banks in the competition for deposits is that they lend nearly the whole amount received, while the banks find it necessary to hold about 20 per cent to meet sudden demands. At the date of the statements printed on another page the nineteen societies therein named had on deposit, including unpaid interest, the sum of \$2,705,633, and held in cash only \$134,412, or about one half of one per cent! This seems a ridiculously small proportion to hold; but we are not prepared to so describe it. These deposits are chiefly at notice, and the societies, doubtless, rely upon bank accommodation, or, upon raising money from private lenders on their mortgages. It would, of course, be only under circumstances of extraordinary pressure that these sources would be unavailable; but such a possibility must be always contemplated by every well managed institution. A few of the societies hold debentures which might be available in certain eventualities in preference to mortgages. The total amount held in this way was \$90,451.

Another point in the returns which is deserving of notice is the low rate of expenses incurred by these societies, in proportion to the business done. As the best comparative test, we have estimated the ratio of expenses to assets, and find it to be as follows:—

Quebec .....	·011
Montreal .....	·018
Frontenac.....	·010½
Freehold .....	·009
Union.....	·009
Commercial.....	·013