

ROYAL INSURANCE COMPANY.

It is surprising to find from the annual report of this Company for 1872 that, notwithstanding the Chicago and Boston fires, there remained of the fire premiums and interest receipts of that year, after paying all losses and expenses, the sum of \$250,000 in round numbers. The Boston losses amounted to about \$900,000, all of which were promptly adjusted and paid, without any real difficulty or dispute arising with the assured. It appears from the experience of the Royal and of other offices that these great fires are not an unmixed evil to the companies, for they at once bring about such an advance in the rates of premium, as to reimburse the excessive outlay in a great measure. The directors were therefore in the position to declare a dividend of eight shillings per share, and not only leave their reserves intact, but to make a considerable addition to them. In the life department a good business was done, 1177 new policies having been issued, producing in premiums, £17,329; the total life premiums, after deducting re-assurances, were £231,157. The expenses, too, were very moderate. At the end of the year the total invested funds of the life department amounted to the large sum of £1,602,796, or nearly \$8,000,000, and the entire premium receipts of 1872 exceeded \$5,000,000. It is only by contemplating these enormous totals that the extent of the Royal's annual transactions can be even imagined. We regard Mr. McLaren as one of the best informed and safest insurance managers among the fraternity. He has grown up with the business of the Royal, knows all its affairs, and his efforts have largely contributed to its success. The Canadian agency was profitable last year, and we are glad to hear that under the present thoroughly competent management the same experience is likely to be repeated during the current twelve month.

DIMINISHING CREDIT.

We are pleased to observe the spirited and intelligent way in which several journals of the towns and villages of Ontario are discussing the credit system. The cordial manner in which our views have been met leads us to hope that the difficulties in the way of lessening, if not eradicating, what has grown into an intolerable evil are not insurmountable. Public opinion appears to be pretty well ripened on the subject; country storekeepers have mostly passed through an experience that convinces them of the fallacious character of

the present method of trading and of the necessity for reform. Their conclusions are not based on theory, but are shaped by the hard logic of facts arising in their own experience.

The Port Hope Times, in two good articles, has brought the subject prominently into notice in that town; and it has been made the subject of discussion by the Board of Trade there. We make an extract from one of these articles which is well worth reading:

"In another column will be found a communication under the above heading, taken from the *Monetary Times* of last week. The suggestion thrown out is an excellent and timely one, as there never was a time when the evil of the present system of doing business was more keenly felt, we would like to see a gathering of the retail dealers of the Province take place for the purpose of considering this all-important subject. It should, however, not be confined to the dry goods dealers, for we think it would be much better for parties engaged in all branches of business to combine in such a movement, and by so doing the difficulties of a successful result would be considerably lessened, and a death-blow to the present odious credit-system would be more readily given. It will be admitted that the system is very much more pernicious in the grocery than in the dry goods trade, for the profits on groceries are so much smaller that it is frequently a source of loss to the merchant to allow his customers to run an account for three, six, or nine months, unless he judiciously charges them a little more for every article they buy, in order to make up for the time he has to remain out of his money. In other branches of trade we think the same argument will apply—the tailor, shoemaker, etc., etc., must have money to carry on business with, and the party who is prepared to pay cash for the articles he purchases, knows full well he can do better than the individual who has everything charged. Many people commence running accounts with the best intentions in the world of paying for everything they get, but unforeseen circumstances arise, and the merchant who was innocent enough to give credit is defrauded out of his due, or is compelled to wait an indefinite time until something turns up which will enable the customer to pay the amount. There is no town in Canada where the credit system prevails more generally than in Port Hope, or where more loss is sustained through it by business men. It is an unpardonable offence to refuse people, of whom nothing is known, goods without the money, and in consequence all our storekeepers make a large number of bad debts annually. Besides, the many annoyances to which they have to submit in collecting accounts, even after they have run for a year, are by no means few. They have finally to hand over a large number of bills to a collector, to whom they have to pay five or ten per cent., or to the Division Court for collection. If there was any occasion for this we might say, well, it cannot be helped, and we must just grin and bear it and hope for better times! but in reality things were never brighter. Everybody is prosperous—all branches of trade are flourishing—farmers have plenty of money, or would have plenty if they would sell their grain instead of holding it month after month in the hope of getting a larger price for it than their neighbors obtained for theirs. Mechanics and laborers are also receiving good wages, so that a man who cannot pay as he goes at the present time will not be able to pay a large bill when rendered. We require a change in the manner of conducting the retail business of the town, and it cannot be made a day too soon."

The Lindsay Post also deals with the subject and from it we make a brief extract:

"A short time ago a leading retail merchant suggested in the *Monetary Times* the propriety of taking steps that would lead to the abolition of the credit system in retail business, and probably there is not a merchant in the Dominion who would not heartily re-echo the suggestion and support any reasonable plan for carrying it out. A meeting in Toronto of retail dealers in the province for the discussion of that and cognate questions was proposed, and may be acted upon, as much good would undoubtedly result from such a conference. The problem is a grave one, and its solution is surrounded with many difficulties. Though the credit system—and we refer to the retail business exclusively—is decreasing in extent every year as railroads advance and money is more rapidly changing, its ramifications are so numerous and complicated that its abolition must be the work of time and of unanimous action on the part of the trade. That such a result would be beneficial to all concerned no one can for a moment deny. Perhaps in Lindsay the credit system is carried to as great an extent as in any other town; and it is trite to say that our merchants would hail with pleasure the adoption of the cash principle."

We find also in the Cobourg Sentinel a communication from Mr. David Burn of that town whose views on business matters are generally sound. A portion of his letter is all we can make room for:—

"I have read with pleasure several editorials and communications which lately have appeared in the *Monetary Times* on the evils resulting to the trade of Canada from Long Credits, and from the recklessness with which Promissory Notes are given and endorsed in the general business of the country. These evils are of long standing and are deeply rooted, but I am convinced that they could, to a great extent, be removed, by assimilating our Canadian law in Protested Bills to that which has always existed in Scotland on the subject. The Scotch law regards a *protested bill* in the same light as our Canadian law does a *confession of judgment*. The trader in Scotland is thus enabled to obtain *execution* upon a protested bill in the same way that we obtain it here upon a *confession of judgment*. If the debtor in Scotland does not consider it equitable that he should pay his protested note, he is entitled to apply to the Court to stay the *execution*, but in doing so he must lodge in the hands of the Court the amount of the note in question. There is, thus, in Scotland no such thing as the suing of Protested Bills in a Court of Law, and thus a large amount of legal expenses is saved to the country. The moral effect, too, of the Scotch law is most beneficial. It impresses upon every giver of a note the conviction, that he must be, or ought to be, prepared to pay his obligation when it becomes due. A sense of honesty and prudence is thus fostered in the community. Here in Canada, I am sorry to say, we have to deplore the too frequent want of principle manifested in the giving of notes, and this arises, in a great measure, from the fact that our Canadian law requires that a protested bill shall be sued in a Court of Law before *execution* can be obtained. This gives to the debtor the power of lengthening his term of credit to an almost indefinite extent, and in the meantime enables him, if evilly disposed, to remove his property out of the reach of his just and lawful creditor. I am certain that the improvement of our Canadian law, in this respect, of Protested Bills, would be hailed with satisfaction by the whole mercantile community, whilst it would certainly