

## A NEW BUSINESS.

A DESCRIPTION of business considerably out of the usual character has lately come much into vogue in Canada, and, if we are to judge by the numbers who are attempting and succeeding in it, we should imagine it to be profitable. It has some very remarkable features,—peculiarities in opposition to the usual conditions of trade,—and among them these: It is totally without risk;—The smaller the capital, the greater the profit;—The larger the indebtedness, the easier the business is transacted;—The heavier the obligations, the more money is made. The new business is peculiarly adapted to the hard times; and the encouragement which has been afforded it by the wholesale merchants is likely to stimulate its growth to enlarged proportions.

To illustrate the manner in which this new branch of commerce is conducted, we shall cite a case that recently occurred in the leading city of Canada West. A retail merchant, stated to have \$20,000, but really without a dollar, establishes himself three years ago under alleged favorable circumstances. His antecedents imply excellent business training; a rather unusual knowledge of the world; a capacity above the average, to which was added an attention to business and an economy in living which, notwithstanding a certain undefined prejudice against him, completed his claims to a large credit. With the intention of making money, honestly *if he could*, he attempted a large business, and exhibited a great deal of skill in its management. But the circumstances of the past year were unfavorable,—the weather was bad, the crops short, the trade dull, and money scarce. In ordinary circumstances these disadvantages would have resulted unfavorably; but the business capacity of our friend was too good to permit this; accordingly he makes use of this condition of things as an excuse to fail. He suspends,—meets a few of his creditors,—shows liabilities \$28,000, assets \$15,000,—deficiency \$13,000; he offers 7s 6d in the £, in 6, 9, and 12 months, which is accepted. Thus he gets his stock and assets, which have confessedly cost him \$28,000, for \$10,500, and makes the difference, say \$17,500. Presuming that not a dollar of profit was ever made previously in the business, it is certain a living has been had; and if, at the end of three years, this amount, or even say \$15,000, is made, the operation is highly successful. The valuation of the assets as they at present exist, however, may be correct enough. There may not be more than \$15,000 at present apparent in the concern; but how is the difference between that sum and \$28,000—say \$13,000—accounted for? It is certain that some goods must have been sold at a profit,—surely at least, in three years, \$2,000 has been realized on all the goods sold. Admitting even this, here is a total deficiency of \$15,000,—or five thousand dollars a year, or equal to one hundred dollars per week! Is it within the bounds of possibility that such a loss could have been encountered by a clear-headed, close-buying, economical trader? Two months ago to breathe such a supposition would have been next door to a libel; it would have been dangerous to make such a statement,—it would have met the indignation of his friends, and certainly the strongest denial from himself. Yet here are the facts, and, what is worse, without anything like a satisfactory attempt to excuse or explain the swindle.

Our readers will perceive with what ease this new business is carried on, and how profitable it can be made. Here is a clever man, a comparative stranger to the country, who has certainly cleared, in three years, \$15,000 over and above expenses, and probably a great deal more; for it is inconceivable that he should have been doing a large business all this time without a profit. This is by no means an exceptional case; it may be a more palpable attempt at defrauding than others, but there are many—alas too many—instances with precisely similar ends in view.

Beyond all doubt, there are cases in which the indulgence and liberality of creditors is properly exercised;—there are occasional instances where the misfortune of bad crops, over-buying, or keen competition, have resulted in losses to honest and even capable men, and where it is just and proper that a compromise should be granted, and the parties assisted again in business. These are, however, the exceptional cases. If the liberality of credits in Canada, and the supposed generally healthy condition of consumers, is not sufficient to enable a trader to succeed under ordinary circumstances, there is a screw loose somewhere. Either the fault is in the man, in the location, or in the general condition of trade. If in any one or in all

of these the cause is found for failure, a compromise of the party's indebtedness in no way remedies the difficulty. If the man, by mismanagement or dishonesty, gets released from the great bulk of his indebtedness by the liberality of creditors, he is rather encouraged than otherwise to go on in the same course he has hitherto been pursuing. If a number of merchants in an over-crowded town compromise their liabilities at one half the original amount, they can afford to sell goods at below cost, and continue in business for years without a vestige of profit, and the locality is rendered far more dangerous than ever for legitimate trade. If the general condition of trade results in numerous failures, and these failures, as is the case in Canada just now, the result of over-trading, it is only aggravating the difficulty by restoring to trade those who, from innate financial rottenness, incapacity, or dishonesty, have been forced, or have forced themselves, out of it.

The system now in vogue, of indiscriminately granting compositions, is being much abused. Hardly a week passes without a palpable attempt at swindling in some part of the Province; and if it is continued, there is no hope for success to the honest and legitimate trader, who is striving to pay twenty shillings in the pound. If wholesale merchants will continue to encourage this kind of thing,—if they will take every statement that comes along without due investigation, and be forced into an arrangement by threats discreditable to an honest trader, the result cannot fail to be most disastrous to the moral as well as to the financial interests of the country. A policy so much at variance with sound business principles must recoil with great force upon themselves; and we trust and believe that hereafter more care will be taken in granting discharges to unworthy persons. Doubtless the New Bankrupt Law is chargeable to a considerable degree with the facility recently afforded for effecting compromises; but a determination closely to investigate each case, and an unwillingness to grant a discharge until forced to do so, we believe would go a great way to remedy what is becoming to be a very great abuse.

## CURSE OR BLESSING?

THE best method of dealing with the large amount of depreciated American Silver which has been forced upon this country by the action of the American Government in suspending specie payment, is a question which engages a considerable share of attention at the present time.

The evils for which a remedy is urgently required may be enumerated thus:

First, Too large a portion of our currency is in silver, which, being cumbersome, is not suited for a medium of exchange, except in petty transactions.

Second, This silver having depreciated, is not worth its nominal value; a fact which is neither sufficiently recognized nor uniformly acted upon by the mercantile community. This causes considerable confusion in business transactions.

Thirdly, It is not readily convertible into gold; hence a large quantity of it is kept idle in the hands of persons who prefer holding it, with the hope of paying it off at par, in discharge of petty debts, rather than lose the "brokers' shave" for converting it into gold; and that too at a time when money is scarce.

Two remedies for these evils have been proposed, or rather one remedy, with two methods of applying it. To fix the value of this depreciated silver according to its intrinsic worth, which would be at a discount of four or five per cent, and which, it is hoped, would have the effect of forcing it out of the market, is the sum total of the remedies advocated. One mode proposed to accomplish this is by legislation. Its votaries, represented in this City by a writer of undoubted ability, declare that Parliament should fix the value of silver, and make it a legal tender. The fallacy of such a scheme is to us very apparent. Silver coin, though possessing to some extent the qualities of a standard of value, is used in the countries to which it belongs much upon the same principle as we use bank bills, with this important difference, that whereas the one possesses no intrinsic value, but only a representative value, the other possesses both. The silver, like the bank bill, is the representative of, and is convertible into gold, in the countries to which it belongs; but it also—unlike the bank bill—possesses value within itself, though the real is never so great as the nominal. The difference between its actual worth and its representative worth is secured by the Government by which it is issued, who undertake to redeem it in gold.

Should the Government, however, become insolvent, the silver loses its representative value, and assumes at once the character of a commodity. Its value is then regulated according to the very same laws by which the value of a bushel of wheat is fixed.

This is exactly the position which American silver occupies here at present, though the people generally have not recognized this fact. And just as well might we legislate to fix the value of a bushel of wheat or any other commodity as to regulate the value of this silver. It must be regulated by the natural laws of supply and demand.

The other scheme is much milder and less arbitrary in its character. It proposes that, as the discount on silver ranges from three to five per cent., the mercantile community should take steps amongst themselves, without the aid of legislation, to fix the value of the coin, or rather, by unanimous action, to establish the fact that the silver is worth a certain per centage less than it represents. This we have already advocated in these columns, and if it were the only practicable alternative, we would still be inclined to give it our support. It has this recommendation, that it would do no harm, and it would undoubtedly effect some good. There can be little doubt, however, that both methods of dealing with the evil are imperfect, because neither the one nor the other affects in any degree the chief objections to this silver as a circulating medium, which are its unwieldiness and its inconvertibility.

The remedy for the first of these objections appears very simple. There can be no doubt but silver possesses a certain amount of intrinsic value, and as such is as suitable for a basis on which to issue a representative paper currency as it is unsuitable for a currency itself. Let our leading Banks issue a series of bills of various denominations, ranging from two to one hundred dollars, representing, and redeemable in silver. This is quite practicable, and such action on the part of the Banks will so well demonstrate the difference in the value of gold and foreign silver that the public are very likely to recognize and act upon it, at least in all transactions of magnitude. It will be far more effectual in this respect than any legislation on the subject. It may be objected that we would be creating two distinct currencies possessing separate values, or that silver is not a proper basis on which to issue a paper currency, because it is liable to fluctuate. We reply that these evils—if such they are—exist at present. We have two distinct currencies,—gold, or rather its representative, paper, and depreciated silver. Paper is issued as a representative of gold on economical principles. It is acknowledged by all great financiers that a paper currency based upon gold is an economy of wealth. Why should it not be the same if based upon silver?

This scheme has many recommendations. Firstly, It will do away with the objection that silver, to the extent which we now possess it, is not a suitable medium of exchange, because it is too cumbersome. Secondly, It will be more effectual in demonstrating the fact that the silver currency is at a discount, than any other agency yet suggested. Thirdly, It will gather the bulk of the silver at present afloat into the vaults of the banks, where it may remain without wear until needed for exportation, thus obviating the very considerable loss which it must sustain through friction, if kept in circulation for any great length of time. Fourthly, It will be effectual in imparting ease to the money market, by placing a larger amount of bullion at the disposal of our bankers, and by increasing the circulation of bills. Fifthly, If the arrangement is well carried out, it will render the silver convertible into gold (or foreign exchange, for which it is most required), without being subject to the "brokers' shave" as at present. For example, if the discount on silver is four per cent., and exchange on London 110, the latter may be purchased in silver or silver bills for 114. Sixthly, All these considerations must greatly facilitate business transactions which are now weighed down and burdened with inconvertible silver. Seventhly, It will keep the silver in the Province without loss by wear, until it can be exported at a profit, that is, until the American Government resume specie payments, and this is perhaps the most important consideration.

This method of dealing with the silver question deserves consideration. We believe that, if it were adopted, what is now looked upon as little less than a curse, may be turned into a blessing to the Province.

"An Old Wholesale Man."

Your very sensible letter is held over until we are favoured with your name.