BROKEN LOTS.

THIS is one of the months when the dry goods merchant expects an increase in sales. Many merchants have done extensive advertising, and they especially will rewarded. No person can expect to do a roaring Christmas trade without some energetic action in persuading the people that his store is filled with goods at low prices, or else it contains that which they want and cannot procure elsewhere. Each merchant must blow his own horn, no person else will do it for him, and it takes a long and loud blast to work up extra trade in these days of close competition. It is the energetic merchant who succeeds.

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Just now comes up the question of collections. Many merchants have waited until the end of the year to collect their accounts. And what a gay time they will have! They will wish several times, and mighty hard wishing it will be, that the whole credit system was in Hades. But they will go on giving credit in 1893 just the same as ever. They will perhaps never even stop to consider that cash or short credits would be a huge improvement. Let it be graven on the hearts and minds of merchants, in deep burning letters, that 90 per cent of the failures in mercantile life are due to bad debts. Consider the labor you are going to have collecting old debts, and then decide your course for next year. But, remember, it takes a heap of courage and pains also to adopt a new system.

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Instead of trying to bolster up the price of silver in order to benefit the miners of that metal by extraordinary purchases by all the nations, it would seem better if each nation was to regulate its own silver supply and make gold the international currency. One ton of gold will do the work of fifteen and a half tons of silver. It is extremely doubtful if silver could be advanced in price by assuring for it a certain periodical demand. It would simply cause existing mines to be worked harder, and new ones to be opened up. Nevertheless, there is something wrong now, as the purchasers from foreign countries know to their sorrow. A short explanation of the principles underlying this subject will be found in another column.

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The taxation question is troubling the merchants of this country very much. In Quebec the merchants have taken a decided stand against the new provincial taxes. This province is paying for the first time a direct provincial tax. Two lawyers in Quebec city have given a legal opinion that the merchant cannot be compelled to pay two sets of taxes on their business, one to the municipalities and the other to the local government. Two Montreal lawyers have given a joint opinion that the imposition of the tax is ultra vires. The Montreal merchants complain that they would have to pay two-thirds of the whole amount of the provincial taxes, and that this is not fair. The merchants and manufacturers of that city have accordingly decided to raise a fund by subscription and contest the constitutionality of the Act. But there will, undoubtedly, be a move on the part of the government to equalize and distribute more properly the burden of the tax. The merchants seem to be very decided on this matter. The great trouble has been that the merchants of this country have been too easily bled by both provincial and municipal authorities. The provincial and municipal taxes should blend together so that the two burdens will be properly distributed. No municipality should tax capital directly. All the cities are trying to do away with the personalty tax. The merchants of Vancouver, Winnipeg, Halifax and Toronto are waging war against the defects in the municipal methods of taxation. Charlottetown, P.E.I., and St. John, N.B., are also being stirred by their leading merchants concerning this question. Certainly from out of this general discussion much good should come. The great cry is that a personalty tax falls heaviest on the honest merchant. After all is said, the great trouble is to make the necessary change. The people must be roused from apathy and educated on the subject. This is part of the price paid for our democratic government. But assuredly the death knell of the personalty tax is rung, and now the funeral will be in order. It may take a year or two to complete arrangements, but when the burial takes place it will be in so deep a grave that the obnoxious hydra headed monster will never again show its head. Let the merchants of all these cities take courage and continue the good work in favor of justice and morality.

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We are in receipt of an encouraging letter from Mr. Arthur P. Silver, of W. & C. Silver, Halifax, N.S., on this subject of the Personalty Tax. Mr. Silver has done a great work towards the enlightenment of the public on the question of taxation. The business men of this country are surpassing the scholars in the dissemination of sound theories of taxation.

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By the influence of the dry goods section of the Toronto Board of Trade, the Council of the Board has decided to ask Sir Oliver Mowat to appoint a commission to investigate the whole question of taxation. This request, coming from the Council will have a great deal of weight for it is composed of Toronto's leading merchants. The interests of the country, in their relation to municipal taxation must be thoroughly investigated. The ultimate aim is to secure such remedial legislation as seems to be demanded by the evidence adduced. Two years ago the matter was brought before the Provincial Legislature, but it was withdrawn on account of the dense ignorance concerning the subject of municipal taxation which was found to exist among the members of that body. But with the discussions which have taken place since, there should be an improvement. One thing is certain, if the promoters of this movement wish to succeed in getting a Tax Commission appointed, they must be able to lay a well prepared brief before the members of the Legislature when the session opens, or else apathy will prevent the accomplishment of this very desirable object. It will be no easy task to secure this commission, and this must be carefully borne in mind.

THE TWO LAWS.

THERE are two great economic laws which are always spoken of either in conjunction or in contrast. One is the law of increasing returns and the other the law of diminishing returns. Business men should know them thoroughly.

Suppose a farmer to have a hundred acres of land, which he is cultivating with a small capital in the form of a few implements and one horse. He hires no laborers, but he and the horse work steadily on through spring ploughing, seeding, haying and harvesting. He cannot cultivate the land thoroughly, has to neglect his fallows, and do his work superficially. The earth yields gratefully and his grains of all kind amount to 300 bushels. He has lived and made a few dollars more to go into the old sock. Now, suppose that bright-eyed son of his comes home from business college, and he says, "Father, let us get some more horses, another waggon and hire a laborer, and let us cultivate this land properly." It is done. More labor is put on the land and the next harvest time sees a heavily cropped farm and a huge return of 1,500 bushels of all kinds of grain. The net proceeds in money are $500 more than before, the wages, intesrest, etc., are $200, and three hundred dollars extra gain is made. This is an illustration of the law of increasing returns. Apply more capital and receive a greater rate of profit. This applies to business also. For example, by investing $150 in advertising, $300 may be gained. Here the extra investment brings in a gain equal to double itself. This is increasing returns. With $5,000 stock a man may do a business of $15,000 a year and a net gain of $1,000, aftor deducting expenses amounting to $500. With $10,000 stock a man may do $30,000 worth of business and have a profit of $3,000, from which must be deducted expenses which have arisen to $750 or a net gain of $2,250. This is the law of increasing returns.

But there is a point where the law ceases to operate. As soon as a farmer has his farm well cultivated, under drained, etc., a further investment may lower the rate on the whole investment. When a business man has reached the limit of possible consumption he must invest no more. Some people claim a business man never reaches this limit; that the law of diminishing returns never begins to operate on his business, but that further investments, if judicious, will always slightly increase the rate of return on the whole investment. But this is a case of circumstances. The law may never apply to city dealers, but it applies very strongly to dealers in the smaller towns where the scope is limited. But as soon a certain point is reached the law of increasing returns ceases to operate and the law of diminishing returns begins to take its place. This point then should be the goal of all business men. Invest carefully, but invest until you think you have reached the point where the two laws make an equilibrium and then rest on your oars. Every business man must ascertain the point of equilibrium for himself.