the household, and the cash-order system enables them to obtain that which the retailer would not otherwise supply them with. Thus they are enabled to purchase at cash prices from retailers of high standing and yet receive credit accommodation at a comparatively low rate.

Advantages to the Retailer.—The retailer voluntarily accepts the system because it brings to him a large volume of additional trade which he would not otherwise have obtained save by more costly means. The cost of extra advertisement, of canvassing and travellers, is greater than the commission or discount which he pays to the cash-order trader.

The cash order saves the giving of credit, booking-costs, and bad debts, and gives the retailer the great boon of prompt cash payment. The retailer sells his goods and retains no risk and has no expense of collection. These fall upon the cash-order trader.

The customer beginning with a cash order may remain as an ordinary cash or credit customer. When in funds he returns to the same shop and may purchase for cash, as well as bringing friends with him who may also spend cash. The extra trade would not probably be obtained by the retailer save by means of the advertisement which the cash-order trader gives him. The retailers adopting the system have admitted its advantages as indicated.

Comparison with other Credit Systems.—The systems of credit in use by the public are many and varied. Practically every business in the world to-day has its credit system in some form. Sales on credit constitute a proportion of practically every business man's turnover. Open credit, hire-purchase, money-lending, pawn-broking, time-payment selling direct, all these are widely used credit systems, and an analysis of each leaves one pondering as to why the cash-order system should be singled out as being undesirable. If it is undesirable, then the above-mentioned systems are much more undesirable.

Let us now compare the cash-order system with those systems with which it is competing.

Open Credit.—It is a well-established fact that this tends to extravagant purchasing and is a source of expense to the country. We think that a glance through what is known as judgment-summons cases should confirm this view. Cases are of daily occurrence, and some of them disclose amazing features from a business point of view : some show that this form of credit is being continually abused by dishonest persons ; some show that it is being used by merely foolish persons, while others prove a lack of discrimination on the part of the retailer, inasmuch that perfectly honest people are brought before the Court through contracting a debt they are unable to pay through force of circumstances. Open credit is being continually condemned by our Magistrates and Official Assignees. Just recently, in Christchurch, a Magistrate, after hearing a case in which one John McKenzie had swindled no less than twenty-eight traders through their system of open credit or charge accounts, remarked that such loose methods of extending credit simply put a premium on dishonesty.

It is most significant that though the cash-order system has been operating in Auckland for over twenty-five years, no single instance of litigation such as is continually before the Court with regard to other systems has appeared. This certainly gives food for serious thought. The reason that the cash-order system does not figure in these Court cases is because the self-interest of the cash-order trader and the system he employs tends to prevent these abuses taking place. For this very good reason the dishonest person finds it extremely difficult to open an account. The foolish person finds he may not purchase extravagantly, while the honest person who cannot meet instalments through stress of circumstances receives the measure of consideration which is his due.

The hire-purchase system of extending credit embodies the same principles as the cash-order system in that it allows payment to be made by instalments, but it is far more open to abuse by the unscrupulous trader because of his powers of repossession on the default of the buyer. It has been suggested in certain quarters that cash-order traders are in fact money-lenders, and should therefore be registered as such. It is impossible to see how this change would be likely to benefit the public, as the money-lenders invariably charge a much higher rate than is charged for cash-order accommodation, and in addition they take security for their loan over all available chattels ; and, as the actual cash is advanced, it may or may not be spent usefully, whereas in the case of the cash order, goods only may be supplied ; the operations of the pawnbrokers are too well known to call for any comment.

Does the cash-order system compare favourably with the hire-purchase system, money-lending, pawnbroking, or time-payment selling direct ? Careful analysis of each reveals that it is infinitely superior to them in its general operation and service to the community. Its popularity with those who require credit is a sure indication of its merits as compared with other systems.

An objection raised against the system is that it adds to the existing means of obtaining credit. In practice it is not an addition to existing credit systems, but a substitution for them. It provides a simpler and more effective credit system, which is infinitely less liable to abuse than are the alternative systems of time payment and money-lending.

The sale of drapery on time payment direct is almost universally carried out by hawkers, who purchase from the warehouse to sell from door to door. It is noteworthy that the big majority of firms operating in this way have gone out of business owing to the activities of the cash-order system, against which they cannot hope to compete, on account of the difference in the quality of the service rendered. It cannot be overemphasized that by making use of the cash order instead of dealing direct with a time-payment trader, buyers gain the assurance of full value for their money, because they buy at marked cash prices from retailers of the very highest standing.

Let us then examine the result should the activities of the cash-order system cease. The business which it is doing would immediately be diverted into other channels, the greatest of which would undoubtedly be time-payment, selling direct, the remainder going to other credit systems and money-lenders. It is ridiculous to suggest that such a change would be of benefit to the community.

Its Desirability to the Community.—Upon analysis we find that the cash-order system is more desirable than other credit systems for the following reasons :—

Money is not supplied to the user, but an order to obtain goods of a definite nature, and this therefore must be used within its proper scope and cannot be unwisely or improperly utilized. The user does not purchase goods of doubtful quality at exorbitant prices, but is enabled to select