

requirements from retailers of standing in the business community. No security for the debt is taken, therefore the self-interest of the cash-order traders tends to check extravagance.

*Trade Usages.*—Much has been said in condemnation of the principle involved in the commission or discount allowed to the cash-order trader by the retailer and the charge made by the cash-order trader to the customer. Upon investigating this point we find that it is only in accordance with common practice. The retailer may take a customer to the warehouse to select goods, and though he does not handle the goods he receives a handsome profit on the sale to the customer, and also a discount from the warehouse. He may also give the customer an order for goods upon a neighbouring shop, from whom he receives a discount. It is also a common practice among retail traders to allow discounts equivalent to those allowed to the cash-order trader to individuals or combinations of individuals who may be in a position to buy unusual quantities of goods. It is a matter of common knowledge that such discounts are allowed to such bodies as Civil servants' associations, to traders in kindred lines, to agents in other centres, hotels, boardinghouses, restaurants, shipping companies, and in a whole host of similar directions. It is puzzling therefore to know why the cash-order trader is the one who should be singled out for condemnation on account of the discount he receives.

But is the charge made by the cash-order traders a fair one? The economic law of supply and demand ensures that the system is run at a reasonable and not excessive charge to all parties thereto. If a better system could be engaged the open competition in the commercial world generally would have displaced it long ago, but such has not been forthcoming.

*Who may complain?* It has been shown from the foregoing that the arrangement between the cash-order trader and the retailer is a mutual one; so also is the arrangement between the cash-order trader and the purchaser; each of the three parties concerned are quite satisfied. Then who may complain? Competitors who find the system is attracting trade from them may complain, but would not such complaint only confirm the view that the system is better and more suited to the public need than that which they employ?

*Cash-order Trading in Australia.*—Much capital has been made from time to time by competitors by means of loose statement with regard to cash-order trading in Australia. We hear that "legislation is being brought down to abolish the system." We must certainly admit that it has been vigorously attacked in Australia, but is still successfully catering for those who wish to use it. A Bill for the abolition of cash-order trading was before the Victorian Parliament in 1927 and was defeated. A Bill designed to regulate cash-order trading was debated by the Victorian Parliament on the 23rd August, 1928, and passed its second reading. Owing to the overthrow of the Government since that date nothing further has been heard of it. Reference to *Hansard* of Saturday, 25th August, 1928, however, will throw much light upon the attitude adopted by the Government in Victoria, and should quite dispel the idea that there is any wish or intent to suppress the system excepting by the few who are in competition against it. A Committee of inquiry composed of nine members was set up, and in referring to that inquiry the secretary states that "though particular attention was directed to the abuses which were charged against it and the extraordinarily high rates of interest that were mentioned, we could find no proof of many things that were charged against the cash-order system. We received hundreds of letters from those who were concerned in transactions with cash orders, and it was amply demonstrated in those letters that there was urgent need for some form of credit to enable the writers to purchase the necessities of life. The firms whose business we investigated offered no restriction to our inquiry and placed all their cards upon the table." (See *Hansard*, 25th August, 1928.)

*Summary.*—The whole problem of cash-order trading may be summarized and stated briefly as follows:—

That the four main features of the system are—

- (1) That the cash-order trader receives from the retailer a mutually-agreed-upon discount in consideration of extra business secured;
- (2) That the cash-order trader charges the purchaser a mutually-agreed-upon percentage in addition to cash prices, in consideration of the services rendered in providing the convenience of an instalment credit account;
- (3) That repayment is made by instalments;
- (4) That the cash-order trader secures his profit without actually handling the goods concerned.

A little consideration will show that none of these four main features is by any means peculiar to the cash-order system.

It has been shown that one of the commonest practices in business is that of allowing a discount to any agent, firm, or individual who is in a position to control and divert to the trader a considerable volume of trade which he would not otherwise get. It cannot be held, therefore, that the cash-order system is undesirable because it entails the giving and receiving of discounts.

The practice of making a definite charge in addition to cash prices for the convenience of credit accommodation is recognized as being a sound practice in all forms of trading. The practice is sometimes varied by fixing the price at which goods may be supplied on credit and allowing a discount for cash, but the principle involved—that of charging for credit—remains the same. There seems to be no logical reason, therefore, why the cash-order system should be singled out for adverse criticism on account of such a charge being made. The basic principles of instalment selling have been so widely debated and are now so generally understood, and the system is so firmly established as an integral part of our modern commercial system, that it seems quite unnecessary to further labour the point. In view of the foregoing it is quite fantastic for any one to suggest that cash-order trading can be condemned because it applies the principles of instalment selling.

Neither can there be any objection to the fact that the cash-order trader secured a profit without handling the goods concerned, unless the same objection is held to be good against the broker, the indent agent, or the manufacturers' agent on the one hand, and such concerns as automobile finance companies on the other hand. It must be recognized, therefore, that the cash-order system is after all simply a distinctive combination of well-established, widely recognized, and universally practised trade customs.