

PITMAN'S  
BUSINESS MAN'S  
ENCYCLOPAEDIA  
AND DICTIONARY OF COMMERCE

---

THIRD REVISED AND ENLARGED EDITION

*Edited by* ARTHUR COLES, F.C.I.S.

*Author of*  
"Company Accounts," "Guide for the Company Secretary," etc.

WITH NUMEROUS MAPS, ILLUSTRATIONS, FACSIMILE  
BUSINESS FORMS AND LEGAL DOCUMENTS, DIAGRAMS, ETC.



*In Four Volumes*  
VOLUME III



---

SIR ISAAC PITMAN & SONS, LTD., PARKER STREET, KINGSWAY, W.C.2  
LONDON BATH MELBOURNE TORONTO NEW YORK

1927

No. B2519.

ORDER.

3rd June, 19...

From STEVENS & LORD,  
39, NEW STREET,  
NOTTINGHAM.

To Messrs. Wilson Bros., Ltd.,  
Walling Street Mills,  
ROCHDALE.

Please supply the undermentioned goods, and charge the same to our account.

Yours faithfully,  
STEVENS & LORD,  
per S. Brown.

30 Pieces, 27 in. x 50 yards, Pattern No. 1765, Fancy Shirtings, at 5½d. per yard.  
as per your quotation of the 31st May, 19...

Delivery: 2/3 weeks.

Per L.M.S. to Nottingham Station. Carriage paid.  
Please quote order No on invoice.

the Markets of the World, Partnership, Limited Companies, etc. All this, though often, loosely designated Commercial Correspondence, comprises an extensive commercial education, to deal with every aspect of which would require a volume of substantial size. For the present purpose, therefore, it is proposed to treat the subject according to its literal interpretation and as relating to business letters and forms which partake of the nature of letters.

The rules for writing business letters will be found in the article LETTERS, but it may be useful to add an example of a memorandum showing the style of heading, etc., generally used. (See page 413.)

Memoranda are sometimes initiated by the writer, but are not signed in the same manner as letters. They are used for short notes and often for inquiries for prices, etc.

**Quotations.**—Quotations are generally sent on a form partly written and with the essential particulars typed in. Quotations should be signed by responsible persons and the prices named should be carefully checked, otherwise a serious position might arise should a quotation, which errs on the side of being too small, be accepted before the error is discovered. An example of a quotation is shown on page 413, the written or typed portions being indicated by italics.

Duplicates of quotations should be carefully preserved for reference, and may be kept by taking a press copy or a carbon duplicate.

**Orders.**—An order is a written or verbal instruction to supply goods as per particulars stated at a specified price. A copy should always be kept, and for this purpose the majority of firms use the carbon duplicate book. The essential particulars are filled into the printed forms, which are numbered consecutively.

**Enclosing Remittances.**—With the object of saving labour in dispatching remittances, most firms use a printed or lithographed form of letter after the style of the following.

"EXCELSIOR WORKS,"  
LOUGHBOROUGH.

31st May, 19...

Messrs. Bailey & Brown have pleasure in enclosing cheque value £48 15 0  
which, with discount, 1 5 0

£50 0 0

will balance your account to the end of May.  
An acknowledgment in due course will oblige.

**Acknowledgments.** A similar form of letter is sometimes used when acknowledging receipt of a remittance. The following is an example—

39, LORD STREET,  
LIVERPOOL,  
1st June, 19...

Messrs. Rennie Bros., Ltd., beg to acknowledge with thanks receipt of your cheque for £48 15s., which has been duly placed to the credit of your account, and for which formal receipt is enclosed herewith.

**Advices.** Another formal communication—generally by post card—is the Advice. Its use is to notify consignees of the dispatch of goods. When an invoice is sent, however, that is generally sufficient.

WILTON PAPER MILLS,  
BELFAST,  
1st June, 19...

We beg to advise you that we have to-day dispatched to Lancaster Station, L.M.S. Ry., 20 Reels, 35½ in., White News, Marked L.M. 1/20. Carriage paid.

For WILTON PAPER MILLS CO., LTD.,  
Proprietors,  
"Lancaster Mercury,"  
LANCASTER.

**COMMERCIAL COURT.**—(See HIGH COURT.)  
**COMMERCIAL CRISIS.**—The commercial crisis is a phenomenon which occurs at more or less irregular intervals. The term is usually applied to the glut (or slump) succeeding a boom. It is seldom that a period of more than seven years passes without a crisis, and although on each occasion the crisis may be attributed to a different cause, such as war, poor harvests, etc., it certainly would appear as though, in spite of the marvellous development of modern commerce and industry, there were some fundamental defects in our economic structure, leading inevitably to periods of depression. During a period of industrial activity the demand for products and manufactures grows and prices tend to increase. This engenders a feeling of prosperity and confidence in the minds of manufacturers, who use all possible means to increase their output, make extensions to their works, and increase their commitments in various ways. If, as is often the case at the commencement of a period of industrial

activity, loanable money is plentiful, no great difficulty is experienced in borrowing the necessary money. And it is perfectly good business for a manufacturer to borrow money at 5 per cent. if he can earn 10 per cent. or more upon it. When this is happening on all sides, production overtakes the demand. This gradually becomes perceptible, and manufacturers find themselves compelled to reduce prices in order to secure orders. Then as extension of works and new undertakings, which have been brought into existence by the prospective profits based upon the high prices, come into operation, this over-supply becomes accentuated. Prices fall, bankers tend to call in their loans, and the position of many manufacturers who have no large outside capital resources (and most manufacturers have practically all their available capital sunk in their businesses) becomes unenviable. Meantime they, in common with thousands of others similarly circumstanced, have found it necessary to reduce the number of workpeople employed. This, again, reacts upon the general condition of industry, for obviously the placing of a number of people out of work reduces the purchasing power of the community. All these circumstances, multiplied by the thousand, and one reacting upon the other, contribute to a general state of depression, and sometimes, when over-speculation has been rampant, to a positive panic.

A rise in price should check the demand; but at times it does not. It may for a while increase demand. Buyers, fearing that the prices may advance still higher, are eager to buy now what they will be compelled to buy shortly. Sellers, who also expect prices to rise, hold on. In an opposite state of expectation the sellers are unduly eager, the buyers are postponing as long as possible the obtaining of supplies.

Sometimes a commercial crisis can be strictly attributed to a specific cause. For example, the absolute failure of the American cotton crop can paralyse the whole of the textile industry—perhaps the most important industry in the United Kingdom—the effects of which would be felt immediately throughout all the manufacturing countries of Europe. Sometimes a crisis may be caused purely through speculation in one commodity, e.g., oil or copper, and again it may be brought about, or considerably aggravated, by a bad currency system, as in the United States; and the inter-relationship of the different peoples is now such that a crisis in one commercial centre is immediately felt in every other centre.

It is impossible here to refer more than briefly to the causes of commercial crises, but we shall not be far wrong if we say that the principal cause is summed up in the word "over-production." In this respect the tendency towards concentration in industry in the shape of creations of vast trusts and combines appears to be scientifically sound, although it may involve other disadvantages from the public point of view, in that it is a great temptation to exploit the public once a virtual monopoly in the manufacture or supply of a commodity is acquired. With a vast number of small producers, each blindly working feverishly to secure the maximum profit within the shortest possible time, without regard or even knowledge as to the cumulative effects of such action on the part of himself and of his fellows, no attempt can be made to adjust production to consumption. This is well illustrated in the case of the building trade,

which suffers from periodical crises caused by over-building.

Just as a period of industrial activity leads to a period of depression and sooner or later to a commercial crisis, so a period of depression leads up to another spell of industrial activity. The weak men go to the wall, thus reducing the number of producers; and with the gradual slackening of the demand for money, loanable money becomes cheaper. Gradually production diminishes until the demand overtakes it, and the whole thing commences over again. In fact, the course of commerce and industry may be traced by a series of curves, not all of equal length, but a depression following inevitably upon an upward movement, and vice versa.

**COMMERCIAL LAW.**—The term Commercial Law, or its equivalents—Mercantile Law and *Lex Mercatoria*—is used, in a general way, to denote those portions of the law which deal with the rights and obligations springing out of the transactions between mercantile persons. It is only for convenience that the term is applied to a portion of the law, and the selection is quite arbitrary. The law of England knows of no such artificial division. In recent years a court has been established which is called the Commercial Court on the King's Bench side of the High Court of Justice, and to this court has been assigned the trial of causes "arising out of the ordinary transactions of merchants and traders; amongst others, those relating to the construction of mercantile documents, export or import of merchandise, affreightment, insurance, banking, and mercantile agency and mercantile usages." But it is not always easy to discover what is and what is not a case which may or may not be assigned to the special court, nor are the rules of the High Court always very helpful in the matter. Still, as this is essentially a matter of practice, it is unnecessary to pursue the subject further, at least so far as the question of legal procedure is concerned.

The principal source of Commercial Law is the common law of England, i.e., the law of England as administered in the King's courts after the Norman Conquest. (See COMMON LAW.) The common law became settled after the middle of the thirteenth century; but that was too early for all the requirements of commerce which sprang up after that period. Consequently, many modifications were necessary, and these have been brought about by the influence of equity, the force of statutes, and the prevalence of custom. Equity is that supplemental law which was administered formerly by the Court of Chancery for the relief of those suitors who could not find an adequate remedy in the common law courts. By degrees the rules of equity became just as fixed as the rules of common law, but the two systems of English law were kept quite distinct until the passing of the Judicature Acts of 1873 and 1875. Now, law and equity are administered equally in all the courts, and it is laid down as a general principle that when there is a conflict between the rules of equity and those of the common law, the former are to prevail. Statutes signify Acts of Parliament, dating from the time of Henry III to the present day. An Act of Parliament is superior to and overrides any rule of common law or equity.

But custom has played a great part in framing what is known as commercial law, and the various customs which have been proved to be of advantage have become part of the common law, and have