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CANADIAN ILLUSTRATED NEWS.

Montreal, Saturday, 21st Oct., 1876.

COMPETITION AND COOPERATION.

Every great issue can be more or less satisfactorily discussed by confining the enquiry to a small area. There is no need to affirm that the elements when so narrowed will agree entirely with actual facts on the great scale; but the points in which they may be found to differ will be subsidiary and capable of being separately treated.

The necessity for competition in order to regulate prices is nothing more than a factitious or alternative necessity. It must be looked upon as a remedy for a specific social disease—that disease which, in other than a trade sense we term extortion, or a demanding more than is due; or, to put the point more mildly, we may say that competition is a check upon the instinct of self-preservation when liable to be carried to excess. If it be the practice to base a whole commercial system upon the dictum that a tradesman is entitled to all the profits he can obtain, so long as there may be a clear understanding as to the quality of the goods, there can of course be technically no extortion in fixing prices; but in that case high prices being inconvenient to consumers, competition, as a matter of fact, will be appealed to, to diminish them.

If we could imagine, for argument's sake merely, so much of the mutual spirit to prevail in any community that a manufacturer's expenses and profits should in constant practice be laid open for his customer's consideration and debate, in order to an agreement for adjusting the prices to be charged and paid for his goods, there would be no need to call in the aid of competition in any shape to regulate those prices, provided the quality of the finished goods were satisfactory, as compared with those turned out by other makers. His profits would, in actual fact, be regulated by the willingness of the community to allow him in their purchases what would amount to a certain percentage on his capital employed, and a wage, not exactly defined, for the time and labour of himself and the staff engaged in the manufacture. Manufacturers have sometimes made explanations of this kind of their own accord in discussing the economical question in the journals, but it does not follow that they would always like to deal with such enquiries in the absence of a special advantage to be reaped by them from the practice.

A simpler process than this might take the form of an annual meeting of the customers or neighbours with the manufacturer or company to determine the prices to be charged by him or them during the ensuing year, in view of the prices of similar goods elsewhere, they giving the firm their exclusive custom for one year in consideration of a fair adjustment. This latter method would not differ in principle from an ordinary time contract

between individuals. The result of either plan would be a local monopoly in favor of the manufacturer for the period determined on, and the retention of the factory within the district, if such district were large enough to support it. On account of the great difference in the size of districts needed for remuneration by different branches of manufacture, the plan would appear much more feasible in some trades than in others. Even indiscriminate free-trades are often not averse from entering into time bargains for delivery of goods, for they know that a mutual contract on the face of it can be no injury to either party. It will be seen that the element of competition is not entirely absent from an arrangement of this sort, as the adjustment of prices will depend in some degree upon outside market values, nor is this comparison of prices at the outset to be deprecated, for there cannot be a doubt that in the absence of all competition the energies of ordinary men are apt to mould and become moth-eaten. Such arrangements as we have pictured, it might be thought are more suited for cherishing a youthful industry than for aggrandizing an established one—unless a good proportion of the community had invested a part of their means, and themselves become shareholders of a healthy manufacturing company, in which case some such adjusted monopoly might almost be looked for as a matter of local instinct and *esprit de corps*. There would be a great difference between constructing a main line of railway by shares distributed throughout the community, and putting it into the hands of proprietors with inevitable powers of transfer. The power of transfer may at any moment make havoc of merely local arrangements. With leading railways this is more important than in the case of trading companies or firms. We have already a Canadian railway which is governed from New York.

If a local consensus of the sort indicated were possible, it would of course be for the period covered final in its nature—and the admission of outside goods of the same description, during the period agreed upon, would be a breach of contract on the part of the community towards the firm or company. The motive of the agreement, if entered into, would chiefly be the retention of the particular industry within the limits of the municipality, for the various benefits to accrue from its presence as a part of the general organization.

And it would be difficult to deny that, other things being equal, the local manufacturer has an equitable claim to the custom of the neighbourhood over his outside rival, for the admission of competing goods, even where necessary for the regulation of prices, is often destructive, though not intended to be so. Regulation of prices being admitted to be necessary, if it cannot be instituted by general consent, is enforced by such admission of goods from the outside. What most frequently tends to destroy the local industry is the undue limitation of its market, and it will be admitted that such limitation of the market by competition is an evil *per se*, as effecting the particular community, unless it be proved that the market is larger than the establishment can supply, or that it is an industry that has no right to be there at all. Of any well-established industry it would in most cases be difficult to prove this latter averment. Certainly, the displacement of the industry would not generally be justified by asserting a minute and temporary saving in price through importing the goods over manufacturing them as home, because while the community would be gaining for the moment something upon some of its luxuries or necessities, it would be alienating and getting rid of a section of itself—of its own individuality and organization—sending its people away in part that the remainder might gain a percentage in some departments of consumption, not considering the while that population being of the right kind, in men of skilled and regulated lives, forms the chief

basis of local wealth. To put the matter generally, we ask the economists to admit that the statical element has to be considered as well as the dynamical.

In an abstract point of view it is not impossible to put the question of price entirely on one side, although this question of price is so frequently considered to comprise everything. We may, if we choose, and merely for argument's sake, suppose that no man in a certain municipality is asking more for his goods than a fair percentage upon their actual cost. The effect of introducing outside commodities here, admitting, let us suppose, for a popular fancy, manufacturers from a distance to supply exactly similar goods at exactly the same prices, might be to drive the local maker out of his trade, supposing his customers to be confined to the one municipality—because the amount of custom that will support one factory will not support two or more. Two smiths in a village, where there is room but for one, have to come to agreement with each other and with the villagers, for one to leave or go into another trade—lest the dividing of the custom should ruin both. The principle has a much wider application—but the example shows at any rate that price which we so often take to be the only consideration, is really but a partial one, the extent of the market for a local industry being really the first thing to be considered.

FIRE INSURANCE IN QUEBEC.

The letter which Mr. PERRY, as representing the Board of Fire Insurance Underwriters, has addressed to the press of Quebec on the insurance question in that city, will be likely to allay some doubts which had arisen in the civic council as to the views and proceedings of the Board who represent the underwriters. A most grave experience has come upon the insurance interest during the past season in Canada proving the great value of the system, but at the same time leading the companies to discuss the questions of water supply and engines with even closer attention than before, and to act upon special knowledge as it comes to hand. The conditions of climate and construction vary so much in different countries that such knowledge has to be classified and intelligently acted upon. With perhaps the single exception of Montreal, and which has no particular reason to make the change, we do not believe there is a city in Canada that could afford to do without outside help in the matter of fire insurance, and certainly not any of those which have large wooden districts to watch over, through a defective policy in the past.

When a great fire occurs in one of such extensive towns or suburbs although individual companies may have protected themselves in the sense of not having too many risks in the one locality, the loss in the aggregate is heavy, and is discouraging to the underwriters as a class. The attempt to confine the risks to local companies might be the means of crippling every interest a city contained, and at once lower its credit in the money markets of the world, but by reasonable precaution and constant reference to the stores of experience at home and abroad, a city may be made comparatively safe, and so far encouraging to the companies as to secure reduction of premiums.

It was observed on the Quebec Council Board that the city would have to borrow for its water works and engines. Its credit is good, and if this be so, it would seem essential that the necessary powers should be obtained from the Local Legislature during the session about to commence, as otherwise nothing practical can be accomplished during all next year, and that result might be a most serious one for the future of the city.

• The excellent zeal and very encouraging measure of success which have attended the efforts of the Ladies of the

Protestant Infants' Home of Montreal, should insure for that institution the support of all generous souls in its present hour of need. It being so difficult to establish an institution of the kind in any new locality, it might we think be recommended that it should be made provincial in its scope, or even that its benefits should be extended to the Dominion generally. Every mother who knows the happiness imparted by the smiles of the babe upon the breast, should afford a trifling sum with the prayer that the Montreal Home may be greatly blessed in its future history, and what a kind mother does will be certain to carry the sympathies of a loving father. God blesses such efforts.

A semi-official statement from St. Petersburg declares the Porte's proposal of five months' armistice is regarded by the public as merely an attempt to checkmate Russia and evade the guarantees for the proper treatment of the Christians by the Porte, and does not secure peace. Such proposals only cause procrastination, especially as the Government is solicitous to give the interest of precedence over the sympathies of the Russians for their menaced co-religionists. A favorable reception of the proposals by Russia is impossible, in consequence of the increase of popular excitement at the tone of the English press, which has lately been distrustful and jealous of Russia. A Reuter despatch from St. Petersburg says hopes are entertained of averting a veto by England.

MR. BARNJUM'S classes have again commenced, and we understand they are filling more rapidly than in any previous year. We are glad to hear this, as it is a proof that his endeavours to advance the cause of physical education are beginning to bear fruit. Mr. BARNJUM is thoroughly qualified for the position he fills; and as a consequence, his method of instruction has proved a perfect success, securing to him the confidence and support of the medical faculty, and proving practically the truth of what he has been so earnestly attempting to impress upon the public, both by word of mouth and also by the annual issue of his excellent little tracts on physical education.

Last year two sections of Oxford street, London, Eng., between Regent-street and the Marble-arch, were laid with a wooden pavement on an asphalt foundation, and the result has been so satisfactory that the intermediate section, upon which the old granite pitching had been allowed to remain, is now being treated in the same way. This combination of wood upon asphalt affords a firm, smooth, durable, and yet, not slippery pavement, which is far better than either wood alone or asphalt alone, and infinitely better than that granite which has so irretrievably ruined many a valuable horse.

Somebody writes to the *Belleville Intelligencer* to call attention to the practice, lately very common around Belleville, of scribbling texts of scripture on board fences and sidewalks. The motive may be good, but the practice itself is a violation of correct taste and Christian propriety. The writer adds that it is revolting to our sense of the sacredness of God's word to see it chalked up in every imaginable place, and often in the most unattractive chirography.

A correspondent writes to the *Ottawa Citizen*—the members of the Civil Service would be glad to know when the increase to their salaries (given them by Act of Parliament in 1873), for the six months ending 30th June last, will be paid, as the delay is a matter of great inconvenience to many.