

MANUFACTURER AND WHOLESALE DEALER.

Conferences have been going on between manufacturers and wholesale dealers with respect to the diminishing margin of profit obtainable by the latter upon articles of Canadian production in the hardware line. A number of city wholesale hardware and metals dealers came together last week on the invitation of a prominent Toronto firm, to consider this and other matters, when the remarks made by the *MONETARY TIMES*, upon the margin of profits, became a subject of discussion. The wholesale men complain, not only that the profit which they can get on Canadian locks, tacks, nails, hinges, axes and a great variety of iron goods made in the Dominion, is insufficient—the discount on them being too low—but that the manufacturers of many of these goods resort to the mode of selling direct to retail dealers, thereby invading the province of the jobber and diverting his proper trade into other channels.

To this, certain manufacturers reply, in effect: "True, gentlemen, we have done what you complain of; but we did not wish to do so, it was you who forced it upon us. You turned up your nose, so to speak, at Canadian manufacturers and their product, and preferred, often, to patronize British and American goods. So that, when we went to you soliciting orders, we were told that your orders in certain lines were already placed. In such case, we, who had made preparations for a certain extent of trade, based upon the probable consumption of the Dominion, found that we had to make sales or close our factories, and therefore we sell to the retail hardware dealers in town and city." Other factorymen say they are willing, nay anxious, to see matters regulated in such a way that a fair profit may enure to manufacturer, jobber and retailer, respectively, and suggest the offering of a special discount to houses which will buy a certain quantity, graduated according to size of lot. Others, again, find a grievance in the fact that wholesale houses are too much influenced by the low price of an article, without sufficiently considering its relative value; that is, they do injustice to the maker of really superior goods by slighting his product to favor cheap and popular makes.

While admitting that it is not a simple matter to adjust these complicated interests, it may not be out of place for us to suggest that it is the right of every merchant to buy where he pleases, whether it be across the Line or across the Ocean; and that the home makers of hardware must not expect, by the mere force of *lex talionis*, to force trade into certain arbitrary channels. We have not yet reached that high level of self-denying patriotism which would induce us to buy a line of goods, patronize a railway, travel by a steamer, simply because these are Canadian, when we can do better by buying or travelling elsewhere. But, on the other hand, we suspect that imprudent cutting of prices by certain firms among the wholesale dealers is at the root of the difficulty. Of what use is it to increase the maker's discount from twelve and a half per cent to fifteen if the firm which gets that extra discount proceeds to give it away to his cus-

tomers, as per circular, next mail! The truth is that profits are narrowing for retailer and wholesaler alike, and even manufacturers are, by force of competition, screwed down to very bare margins on wares that ought to yield a good profit. It is inevitable that increased production, under a protective tariff, will lead to these collisions or blocks. And we question whether the means adopted in the States of, say, binding the purchaser, of certain goods under penalty not to cut prices, or the plan pursued by a plucky firm in Galt, of refusing its goods to one of the leading wholesale firms which was found underselling, will prove a complete remedy.

There will, unfortunately, be found always amongst the trade certain firms whose plan of building up a trade is the unwise and costly one of cutting prices. Such firms wear out their lives, and their capital in the effort to make money by giving away their profits. And unhappily the effect of their folly is not confined to the injury of themselves; it defeats the more prudent and business-like plans of better houses, and sets an ill example to customers which is felt the country over. If good faith and prudent dealing could be relied upon throughout the trade, such causes of friction as we have described might more easily be adjusted. But the pace at which the manufacturing as well as the selling machinery of the country is now being driven, suggests a plentiful supply of oil and a careful and friendly adjustment of the parts.

INSURANCE LITIGATION.

The judges of the Ontario Courts have so often reflected upon the litigiousness of insurance companies, especially those conducted on the mutual principle, that it is impossible to escape the conviction that there is some ground for the complaint. We are however persuaded that it is a serious mistake to blame all insurance companies or even the majority of those doing business in this contrary, for the existing state of things. The fact is that a few companies have been unduly anxious to escape liability for payment or losses, and many others, notoriously some mutual companies who found themselves without the means of meeting losses, have resorted to all kinds technical defences to either avoid payment altogether of the losses for which they have no funds, or to gain time until funds can be collected.

Nothing could place in a stronger light the reprobation with which the Courts have come to regard this sort of litigation than the remark of Mr. Justice Osler of the Common Pleas Division the other day when giving judgment in the case of *Sears vs the Agricultural Insurance Co.* The judgment of the Court in that case was not only in favor of the company but entirely exonerated it from blame and in effect adjudged that the plaintiff's suit was an attempt to perpetrate a fraud upon the company upon the company. His Lordship's language referred to was that the case "presented the unusual spectacle for that class of cases of a defence upon the merits," to which was added the very suggestive remark that "the company was not a mutual one."

Such language employed by a Judge from the Bench should give some food for reflection to the parties interested.

The fact that it was employed to the credit of the company in question and without reference to any other company in particular makes the occasion more opportune and places us in a position to comment upon it without being invidious.

The evil that lies at the root of this unjust litigation is the practice that has become common with insurance companies, of attempting to do business in excess of their means. Such a practice is quite as pernicious in the case of companies of underwriters as it is in other walks of life. Indeed more so, for from the very nature of the business of underwriters it is assumed that he who enters into contracts with them runs no risk of losing the amount contracted for in the event of the occurrence of that against which the insurance contract is supposed to indemnify the party. The odium of attempting to do business of a kind and to an extent not warranted by the means at their disposal though attaching most largely to mutual companies especially those doing fire business, has tainted the operations of certain stock companies as well.

The resorting to all the questionable expedients to escape legal liability, for which some insurance associations have become famous, is the natural fruit of this state of things. Companies of this kind eagerly canvass and compete for business; and they are ever ready to offer the special inducement of cheap insurance and are not very nice in examining the representations and assurances given them. In fact they are anxious to get business on almost any terms. When however a loss occurs they become surprisingly virtuous and concoct all conceivable, and some almost inconceivable, reasons why they should not carry out their contracts.

The evil these companies commit is not confined to themselves and those who are unfortunate enough to do business with them. Their pernicious practices poison and demoralize the whole insurance business, and there appears no redemption of the business or the country from the evil consequences which flow therefrom until our people have become sufficiently educated in business sentiment to understand that no company whose means justifies the expectation that it will be able and willing to carry out its engagements, can afford to undertake insurance against risk except upon adequate terms. When those companies that have something at stake are firm enough to insist on proper rates and when the public is appreciative enough to sustain them in that course, we may hope to see the insurance business purged of much that now brings it into disrepute.

We shall probably be told that the view we have presented of this subject is Utopian. The desire to get everything cheap is so general, and withal from one point of view so well grounded that it may appear to be expecting too much to look for the improvement we have referred to. A little reflection will however satisfy any one that with reference to most things in life the public realizes that a good commodity can be secured only by giving an adequate price. Admitting that this is true only in a qualified sense, it appears to be less true of insurance than anything else. And yet from the