

character of the farming did not differ from that of most old settled sections of the state. Each man plodded along in his own way, usually well satisfied if the balance was not against him at the end of the year.

This is really the object of the Grange, to educate farmers in the best means of advancing their interests and position, by more scientific and business ways of farming.

The Agricultural Mutual Assurance Association.

To the members of the Agricultural Mutual Assurance Association of Canada:— In presenting their 17th annual report, your Directors have, in the first instance, to congratulate the members on the fact that the volume of business has increased, notwithstanding the fact that many new companies have, during the last year or so, been established, and their local insurance to some extent, at least, would be supposed to have had an effect on older institutions—true, this may have been the case, but the result of an increase in membership of your company must be gratifying.

LOSSES. The past has been a heavy year for losses, no less a sum than \$64,165.65 having been paid; of this \$10,413.35 was for claims that had not been reported or investigated in previous years, and \$53,752.30 for losses that occurred last year.

FINANCIAL STATEMENT. The statement of finances will be found appended. It has been carefully examined and reported upon by the Auditors, and will compare favorably with the tables of former years.

POLICIES. The number of policies issued during the year footed up to 13,427; of these 9,116 were on the cash system, 4,311 on the premium note system, and 9,116 on the premium note system.

more scientific and business ways of farming. Instead of this, the time of the subordinate Granges is altogether taken up and frittered away in trifling discussions and plans, how to buy a pound of tea and a plug of tobacco cheaper. How to make two blades of grass grow where one grew before, should be the aim of every member.

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in connection with the subject of policies, we have adopted the "statutory form of conditions," with "variations" fully expressed, and as suggested by the Ontario Act of 1875.

ECONOMY OF MANAGEMENT.

The same course, as ever, has been pursued by your Directors, in the management of the Company, as can be seen by a reference to the cash account.

LICENSE.

Your Directors refer you to their report of last year in reference to the question of obtaining the license issued to this Company under the Act of 1868—(we being the only Mutual Fire Company that complied with that Act).

no provision is made for Mutual Companies; however, your Directors were enabled to comply with the law in a manner entirely satisfactory to the Inspector of Insurance Companies, and that gentleman thus refers to your Company in his report to the Parliament of Canada:—

"The want of such a reserve in the case of so-called Mutual Companies, constitutes the great defect in that system, but if confined to a particular class of risks, such Companies may by prudent management attain a position of stability, and of this indeed there is a proof in the 'Agricultural Mutual,' of London, Ont., the only Mutual Company licensed to do business throughout the Dominion, which shows by its statement, that after making the usual reserve for losses and expenses, and a return for the probable unassessed balances of its notes, it has now accumulated a clear surplus in reserve of over \$46,900."

Your Board have, in the interest of the Company, deemed it advisable to petition the Legislature of Canada for a special Act to retain certain clauses of the Act under which the Company was established (cap. 52 of the Consolidated Statutes of Upper Canada), and also to renew the section of the Act of 1868, as regards the mode of making deposits with the Governments.

They have further asked for permissive power to the members by a two-thirds vote, at any meeting, to change the name of the Company to that of the "London Mutual Insurance Company"—the old popular name of the "Agricultural"—having been adopted by two or three other offices in the country, and used by them to pirate our business.

In conclusion, your Directors would remark that this was the first Company to adopt cheap rates for the farming community; it has always been the aim of the management to give farmers their protection for just what it costs; no new-fangled scheme for giving cheaper insurance can prevail, for the Board have from time to time adopted every point in the interests of insurers that their long experience may have dictated.

Three of the Directors now retire according to rotation, they are Crowell Willson, Daniel Black and Samuel Eccles, Esquires, but who are eligible for re-election.

All of which is respectfully submitted. CROWELL WILLSON, President. D. C. MACDONALD, Secretary. INSPECTOR'S REPORT.

C. G. Cody, the Fire Inspector, after reporting on the number of claims, called the attention of the members to the necessity of exercising greater care in the matter of their stove-pipes and chimneys, and also to the dangerous practice of using double perforated tin thimbles in ceilings, the vacant space being a convenient receptacle for dust and cobwebs, several fires having originated from this cause; many no doubt from incendiarism, and others from intention to fire-boards, where soot accumulates, which is liable at any time to ignite.

CAPITAL ACCOUNT. Amount available of premium notes, 8130,101.20. Premiums due by agents secured by short-dated due-bills from members and bonds, 46,034.59. Due on assessments, 18,157.14. Bills receivable, 6,520.83. Mortgage and office furniture, 5,169.09. Dominion stock, \$25,000.00. Dominion deposit, 25,000.00. 50,000.00. Cash in Federal Bank, 9,129.35. Molsons Bank, 431.25. Treasurer's hands (postage stamps, &c.), 840.31. 10,400.90. 8266,385.75. LIABILITIES. Bills payable, \$25,000.00. Sundry liabilities (small items), 321.75. 25,321.75. Total capital account, Cr., 8241,062.00. POLICIES ISSUED. Policies in force 1st January, 1876, 30,575. Policies issued previously but came in force during 1876, 113. Policies in 1876, cash system, 9,116. Policies in 1876, premium note system, 4,311. 13,427. Less lapsed and cancelled, 13,066. Remaining in force 31st Dec., 1876, 40,049. Amount at risk, 38,062,255. Average amount of each policy, 953.70.

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A. G. SMYTH, Auditors. J. HAMILTON, Auditors. London, Ont., 30th Dec., 1876. Messrs. Crowell Willson, Daniel Black and Samuel Eccles, the retiring members of the Board, were re-elected.

Resolutions were passed, congratulating the directors on the excellent position attained by the association, and expressive of full and entire confidence in the Company.

Mentors.

Those entitled to Mentors will receive their books per mail during the ensuing month. We have to order them from the publisher in New York, and we have delayed so as to get them in bulk, which saves much additional expense to

Correspondence.

To Correspondents.

Our communications for publication are so unusually numerous this month that we are obliged to reserve those latest received until next issue. We had not anticipated such an influx of correspondence, and, consequently, without considerable sacrifice, give more room than already occupied.

We have always desired that a considerable space should be occupied by this column of the very best and concise way in which it set forth the subject. The definition of political economy is particularly clear to your readers, that it is to the community what domestic economy is to the household.

"Political Economy and Trade."

Editor GRANGER, "Political Economy and Trade." I pursued with pleasure, on account of the very lucid and concise way in which it set forth the subject. The definition of political economy is particularly clear to your readers, that it is to the community what domestic economy is to the household. From Adam Smith, Mills, and other noted writers on political economy's point of view, all you advance is quite correct; but is their point of view a correct one? I question it. They not unfrequently jumble up words. I say it frankly, as I notice you conclude in your criticism. You have done the same in your article. You say, for instance, "All parties exact a full equivalent for what they have to sell, and this is the natural and necessary principle upon which all ordinary exchanges are made; value for value and labor for labor." Your meaning, I take it, is: parties get all the money they can for what they have to sell, and this is a natural and necessary principle, upon which all exchanges can be made; and then you mix up value for value and labor for labor, as if they were the same thing. When writers on political economy do not define how exchanges should be made to do justice to the parties exchanging, then they will find much of what has been written on the subject nothing but rubbish. Money is said to represent labor. This has been the foundation of great fallacies. Money no more represents anything than does a horse or a cow. Money is simply money, and one of the legacies of barbarism and savagism is that things are bought and sold for money. A person selling anything higgles for all the money he can get, and when selling money gives as little as he can; and "this natural and necessary principle, upon which all ordinary exchanges are made, gives rise to misrepresentations, lying, fraud, theft and murder—all this villainous is the necessary outcrop of this mode of buying and selling. We have a case of labor for labor when a farmer returns a day's work his neighbor has furnished him. Most farmers are content with such an arrangement, although one may be much stronger and more active than another, and consequently able to do much more in a day's work than the other; but demoralized by the present mode of buying and selling, would never lower himself to go into a calculation, whether he has received value for value, that is, whether he has received as much benefit as he had bestowed. All he regards is, has his neighbor put forth his best efforts? If he has, he feels he has been honestly treated. In exchanging in this way, farmers sell their labor for what it has cost each, equal amounts of hard labor. This is a natural mode of exchanging. If pursued in exchanging the products of labor as well as the labor itself, a state of things for the comfort and development of man would soon be inaugurated that at present would be regarded perfectly visionary. The subject of exchanging is so important I may be allowed to enlarge upon it. We all want continually for our own support and comfort those things which are produced by others; hence we exchange products, hence comes trade—buying and selling—commerce. Trade is a necessity of human society, and consists of the exchange of labor or the products of labor of one person for the labor or the products of the labor of another person. It is clear if the exchange is not equal, if one party has to give more of his labor, either in the form of labor or product, than he gets of the other, either in the form of labor or product, that he is oppressed and becomes, so far as this inequality goes, the slave or subject of the other. He has, just so far, to expend his labor, not for his own benefit, but for the benefit of another. To produce good and beneficent results from trade, the exchange should be equal, for the essential element of beneficent commerce is equity, or that which is just between man and man. Simple equity is this: That so much of my labor as I take to my benefit, so much of my labor ought I to give you to be applied to your benefit; and consequently if I take a product of your labor instead of the labor itself, and pay you in a product of my labor, the commodity which I give you ought to be one in which there is just as much labor as there is in the product which I receive. The same idea may be differently presented, thus:—It is equity that every individual should sustain just as much of the common burdens of life as has to be sustained by anybody or any man. The amount of burden involved in rendering a given amount of labor, or given commodity, is scientifically called the cost of that labor or commodity; and the labor or commodity which is received in return for that which is rendered is called the price of it. Inasmuch as it is simple equity that the cost and the price should be the equivalent of each other, the

of it, on the other hand, as already explained, the degree of burden which the production of the commodity or the performance of the labor imposed upon the person who produced or performed it. They are therefore by no means the same. No two things can possibly be more distinct. The burden or cost may be very great and the benefit or value very little; or the reverse, the value very great and the cost very little. In the case of an exchange or transfer of an article from one person to another, the cost relates to the party who made the transfer, the burden of the production falling on him, and the value to the party to whom the transfer is made, the article going to his benefit. It is the same if the object is labor direct. It follows therefore that to say that 'a thing should bring what it is worth,' which is the same as to say that 'price should be measured by its value, is quite the opposite of affirming that it should bring as much as it cost the producer to produce it. It is seen that it is actually equitable that cost be adopted as the universal limit of price; in other words, that as much burden should be borne by each party as is imposed upon the opposite party. Consequently the accepted saying of trade, that 'a thing should bring what it is worth,' proves, when tested by simply balancing the scales of equity, to be not only erroneous, but the very opposite of the true principles for carrying on exchanges.

In another part of your article you say, 'A profit must be had on each side or the trade will cease.' A profit is getting something more than what is given—getting something for nothing. When parties are imbued with and carry out the principle that cost is the limit of price, they will have too much self-respect to make a profit; they will be contented with an equitable return for what is furnished. You may now perceive that political economists have written from the point that 'value is the limit of price,' which has led them and the world into endless errors and confusion. It is for the Granger, who is at the foundation of society, and who is now waking up to investigate the great principle of cost as the limit of price, and to trace it through all its ramifications as to land, rent, interest, and to see whether this is not the beacon by which he can steer himself out of the slough of despond into a harbor where peace, plenty and happiness will abound, and where each individual will be surrounded with the very best conditions to develop his all-sidedness—in short, that will make a man of him.

Woodstock, Ont. W. ARNOLD.

REPLY.

Our correspondent appears somewhat confused about what we consider a very simple matter. He admits that it is a necessary principle of exchange, and that which is continually acted upon, that each party should obtain as much money as he can get for any commodity he has to sell, and to give as little in return for anything he has to buy, but objects to the words value for value and labor for labor, as though they were inapplicable or confusing. We remarked in the article to which he alludes, 'that every one goes instinctively to the cheapest market for what he wants to purchase—that is, where he can get the most for his money; and if he had sold his own labor, or products, which is the same thing, for its full value in the market, the effect of the two operations would have been that he had sold in the dearest and bought in the cheapest market.' Each party would in consequence have obtained the full benefit or value of his labor; and that is all that any one can obtain, and all that justice requires. We now say that the only way in which this can be achieved is in a free and open market. We cannot see that the phrase, value for value, labor for labor, by any means complicates or mystifies the meaning of the sentence. Labor, value and cost, in the language of political economy, are merely synonymous or interchangeable terms, as the cost or value of all ordinary commodities is considered to be the amount of labor required; or that which has been expended in their production; and that is the natural basis, under ordinary circumstances, on which they can be exchanged. If two individuals, in a state of barter, had each a commodity he wished to exchange for something else, each would naturally expect to get the full amount of labor in exchange that his own commodity had cost him; and this he would obtain, as we have said, under all ordinary circumstances. Fluctuations in the exchangeable value of commodities, no doubt, often take place, from causes that we have neither the time nor space to explain; but when trade is in a state of equilibrium, and money is used as a medium instead of direct barter, the same effect will be developed; it is the amount of labor which represents and regulates the exchange.

John Stuart Mill says, in relation to exports and imports:—"Since things that are equal to one another, things that are equal in money price would, if money were not used precisely, exchange for one another." Therefore, as we have stated, in all ordinary cases labor or value is the basis of exchange. Of course our correspondent will understand that we do not claim that value, labor or cost, can at all times be adjusted to a mathematical nicety; we only lay down general principles; but it seems to us that the only possible mode of giving labor or value a fair chance of adjustment under all circumstances, is to remove, as far as possible, all restrictions on trade and commerce, because it is only the relative abundance of

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We have previously said nothing on this subject, though the principles and operations of commercial exchange cannot be perfectly understood without taking it into consideration. Money is only a