orchard yielding 2,000 barrels has only enough ready money to justify him putting in a hundred dollars capital. Let us suppose also that capital can be obtained at 5 per cent and that the association apples net $2 per barrel. Under these circumstances A would receive $50 as dividend on his capital; B would receive $50 dividend on his capital, and $400 on his apples, or $450 in all; C would receive for capital dividends $5 and for his apples $4,000 or $4,005 in all.

Now, it can be understood that with such men as Mr. A and Mr. B in the association, the directors might very easily put forward arguments that capital should receive 10 per cent. and as they are voting by shares it might require very few men thinking that way to force this decision on the company and yet keep the price of apples above that of ordinary competitive buyers. Let us suppose that this policy has been adopted and that the increase on capital dividends reduces the returns for apples to $1.75 per barrel. In all probability this could be done and yet the $1.75 would be higher than the price of apples obtained by growers outside the association. The distribution now would be quite different. Mr. A would receive $100 dividend on his capital or double his former receipts; Mr. B would receive $100 on his capital, but only $350 for his apples. His total returns, however, would still be the same, $450. Mr. C, being practically a grower only, would receive $5 more on his stock, but $500 less for his apples.

The pure capitalist has his income doubled. The income of the small orchard capitalist remains the same, but the producer suffers a loss of $495. And it was the apples owned by him and those who are similarly situated that made it possible to have a dividend at all. If the machinery of incorporation enables a few men to appropriate all the advantages of co-operation, a very grave injustice is done to the industry.

The above example is purely hypothetical, but even more striking cases might be given from the history of several defunct fruit associations in Ontario, which for obvious reasons are not mentioned.

It is evident that grave dangers lurk in the joint stock principle when applied to farmers' organizations. The joint stock principle in quite suitable to a company of *investors*, but to force it on a group of *producers* often works a great hardship.

THE PRESENT SYSTEM OF PACKING AND SELLING.

The usual methods of selling apples may be classed for criticism under four heads, namely:

1st. The grower of the fruit may pick, pack and sell on his own account or through a commission merchant.

2nd. The grower sells by the barrel, picking the fruit, the buyer doing the grading and packing.

3rd. The grower sells by the barrel on the tree, the buyer doing the picking, grading and packing.

4th. The grower sells by the lump, the buyer, of course, picking, packing and grading the fruit.

The first method does not enable a sufficient quantity of fruit to be gathered together to impress the market. The expense of securing a suitable market and the impossibility of a single grower being sure that he has reached the best market, renders this method impracticable except for local markets.

The second and third methods permit a larger quantity of fruit being gathered under one brand with some degree of uniformity, but the degree of uniformity is not sufficient to constitute a brand and the cost of harvesting and reaching the market is excessive. Of course this cost must ultimately be borne by the grower.

Selling by the barrel, where the buyer does the packing and grading, is seldom satisfactory to either the buyer or the grower. It is almost impossible to so fix standards before the packing is done that there will not be a large margin for misunder-