

doubt whether the same generous policy will not in the end be found to be victorious. The manner in which educated, healthy Chinese have been treated at their entry into the United States is already regarded by thoughtful people as a disgrace to that country. And latterly, not only thoughtful but ordinary, practical business men have begun to see, even from the point of view of their material interests, that such a policy was calculated to do untold harm. The sight of forty millions of Japanese rapidly learning within a short space of years to have and develop western wants, has suggested to them the question, what will happen when China, a country of three or four hundred millions, does likewise; a thing which is practically certain to happen sooner or later. United States manufacturers and traders, particularly those on the Pacific Coast, where the great coming development in the Orient will naturally make itself most felt, are realizing the import of such queries as these; indeed they have felt it to their cost already. The development of a good market among the teeming millions of such countries as China and Japan may well create a pause before the carrying out of further drastic restriction schemes. And one thing is sure; that the nation which treats those people as the United States—and to some extent Canada—has been in favor of treating them in the past, is not likely to be the nation to get and hold that trade.

Labor vote or no labor vote, we do not think any government will so stand in the way of its own people's well-being, as to carry out the behests of the unionist leaders. We fancy that in the end the saner, more human views of the "non-popular" thinkers will prevail.

\*\*\*

#### LIFE ASSURANCE CONDUCT.

The exposures of venality and extravagant management in connection with certain large life assurance companies of the United States has made a great many people suspicious of the good faith and proper administration of life companies whether Canadian or American. And various things have been said or hinted in Canadian journals which are not warranted by anything that has become known about life companies on this side of the Great Lakes. For one thing, no single company or group of companies has grown so big and bold as to wield the influence of hundreds of millions in the financial markets, as has been done in the United States—a condition, as we think, unjustifiable and utterly foreign to the purpose of life assurance funds.

It is distinctly unfair to Canadian life companies to suggest that they have been guilty of the sort of manipulation of funds that is found to have been going on in life circles in New York. And to attempt to attack the principle of life assurance, to deny its humane aspect, to shake faith in it, is dastardly. We are glad to see that a protest against this iniquitous prejudging of a case was made by Mr. J. K. Macdonald, manager of the Confederation Life Association, in an address on Life Insurance in Canada, before the Canadian Club of Ottawa. Said Mr. Macdonald:—

No excuse or palliation could be offered for the gross betrayal on the part of those charged with the management of the New York companies; but was it fair to charge the management of life companies generally, and especially of the Canadian offices, as being equally guilty with those of

three or four companies in New York? In his opinion there were two leading causes which led up to the conditions revealed by the investigation. One was an ambition to become the biggest company in the world. The second reason was the application of tontine to life insurance, animated by the senseless ambition to outstrip in size all other companies, and utterly ignoring the fact that the interests of the policyholders were of infinitely greater importance than mere bigness. The push was made for new business at a high ratio of expense, which increased from year to year.

The chief reason for American conditions the speaker regarded as the application of tontine to life insurance. Prior to this "the American companies were in the habit of paying annual dividends to policyholders, a system of doubtful wisdom, and one which the companies were glad to get rid of. The tontine plan did this for them, and from the time of its adoption in 1868 onward the tontine surplus went on increasing until it has reached many millions. It led to extravagance and a large increase in expenses. It has also led to the demoralization of the insuring public through a system of rebating. This will be better understood by giving the ratio of expenses to total income for the years 1875 and 1905, as follows:

Equitable—1875, 13.52 per cent.; 1904, 19.70 per cent.

Mutual Life—1875, 7.10 per cent.; 1904, 20.86 per cent.

New York Life—1875, 9.18 per cent.; 1904, 20.17 per cent.

As to the Canadian companies, Mr. Macdonald was unable to see what more could be done in the way of Government supervision than was already in practice. The expenses of the Canadian life offices were far too high, but the management of the home companies was really not responsible for the high cost. The Canadian law allowed the American companies to come in and transact the business of life insurance without any limit as to the cost of securing the same. Canadian agents must be paid such remuneration as would prevent their going over to the American companies, which would, if such were to happen, get the major part of the business. It must be borne in mind also that the insuring public had become wise in the matter of taking advantage of the utterly wrong practice of rebates. So that in reforming companies the public should also be reformed. Moreover, the cost of living has largely increased, and the agents' remuneration must be in keeping with that cost. Again, the best agents, even with the vicious practice of rebating, are unable to write a volume of business equal to that of former years.

Mr. Macdonald, in discussing the question of remedying the defects in existing conditions, expressed himself as follows:

"The question is, How is the expense rate to be brought down? It is easier to ask than answer the question. The distribution of surplus at reasonable intervals of five or seven years, instead of allowing accumulations for long periods; and by making rebating a punishable offence, if that is possible, will do much to that end. As entrance to our country is open for foreign life companies, the reform must include the American offices operating here.

"With regard to the investments of the Canadian companies, I think it may be safely assumed that the Superintendent of Insurance has satisfied himself in regard to them. In my judgment the field for investment of the life companies' funds could be reasonably extended with perfect safety and with benefit to the company; and it is needless to say that what will benefit the company will also benefit the policyholders.

"The extension in the field for investment should be such as to place the Canadian companies in no less favorable position than the American companies operating in Canada. In view of what is taking place in New York permit me to say that in my opinion no director or manager should occupy any position in which he receives benefit in connection with the purchase or sale of securities of any kind in which his company is interested, or be interested in anything of a speculative character by which his judgment may be influenced or his company's interests affected."

In among the Mo view sentat water pleas o posing Associa combin referen Hinsha "T must b relation panies. however will, no take a existin They s mit the tion, w the fir the cit ance to

seem t that th trust i that s manuf houses safes, way o man n Crown gold, a get m States. to enj be tw escape one re and w brings

Th or: Sat stock f to the with l that th impair bank w opinion erer fr endors the dir week, mornin of the duties