

in a "reserve" by analogy to the practice of insurance companies. There has apparently been a failure to draw the necessary distinctions between a collective liability compensation system on the one hand and an individual liability system with insurance on the other. But while it is announced that the premiums paid by employers have irretrievably gone into the reserves and are not tentative assessments towards the year's outlay, there is no assurance, and apparently no thought of assuring, that if the money collected in any one group is not sufficient for the year there will not be supplementary assessments to make up the deficiencies. In the result, therefore, the system is a premium system where the employer has paid too much, but an assessment system where he has not paid enough.

Premiums or Assessments.

Viewed either from the standpoint of "premiums" or of "assessments" the rates exhibit some very plain misconceptions as to the hazards of the different industries. Machine shops are divided arbitrarily into two groups according as they make "heavy" or "light" machinery and rated respectively 1.50 per cent and .80 per cent; furniture factories are rated at .80 per cent; organ and piano factories at .50 per cent; upholstering shops at .50 per cent; tanneries at .80 per cent; rolling mills at 2.00 per cent. To the practical manufacturer the disproportion amongst these rates is evident without comment. An earnest effort was made by the committee to have the rates revised, but so far without success, the board insisting that the rates must be paid for this year whatever anomalies they display.

The employers are prepared for some experimental errors in the initial stages of the system, but when errors in classification and rating are proven, and when the employers of the class, the only parties vitally interested, agree in suggesting the proper solution, your committee are of opinion that the necessary changes should be made by the board even at the expense of some little trouble, and that any disposition to make the necessary changes does not augur well for the future administration of the act. Your committee are hopeful that the board appreciate the reasonableness of this position and that certain glaring discriminations will be corrected before the end of the year.

Rates Show Inequalities.

It should also be observed that while the rates show marked inequalities, amounting to injustice if not corrected before the end of the year, they are not unreasonably high considering the schedules of benefits which they are intended to cover; but it is always necessary to remember that the rates represent, or ought to represent, exactly what it costs to compensate for the accidents. If not enough has been collected more will be collected. At the same time the rates are in marked contrast to the rates in other jurisdictions and represent a calculation on the part of the administering board which your committee deem entirely justified, that the system can be operated more economically than most of the other systems referred to. The essential feature which makes the difference is the fact that the system is exclusively a state system and that there is no competition with private insurance companies with consequent duplication of overhead expense.

Defects of Administration.

Again as regards the question of current cost, which must not be confused with the question of assessment vs. premium rates: The manufacturers were given to understand by the government that in respect to the industries represented by them the system would be administered on the current cost plan. It was pointed out that the provisions of the act were equivocal and should be made definite. The reply of the government was that the provisions were sufficiently definite to provide for the current cost plan. Soon after the workmen's compensation board was appointed an application was made on behalf of the Canadian Manufacturers' Association representing that the current cost plan should be adopted. But up to the time of making this report it has been impossible to secure a ruling from the board as to which method is to be adopted. There is ground, however, for the understanding that the board feels itself obliged under the provisions of the act to administer the system on the capitalized instead of the current cost plan. It is currently reported that already \$500,000 of the money collected from the employers has been invested in government bonds. If so, the greater part of this money should, in accordance with the proposals of the em-

ployers and the understanding with the government, have remained in the hands of employers for the carrying on of the industries of the province, with those industries as the security for the compensation payments as they come due.

The Canadian Manufacturers' Association was given ample reason by the members of the government to understand that it was the intention of the government to pay the whole or a large part of the expense of administering the act. It was the one point upon which there was general agreement before the commissioner who drafted the act. Assurances were given on behalf of the government that the sum of \$100,000 placed in the estimates last year was placed at that low figure because it was expected that the expense of administration for the fraction of a year would not exceed that amount. To the amazement of your committee it has apparently been decided by the government not to pay any more after the first year except the salaries of the three commissioners, and no amount was placed in the estimates for this year towards meeting the cost of administration. It seems preferable to your committee to state the facts without comment or characterization.

There is another matter which should receive attention in this connection. No assessments are being made upon the industries in schedule 2, that is to say, railway companies, navigation companies, etc. If any part of the cost of administration falls upon manufacturers it will mean that the manufacturers are paying for the administration of the act for the railway companies and navigation companies.

AS TO THE BUSINESS OUTLOOK

Retiring President Henderson Talks of the Probable Position After the War

Some predictions as to the outlook, were made in the address of the retiring president, Mr. E. G. Henderson, of the Canadian Manufacturers' Association, at their convention last week. "While the future," he said, "is still full of uncertainties so far as business is concerned, the outlook offers many features of encouragement. In the first place our financial condition is showing sure signs of improvement. We have greatly reduced the spread between our imports and our exports, by decreasing the former and increasing the latter. Before the year is out the exports should predominate, which means that instead of adding to our trade debts we will have begun to pay some of them off.

Ceased to Borrow.

"Moreover, we have ceased to borrow money to build ourselves new equipment, and have turned our attention to the more important task of putting the equipment we already possess to some productive use. In other words, instead of making ourselves responsible for still heavier interest charges we are beginning to take serious thought of paying something on principal account. As previously stated, the liquidation of our indebtedness to other nations can only come about through production, and it is gratifying to note the enthusiasm and enterprise that are now being displayed in so commendable a cause.

After the War.

"For the period following the declaration of peace I find myself unable to share the optimistic views that have been expressed in some quarters. The high prices now prevailing can hardly be expected to continue after the passing of the urgency that is their main cause. We must remember, too, that millions of men are temporarily withdrawn from their ordinary occupations of production by reason of the war, and a shortage has thus been created which will be quickly overtaken once the war is ended.

"The advent of lower prices, which for these reasons seems inevitable, might be less significant if there were any fair hope that our volume of business could be increased. Nor should we build too much hope on the prospect of securing a large part of the foreign trade now lost to Germany and Austria. If the allies are victorious these countries will be required to pay a heavy war indemnity, and this they can-