

Unless all signs fail, June should witness some moderating of the tight money troubles. But, at the same time, it is doubtful if conditions will get really easy, as the banks are still facing the fundamental causes that produced the stringency—the great demand for money from commercial, industrial, and municipal sources. It is quite likely, owing to the rather peculiar state of affairs, that many of the banks will wish to run strong in cash during the summer and early autumn. The crop outlook is uncertain, taking the most optimistic view of it; the frequent recurrence of weak spells in the New York security markets is not exactly reassuring. And taken altogether, the attitude of the more cautious of the bankers who are advising their borrowing customers not to be reckless in assuming responsibilities has much to justify it.



LIFE INSURANCE AND STATE CONTROL.

During the past year and more, the course of life insurance events in the United States has naturally been followed with interest throughout the civilized world. The Dominion's Insurance Commission is not alone in taking cognizance of recent legislative enactments by our neighbours to the south—though it is alone in its practical acceptance of their radical doctrines as to State paternalism in insurance matters. Possibly the recent remodelling of the French law relating to life insurance may have been affected somewhat by American events, but nowhere in Anglo-Saxondom, outside of Canada, does there seem to be a disposition to follow the lead of the United States in modifying existing conditions.

Insurance business in Australia is so live an issue that expert opinion there seems to have concerned itself closely as to United States "revelations and recommendations," with a view to determining whether in passing the contemplated Commonwealth Act there should be any radical modifying of present general conditions—modelled chiefly upon the English Act of 1870. The gist of the conclusions arrived at can be pretty well gathered from the report of a careful discussion following a paper on "The Function of the State in Relation to Life Assurance" delivered recently before the Insurance Institute of New South Wales, by Mr. A. M. Laughton. The key-note of general opinion seems given in the following sentences reported by The Review of Sydney: "The function of Government in general is to require the companies to give a tolerably accurate estimate of their financial condition. I think at the present stage of financial information and in view of the care that is bestowed on insurance and other financial matters by newspaper people, that if all the

publicity that is given under the Act now were still given, with the assistance of a few more particulars, public opinion as to the solvency of a life office would be established without the interference of the Government. State supervision is a failure in America, not perhaps because State supervision is wrong, but because Americans do not care to abide by the law." And again: "After all is said and done, the whole thing must be public opinion right through. If we are going to have a Commonwealth Act, let the statements required be as full as possible, so that outsiders may get a full idea of how companies stand." Reference is made with disapproval, to New York legislative interference in business details, and the question is asked: "It is all very well to compel the division of profits annually, but in what way would they deal with a company which charges very little in advance of non-profit rates, but which by careful management, and by tying up the profit for twenty years or more, makes a very successful business?"

Taken all in all, the opinions agree in this: that it is a natural evolution along British rather than American lines by which the Australian Commonwealth is to secure the best results in insurance matters. In advocating a valuation standard, Mr. Laughton goes a step further than his conferees—most of whom see no necessity for any legal minimum valuation basis. He is considered heretical, too, by some of them for advocating Government supervision of any sort. But his proposal is not for any undue interference with the affairs of a life company. The supervisor would be empowered only to call for an enquiry when he had reason to believe that a company's condition was such that it would be unsafe in the interests of its policy-holders to allow it to solicit new business. In defending his views against those who think that publicity alone is sufficient without any Government supervision, Mr. Laughton says: "So long as a company is doing a large business, the interests of its policy-holders will be sufficiently protected by publicity, because the agents of rival offices will not be slow to draw attention to its defects; but who is to look after the interests of the assured in a company after it has ceased to be regarded as a force to be reckoned with in competition? The press may be apathetic, and the policy-holders may not be impelled to take action themselves until the company has drifted into a position of hopeless insolvency." By which it will be seen that Mr. Laughton, like the members of the Royal Canadian Commission on Insurance, believes in Government authority. The difference is that the Australian would invoke Governmental interference as the wise physician does his *Materia Medica*—the less often the better—preferring nor-