other cause for the overcrowded state of the cities and the too general lack of employment, which is well worthy of careful consideration. This cause our contemporary alleges to be the comparative monopoly of labor established by the labor unions. The British workers' market is not Great Britain only, but the world; and he supplies his wants not from Great Britain itself only, but also from the outside world. The great bulk of the people of the United Kingdom are engaged, or would be if they could, in industrial occupations. But for many years the unions devoted to these occupations have tried their utmost to circumscribe production and confine labor to a favored class. They have restricted apprenticeship, limited *per capita* output, fixed hours and wages. In this manner a sort of monopoly has been established, which has resulted in the shortening of production and the exclusion of many who would work if only they had the chance. Even if it be true that the status of workingmen in unions has been improved, by their having to do less work and being paid better for it, the monopoly has had the consequence of restricting the aggregate production of the country, impoverishing it to that extent, and also adding vastly to the great body of people chronically outside the pale of employment.

***

THE SOLID FOUNDATION OF LIFE INSURANCE.

The following utterance by Charles W. Scovel, President of the National (U. S.) Association of Life Underwriters, in no measure excuses recently-proven lapses from rectitude by managers of large life insurance companies in the United States, but it does set forth in a forcible manner the absolute solvency of these companies and the absurdity of anybody dropping his premiums because of any fancy to the contrary. Mr. Scovel argues that the great fundamental safeguard lies in the legal reserve system itself. That system is an exact science. It is pure mathematics applied to the average death rate as shown by the actual experience of the human race for many generations. That science, studied and followed by the actuaries of all countries, has been enacted into law by the legal reserve statutes of the various States of the Union.

We quote from his address the following paragraphs:

> Those scientific and State laws compel every company at all times to maintain absolutely intact the full legal reserve that covers the exact present value of all its outstanding policies. That is to say, this legal reserve, with its interest and the premiums on outstanding policies, is the full amount needed to pay every one of those policies as they mature year after year—and this without writing any more new business. If the assets of any company, as valued by the State officers, fall one dollar below this rigid requirement, the law declares the company insolvent and forbids it to issue a single new policy. Nothing approaching this drastic standard of solvency is set for any other business or financial institution.
>
> Let us see what this means in round figures. The seventy-nine ordinary companies, as shown by the Year Book of 1905, had on January 1, total assets of $2,250,000,000. Of this total, $1,900,000,000 constitute the legal reserve, every dollar of it required by law to be there. That is 84 per cent. of the entire resources. Three per cent. more covers all the other liabilities, and must also be on hand for solvency. That leaves only the modest surplus of 13 per cent. as the fund for dividends to the policyholders.
>
> True, that modest surplus of 13 per cent. amounts to $300,000,000, and that is a sum worth stealing. But the wildest assailant of insurance officers does not think them fools enough to kill the goose that lays the golden egg, as they would do if they stole all of this surplus and thereby had their doors closed for insolvency.
>
> Thus, the legal reserve system of itself practically limits the field of operations for criminal theft, or conscienceless graft, or ignorant carelessness, to *some portion only* of this 13 per cent. surplus. And mark you, if the officers of all the seventy-nine companies actually had stolen every dollar of that $300,000,000 surplus and all their doors were closed to new business to-day, there would yet remain the $1,950,000,000 to pay off every obligation as it falls due in the years to come.

In still another way does the modern system of life insurance erect a strong safeguard around insurance funds. The vast bulk of the assets forms a kind of sinking fund to meet future obligations, and a large part of the surplus will not mature for distribution for many years hence, while the reserve on some of the policies written now may possibly be yielding a revenue a hundred years hence through life annuities to beneficiaries as yet unborn.

***

MR CHAMBERLAIN'S PLANS

Mr. W. A. S. Hewins is secretary to Mr. Chamberlain's Tariff Commission, and he has been on a trip of investigation in this country, so that his views on the possible *modus operandi* of any preferential trade arrangement between Great Britain and the Colonies are of more than usual interest. As a result of his inquiries he disputes the view of those who hold that even if Mr. Chamberlain were to carry the people of the Mother Land with him, there would be found to be so many complications in the way of a detailed adjustment of any scheme that no organization in the hands of the tariff reformers could hope to tackle it satisfactorily. Mr. Hewins finds the main ground for his hope in the fact that Canada has already put in operation a preferential tariff on British goods. If only the British Government had seen its way clear to retain the shilling a quarter duty on wheat from abroad and to lift it on wheat coming from the colonies, the future course of events would have had plain sailing. Mr. Hewins absolutely disclaimed the idea that Mr. Chamberlain had any plan in view for inducing Canada, or other parts of Greater Britain, to abandon their manufacturing industries. The essence of his policy was to give a greater stimulus to the Empire as a whole by developing each component part to its fullest extent. No country in the world, he believes, could reach the state of self-sufficiency in manufactures. There must always be some imports, and it was in relation to these articles which must be imported that Mr. Chamberlain believed a mutual arrangement could be made which would be to the benefit of the Empire. His practical suggestion was that the friends of preference in Canada should not wait on events, but should seek to shorten the time that would be consumed in putting the policy into operation, after it had been adopted, by doing in regard to their manufactures what the Tariff Commission was doing in England, getting together all the data that were necessary for making a perfectly fair arrangement.