

bitter than sensible of the system of life assurance; while at the same time it has given color to the contention that these companies have been charging too much premium, since they can make such huge accumulations. But it is important to observe that there has not been any question of the solvency of the companies; the fact of their extravagance in management does not imply any doubt of their sufficiency to meet their important obligations. We think it well to give some expressions upon the matter from a few of the weightiest organs of public opinion. For example, the Morning Post, of London, England, says editorially respecting the disclosures before the committee:—

Englishmen have been profoundly shocked by the discovery that these international corporations have been used in the interest of Wall Street coteries, and that some of the most distinguished representatives of American commerce, finance and public life have allowed themselves, and have been allowed, to treat the premiums of millions of policyholders as a means of private gain. Americans can scarcely be surprised to learn that the confidence of Europe in their business integrity has been staggered by the multiplying proofs of so much laxity and wrong-doing, or that public opinion on this side of the Atlantic judges the moral obliqueness which the Frick committee imputed to some officials of the Equitable Life Assurance Society far more harshly than it judged the Panama scandal, for example, or than it would judge similar lapses from the strict code of honesty on the part of directors of some purely industrial concern.

Life insurance companies are commonly regarded as a form of savings bank. The vaster they are, the less able are the policyholders to superintend their workings and the greater becomes the moral and material responsibility of their directors. If these directors prove faithless to their trust they deal a blow of peculiar effectiveness at business ethics and habits of national self-denial. The opinion that expects from them more careful, more impersonal management than it would expect from the directors of an ordinary commercial company is, on the whole, sound opinion.

Where the proportion of cost to income in industrial insurance is 7 per cent. in Germany and 40 in Great Britain, in the United States it is 48. Where the proportion of expenses of management to income in ordinary life insurance is slightly over 9 per cent. in Great Britain, it is more than 17 in America. Not until the Federal Government grants licenses to insurance companies and appoints Federal officials to supervise their working will it be possible for policyholders, either in America or Europe, to feel any approach to security.

And the Bankers' Magazine, of New York, says in its October issue:—

The insurance investigation in New York has attracted a great deal of attention in financial circles, particularly the revelations showing the relations existing between the insurance companies on the one hand and the banks and trust companies on the other. While the fact has been brought out that the banks and trust companies owned or controlled by the insurance companies may render the latter valuable legitimate service, it has also been made to appear that they render a service which the insurance companies ought not to require, and that the banks and trust companies should not perform. It is one thing for a trust company to employ its machinery in the legitimate purchase of high-class investments for the parent insurance company; but it is quite another thing for the trust company to be made use of to take over and carry assets of a character that the insurance company does not wish to appear in its balance sheet.

Some of the facts brought to light show a regrettable lack of the finer and higher sense of appreciation of the duties and responsibilities of trusteeship on the part of

those charged with the handling of the vast funds entrusted to the life insurance companies.

The accumulation of enormous sums of money in the hands of life insurance companies and savings banks is bound to give rise to serious problems when this money comes to be invested. For many years the Legislature of New York has been under pressure from interests that desired to sell securities to the savings banks, and it was only quite recently that a general investment law was passed which will, it is believed, put a stop to the scandals possible under the former order of things. Perhaps the law relating to the handling of insurance funds could be so modified as to prevent the recurrence of conditions like those which have lately been the subject of so much unfavorable comment.

Absolute control over several hundred millions of dollars is a tremendous power to be lodged in the hands of one man. To avoid mistakes in the management of so large a fund would imply almost superhuman wisdom, and perhaps it would also require superhuman virtue to administer such a trust without being in some measure influenced, directly or indirectly, by considerations other than those which should obtain. Too much money, like too much honor, is a burden rather heavy for a man who hopes for heaven.

If the investigation of the insurance companies shall result in checking their growth for a time, it will probably be of great benefit to the policyholders. There has been, unquestionably, too much racing for big totals; and the present problem would seem to be not how to get more business, but how to take better care of that already in hand.

Notwithstanding the conspicuous faults in insurance management which have been brought to the surface by the investigation of the Legislative Committee, it is at least well to bear in mind that the solvency of none of the companies appears to be in doubt. Their investments, upon the whole, are of a very high character. It is, of course, deplorable that such an investigation has been rendered necessary; but its results can hardly fail to aid in clearing up the financial atmosphere.

—Judge F. A. Smith, of the Chicago Appellate Court, hit the nail on the head when he declared the other day that there is no such thing as peaceful, polite, and gentlemanly picketing. The statement was made in deciding against Franklin Union Press Feeders, and three of its members who had been fined \$100 each, and sentenced to thirty days' imprisonment for violating an injunction secured by the Chicago Typothetae, prohibiting interference with employees. "There is no such thing as peaceful, polite, and gentlemanly picketing," said the judge, "no more than there can be chaste, polite and gentlemanly vulgarity, or peaceful mobbing or lawful lynching."

AMERICAN BANKERS' ASSOCIATION.

Thirty-first Annual Meeting.

This is the week of the American Bankers' Association annual convention. It began nominally on Tuesday at the New National Theatre in Washington, and closes to-day. The first day's business was on Wednesday, when addresses of welcome were made by the president of commissioners of the District of Columbia; by John Joy Edson, president of the District Association of Bankers, and by a representative of the Federal Government, the reply to these being made by Mr. E. F. Swinney, president of the American Bankers. Very elaborate preparations had been made by the Washington bankers, who organized reception committees, banquet committees, and all sorts of committees to see that the visitors and their accompanying