

Insurance Against Idleness.

Insurance Record.

A new sort of economics, based on a new principle, is coming into existence. It is more and more recognized that economics have not to do with wealth alone, but have in even greater measure to do with poverty. And the poverty that is the result of industrial unemployment presents an economic problem which is gradually emerging from the region of theory. Needless to say, the problem bristles with difficulties. But in spite of all doubts and questionings as to the practicability of dealing with it successfully, by means other than such as are advocated by tariff reformers, there are speculative enthusiasts sanguine enough to affirm that a remedy for unemployment is to be found. They assure us that the sovereign panacea for this disease in the social body is "insurance," and although they cannot wholly conceal a disquieting misgiving as to whether there may not be a still more potent remedy evolvable from reform of the conditions affecting employments most capable of regulation and stability, they, with a hopefulness we cannot but admire even whilst we cannot share it, cling to the conviction that the social and industrial evils attendant upon unemployment are to be got rid of through some system of insurance. Old age pensions have not banished poverty, nor have they lessened the poor-rate. Our friendly societies, magnificently beneficent as they have proved socially, have not altogether bridged over the emptiness and distress that lies between "out-of-work" and "re-employment," nor do the supplementary efforts of either trade union organizations or Government labor exchanges, prove greatly helpful in mitigating the evils of idleness, whether enforced or voluntary, among our industrial workers. Whether any scheme of insurance can accomplish what these existing organizations have as yet failed to do is a question which only practical experience can finally answer. We, for our own part, have fullest belief in the social and economic benefits which insurance can confer, and we should heartily rejoice at any success resulting from the introduction of a national system of insurance against unemployment. But, frankly, we have doubts as to the efficacy of insurance as a practical remedy in the direction here indicated. Insurance must actuarially have reliable data on which to base its calculations and conclusions. In the case of life, fire, casualty, and other branches of the insurance business, such data are available, though in some departments not perhaps as fully as desirable; but in this exceptional problem of unemployment, subject to so many and various disconcerting and unexpected interruptions, where are the data to guide the expert in formulating his novel scheme, and where is he to find the requisite stability and security? Sir H. Llewellyn Smith perceives the difficulty. He would evade it by resort to "a State subvention and guarantee." Thus we arrive at a system of State insurance, and a system devoted to conditions admittedly lacking the stability, regularity and security essential to financial success.

A scheme of the nature outlined by Sir H. L. Smith must, of course, be a Government undertaking, and be buttressed by the principles of "compulsion" and "contribution." It cannot but be compulsory and contributory. Therefore it must be operated under the authority and guarantee of the State. And in that case, if the experiment result in an excessive depletion of funds out of safe proportion to income, there would remain resource to the "guarantor," namely, the taxpayer, who, as in all these quasi-Socialistic adventures, must be the ultimate bearer of the risk, and indeed of the final burden. No insurance society, however enterprising, would care to venture on the experiment. It is an experiment that has before been tried and with results anything but encouraging. Some twenty years ago the city of Berne, in Switzerland, opened the first municipal bureau of insurance against unemployment that the world has ever seen. As a voluntary system it was not a success, while an attempt to introduce compulsion was defeated owing to the opposition of the more efficient and better paid workmen, who bitterly objected to being taxed for the benefit of their less capable comrades, the industrial wastrels. No doubt such difficulties as those encountered at Berne are not wholly outside the cautious anticipations of Sir H. Llewellyn Smith. He tries to suggest methods of meeting them. While adding a State subvention to the relief already provided by trade unions for unemployed

members, he would take precautions not to make idleness too attractive, and in his anxiety to encourage thrift and industry while relieving distress consequent on legitimate unemployment, he uses some of the strongest arguments which were advanced in support of compulsory and contributory old age pensions, but were so strangely ignored by the Government in framing their hurried and haphazard legislation. Sir H. L. Smith confesses that "he finds something stimulating in adventure." This insurance adventure of his may not be without its interesting uses as a subject for academic debate at a British Association meeting, but, immature as premature, it is hardly of a kind seriously to be put into concrete shape and practical operation; nor, least of all, is it one that insurance experts and insurance companies are likely to look upon with undiluted favor. If, as has been stated, the Government have an unemployment insurance scheme ready for introduction to Parliament, it is to be hoped that more care and thought have been given to the drafting of it than were given to the hasty and, as we think, ill advised and worse devised scheme of old age pensions. To insure the working classes against the risks of unemployment is an infinitely more risky business than that of providing "pensions" for indigent old age. Even Sir H. Llewellyn Smith, in foreshadowing what may prove to be an outline of the Government scheme, dilates more upon the many things it "must not do" rather than upon what it "will do." Before we can form any just notion of what the measure is likely to effect, we must, of course, see the bill itself. It is, no doubt, an experiment, or, as Sir H. L. Smith himself seems to recognize, "an adventure"—a leap into the unknown, apparently without a chart and without a guide.

Human Conservation.

Boston News Bureau.

Much is heard just now of physical valuation, of conservation, of census showings, but of one primary phase of all three we ordinarily hear or think little. That is the valuation and the conservation of humanity and the toil of its needlessly sick and untimely dead.

If the population of Lynn or Des Moines or Trenton were blotted out, the happening would be recognized as a calamity. Yet it is now announced that in 1909 about as many people perished of tuberculosis, or 81,720. Pneumonia destroyed 70,033 more. The two together killed 311 out of every 100,000 persons.

This grim bulletin throws light on one great cause of economic loss in the United States—from preventable disease and accident. Our mortuary statistics present a striking picture. More than 600,000 lives, each worth \$1,700 to the community as an investment, are needlessly sacrificed each year; annually there occurs over 2,000,000 accidents, resulting in 35,000 deaths, of which at least half are reckoned preventable. Of our 91,000,000 people there are at any one time 3,000,000 seriously ill, of whom 1,000,000 are in the working period of life, entailing an annual monetary loss of \$1,250,000,000, or nearly the value of all our imports. Of these invalids 500,000 are consumptives, of whom 75 per cent. might be saved. Preventable causes kill 72 Americans every hour.

We have a national bureau, with cabinet head, to look after animals, plants, soils; none to care for human beings. Our 150 largest cities spend but 1.8 per cent. of their annual budget on health, contrasted with 23 per cent. spent on property protection by police and fire service. In New York city, foremost though it is in civic care of health, there is spent \$8,000,000 a year on the fire department to combat a fire loss of \$9,500,000, while protection of life gets \$2,450,000 where there is involved an annual loss of \$56,000,000. A smallpox epidemic once cost Philadelphia \$22,000,000 which less than \$1,000,000 might have prevented. Our scale of economic values has been distorted, as between men and chattels.

Yet, in a world growing better, there has been tremendous progress. Smallpox, now a rarity, killed 50,000,000 in the 18th century. Scurvy, typhus and cholera, which decimated navies, armies and cities, have been virtually stamped out. Yellow fever, now extinct in the United States, caused 150,000 deaths before the mosquito culprit was indicted; then in two years, the death rate in Havana fell from 693 to 4 per 100,000. The span of life is lengthening 14 years per century in Massachusetts and 17 in Europe, while

holding stationary in backward nations like India. The American death rate from typhoid has decreased 54 per cent. since 1880, and from diphtheria 80 per cent., and yet the two still claim over 40,000 victims yearly.

That further progress is certain may be credited not only to medical science, but to growing individual, corporate and civic consciousness. The individual knows and follows better the simple laws of food, drink, air and sleep. The community uses schools and parks, wipes out slums, enacts pure food laws, looks after water, milk, sewerage, etc. Enlightened selfishness enlists the insurance companies. The same, if not so strong a motive, actuates a host of corporations, that now see huge dividends in efficiency to follow moderate investments on their workers' welfare.

Perhaps the most significant testimony is the Rockefeller millions pledged to the conquest of disease. They represent still an abhorrence of waste and loss.

The Velocity of Money.

The Independent.

The *Wall Street Journal* has called attention to some recent figures regarding the velocity of money, or the number of times a given coin or banknote is used for payments in a given interval of time. The tendency of money to take unto itself wings and fly away has long been known, but the speed with which it passes from hand to hand has not been so clear. The subject is, however, one that has engaged the attention of financiers for more than a century. Only recently has it been possible to assemble sufficiently complete data satisfactorily to determine the velocity of money. In 1893 Professor Jevons wrote:

"If we knew the amount of exchanges effected and the quantity of currency used, we might get, by division, the average number of times the currency is turned over; but the data are quite wanting."

In 1894 the data that Professor Jevons lacked was obtained and the velocity of money was determined and published. The figures showed the passing of money units from hand to hand to be 51.4 times a year, or approximately once a week.

Since then, the extension of the railway, telegraph and telephone systems, not here to mention anything else as a contributing cause, has so greatly increased the velocity of money that it is safe to say that it will reach 60 during the present year in the United States. The result has been ascertained by means of the employment of the factors contemplated by Professor Jevons, viz., the total of exchanges and the quantity of currency in circulation. The first, according to *The Wall Street Journal*, being computed at \$186,000,000,000, as derived from Clearing House figures, and the latter at \$3,100,000,000, as reported by the Treasury. The bearing that the velocity of money has upon its efficiency, when aided by the modern devices of credit, is exceedingly interesting when viewed under the influence of its velocity as thus set forth. The various functions of money are, of course, considerably affected by its velocity, and as it ranges from slow to fast, so is its power diminished and increased.

"EVERY day brings with it a broader interpretation of business—an added dignity to printed words. They are beginning to show that the business man has vision; and the best of these printed words have in them an appeal to the imagination, a 'something' about them that reads an uplift into commercial intercourse.

"The day is almost here when the best of all the world's products will be offered in print and when the best of the world's business men will so offer them. When this day actually does come, the logic of circumstance will force all men who make good goods, and who barter them honestly, to set the value and character of their wares also to printed words, and the channels of commerce will then be closed to shoddy goods and shoddy merchants.

"Commerce unifies the human race. Every social, ethical, and economic problem which clamors for solution to-day is bound up with this very exchange of commodities, an exchange which is based more and more upon the printed word. It is safe to say that our ideal and our ethics, no less than our standard of living, are influenced more largely by the broad dissemination of business information through printed words than upon the circulation of idealistic or ethical literature."—From "The Value and Vogue of the Printed Word," by Douglas N. Graves, in the *July Advertising and Selling*.