opinion that no satisfactory line can be drawn with reference to investments in bonds, other than collateral trust bonds, without hampering the companies in the enjoyment of that reasonable freedom of investment necessary to ensure the return upon which the calculations of their risks are based."

If the American companies would be prevented from obtaining a proper return on their investments under such circumstances, what would be the position of our Canadian companies in the very narrow Canadian bond market? This statement of the unwisdom of restricting bond investments, coming from a committee so bitterly prejudiced against the companies, is entitled to double weight.

LIMITATION OF EXPENSE.

If it were possible to devise a measure which would diminish the cost of life assurance without seriously lessening its volume, that measure would indeed be welcome. When the effect, however, would be to greatly diminish the new assurance written by the companies, the proposed remedy may be an evil instead of a benefit. A trifling reduction in the cost of assurance is dearly purchased if the price be the leaving of a great number of other widows and orphans without protection. The life managers are keenly alive to the necessity of keeping expenses within narrow limits, but it is difficult not to smile at the arguments of those who protest against the cost of securing business, because it reduces the profits to policyholders, and who in the next breath advocate such a restriction of investments as would cut off much of the profit hitherto made by the companies. Do these critics realize that if the restrictions proposed by them on investment powers should result in a reduction of even one per cent. in the interest earnings (say four instead of five per cent.) the present value of that reduction would be equivalent to from one hundred to one hundred and fifty per cent. of the entire first year's premiums? What is the sum they hope to save on first year's expenses in comparison with this loss? For every dollar these gentlemen would save for the policyholders with the one hand they would take from them from three to five dollars with the other! There are several other restrictions proposed by these innocent critics, each of which would similarly lessen the profits to policyholders.

A reduction in the expense of securing new business is a consummation devoutly to be wished. It is possible, however, to over-estimate the value even of gold, and a few comparisons may help us to see facts in their true light. Let us take the case of a policy with an annual premium of say $25. A reduction of 10 per cent. in the initial expense would amount to $2.50. Improved at five per cent. interest this would at the end of twenty years amount to $6.62. If the saving in expense be even 20 per cent. of the first premium, that would amount to but $13.24 at the end of the term. On the other hand a difference of one per cent. in the rate of interest realized on the investments would mean a difference at the end of twenty years of about $45.00. If we turn to the mortality factor we find that any careful company may save at least twenty per cent. on the tabular allowance, and that this saving at the end of twenty years would then amount to about $60.00. On policies on the deferred profit plan, the saving in mortality will be quite ten per cent. greater, and would amount to say $30.00 more, or