In spite of this long catalogue of governmental experiments, it is thought to be a fair statement that, excluding the social and the near-social insurance plans, much less than 1 per cent. of the outstanding insurance in the civilized world—whether measured by policies or by dollars of insurance—is written by government, either as manager or insurer.

### TWILIGHT ZONES.

There are also twilight zones between the State form and social insurance, on the one hand, and these two and mutual insurance under States guaranty, on the other. Thus, the much-praised and generally successful German system of old age, sickness and accident relief is mutual, State and social insurance rolled into one, though essentially it is insurance by mutual associations of employers and employees. It is not State insurance as that term is understood by us. Again, England has for some years had an old age pension plan, supported solely by the British treasury—social insurance—and, under the leadership of Lloyd George, has recently embarked upon sickness insurance—compulsory on all who earn less than $800 a year—and unemployment insurance, applicable to the engineering and building trades; both being forms of social insurance, and—the Government being the manager as well as the guarantor—State insurance as well. The Massachusetts workmen's compensation law, with its State-regulated mutual employees' association in free competition with the various private corporations, is also in this twilight zone; as is the Massachusetts plan for writing life insurance through savings banks.

That insurance is a public service of necessity will be admitted. But that, save as a relief against poverty, and, it is claimed, the human scrap-heap of modern industry, it falls within the sphere of government proper is as yet far from general recognition. The present demand for State insurance in this country rests, rather, not on economic theory, but on two very patent facts: the private insurance companies are unpopular; their rates are believed to be too high.

### LOSS OF EFFICIENCY.

As to the first, they are corporations—which, in the public mind, is enough. But, more, some insurance corporations have been brought to book for financial transactions publicly condemned; while some others, in their callow years, were, speaking mildly, rather exacting in settling claims; and, still others are now being grilled as accessory to the "arson trust." Which being noted, the plain fact is that—with exceptions which prove the rule aside—the private insurance companies of the country are well managed, honest in relations with policyholders and the public, and absolutely dependable in a financial sense. I speak from the viewpoint of State supervision when I say that the people of our States would gain mighty little in dependability of insurance if the State plan should supersede the private plan; they would be pretty sure to lose much in efficiency and square dealing. Government with us is still political, not social.

But the rates! Yes, the cost, generally speaking, *is* too high. The premiums we pay go for (1) losses and reserves, (2) expense, and (3) profits. If the State is to do this business, no saving can be made on losses and reserves; rather the reverse. Perhaps, nay probably, the State could save on "expense;" and, the government being the stockholder, nothing would be needed for "profits." The prospect is, therefore, tempting where, in life insurance, the expense or loading is, say, 10 per cent. on non-participating insurance and 30 per cent. on participating (a fair part of the latter, however, coming back in "dividends"); in fire insurance, say, 40 per cent., and in accident—particularly work accident—from 35 per cent. to 50 per cent.

### THE EXPENSE QUESTION.

But how have the "State insurance" nations and States fared in seeking to eliminate the "expense" of insurance? Much the larger part of the expense factor goes in commissions to soliciting and collecting agents. Yet no State insurance plan has succeeded without having agents. Mr. Gladstone tried it in his postal industrial insurance plan of 1865, but the private companies forged ahead in spite of the prestige of the Government's guaranty, and the State's industrial life insurance became negligible. Wisconsin has made the same error; so few applications for insurance have come in that the State office has not yet started to issue policies. In New Zealand, where there is free competition between the Government and the companies in all the fields, the Government has agents on commission as well as the companies. Italy starts off her life insurance monopoly with agents on commission, and compels new business, not by prizes and rewards to good producing agents, but by fining such agents as fail to produce each year new business up to the statutory limits. The only real remedy for the middleman cost is compulsory insurance, and, save for insurance against work accidents in hazardous trades, we are hardly ready for that.

### EXPERIENCE ELSEWHERE.

But, further, as to the cost. New Zealand and Norway—the former in competition and the latter monopolistic—have reduced the cost. But Norway did this at first at the expense of a heavy deficit, which was made up out of the national revenue. New Zealand began its fire insurance business by cutting rates, with the result that both the Government and the competing private companies probably wrote policies at a loss. Italy is wiser, and, in spite of her monopoly, has fixed the State life insurance rates at but a slight reduction from those previously charged by the private companies. Wisconsin offers insurance well under the private rates, but then Wisconsin sells her insurance "over the counter" only, without agents, and, though thus saving, makes success through volume impossible. The States of Washington and Ohio, operating also without agents, further cut the cost by dispensing with that mere nothing, to them, reserves; thus, to an extent, charging the future with the compensation for work accidents of the present. In Norway the reduced cost has been accomplished at the expense of an unjust distribution of the economic waste from work accidents, all employers paying into the State fund at a flat rate per trade, irrespective of the safety appliances or inspections availed of by individual shops. But the notable fact is that in Socialistic New Zealand, where State life insurance has been the rule for more than forty years, where the State uses all the business-getting methods of the private companies, and where the State office enjoys a mono-