

contracts; our view is that it becomes a liability after allotment. Mr. Lewis' treatment was, naturally enough under the circumstances, more of the nature of general statements than a critical elucidation of the subject; but such an established doctrine as that of net premium valuations is not to be successfully attacked in that manner. For ourselves we hold that no life company should distribute profits until they are earned, and that the sources of future surplus should be allowed to remain intact. There is no justification for charging rates that are too high and at the same time taking credit for anticipated profit for present distribution. In any case, the present is not an opportune time for reducing reserves in view of a falling rate of interest and an increasing rate of expense.

EXPANSION OF GOVERNMENT CURRENCY.

The proposal to increase the issue of Dominion notes from 20 millions, the legal limit, to 25 millions is a step in the wrong direction, or the right, very much according to the use to which the extra five millions will be put by the government. The enlarged issue will be, practically, a government loan without interest. If that is the object of the extended issues, a frank, full and detailed statement should be made as to the precise purposes of such borrowing, as we must regard any such large expenditure as five millions made on the strength of money so raised as needing to be very closely watched. The plea put forth for this change seems an insufficient one. It is affirmed that the country is needing a larger supply of Dominion notes of the smaller denominations, 1's, 2's and 4's. No outcry for such accommodation has been made by merchants or manufacturers; it would be strange indeed, when the bank issues are at a lower figure than for many years past, for a demand to have arisen for the increase of Dominion issues which it needs five millions of small notes to supply. Were that so, the demand could be met by issues under the Act, which provides that "any amount of such notes which the public convenience requires may be issued and remain outstanding, provided the excess of such amount over that authorized is represented by an equal amount of gold held by the Minister of Finance and Receiver General." But, while that would meet the alleged need for small notes, it would not provide any larger funds for the Government to disburse. The conclusion seems inevitably to follow, that as this section of the Act is to be ignored the object of the new issues is to raise more money. Out of the whole present issue there were only \$6,807,697 in circulation, at end of June consisting of notes for \$4 and under, of which \$6,201,257 was of notes for \$1 and \$2. It is incredible, therefore, that the country is demanding an increase of this class of currency by 73 per cent. when all other currency is so lifeless and so remarkably restricted. Were there a scarcity of small notes it would be easy to exchange, say, one million dollars of the \$500's and \$1,000's. for ones, twos and fours, without disturbing the present currency arrangements. Indeed, as the Government at this time holds \$2,500,000 more specie than the Act demands for

the present issues of 20 millions, that amount of new issues could be made under the Section of the Act quoted above. As the present Act which regulates our currency was only passed after a severe fight with the Canadian banks, it seems to us unfair to them to change our currency laws so seriously at the fag end of a Parliamentary session, when several leading bankers are out of the country and others are absent on their vacation, so that any concerted action in the interests of the banks is impossible. We regard it also as highly injudicious to lower the total reserve of gold held in proportion to the gross note issues of the country, which will be done if the proposed extension of them by 5 millions is carried out. At present these issues, in round numbers, are \$50,000,000, the total stock of gold held is \$15,000,000, or 30 per cent.; but, if 5 millions are added, the proportion of gold held will be only 27 per cent, which is a step in the wrong direction, especially in view of the fact that only a year ago, gold had to be sent for from England to meet banking exigencies, as the Government stock was unable to meet the requirement.

INSURANCE AND COMPETITION.

We are all familiar with the old adage that "competition is the life of trade." As expressing a broad truth with reference to ordinary commercial enterprises, the saying quoted is substantially correct, for the simple reason that competition furnishes a spur to the endeavor to excel in superiority of service and in the practice of economy. Two or more parties having the same article to sell to the general public or the same kind of service to offer are necessarily put upon their mettle to furnish the best commodity or service at the lowest price practicable. But competition goes much further than this, and is one of the silent but potent forces which stimulate invention and promote the attainment of better methods of administration, based upon the gathered experiences of the past. Real life means motion, and that too a forward motion, and competition is the steady breeze moving into perpetual and healthy action the waves of our human sea, preventing that stagnation which means eventual death.

The mistake which men are constantly making is in perverting the functions and uses of true competition, or, as in many other things, carrying it to that point of excess where a virtue becomes a vice. Unquestionably in the field of insurance in all its branches, honorable competition has its place, but to be of the healthful, helpful kind it must be a competition for the attainment on the part of the companies of the greatest degree of excellence, and on the part of the agents of the highest degree of efficiency. The men who succeed in manufacturing and placing on the market the best brand of flour or the best quality of boots and shoes at the lowest price consistent with the ability to permanently produce these commodities, will not only command the best trade, but will influence others to endeavor to reach or excel their own high standard.

Precisely the same thing should be true of insurance of all kinds, and notably so of life assurance. Unfortu-