

dollar goes down. But if we raise it at home, the money does not come out of the business already invested. We do not expect men to take money out of their farms or their factories to invest in Victory bonds. They could not do it, and it would not be sound business.

"This loan is in the nature of an insurance policy of spreading loss over a large number of people until it becomes negligible. It is an investment not backed by any single industry of the nation. One per cent. of the industries may fail, 10 per cent. of the industries could fail, and still the investment would be gilt-edged. A dollar invested by you in Victory bonds to-day will be worth two, possibly three, dollars in a few years. There is no doubt in the world we are on the edge of a time of depression, and for this depression no government will be responsible. I speak feelingly now, because you know the position I am in at the present moment, and you know the tendency to blame hard times on the government. The time will come, not very far off, when wages will have dropped and the value of a bushel of wheat will have dropped to one-half the value it is now. In that day your bonds will be twice the value.

"There is one feature about this issue of Victory bonds which commends itself most highly to me, and that is that they are taxable. Every bond we issued should have been taxable, because it is to be feared that former issues of non-taxable bonds are drifting into the hands of men with big incomes who wish to avoid taxation. This non-taxability feature was not needed, because the small consumer, the man who invested his savings, did not need a tax remittance to get him to invest. I give to you my sincere conviction that the best thing we can do at present for ourselves and for our country is to lend our money to the nation. It is urgently needed; the government must have it."

GROUP INSURANCE IN CANADA

AT least two insurance companies have announced their readiness to write group insurance in Canada. There has been no change in Dominion legislation nor in the application of the law regarding group insurance, and companies which write group contracts do so by adjustments in the form of their policies. This class of insurance is, in fact, not expressly prohibited by the Insurance Act, but a clause in the Act prohibits any discrimination as between individuals. In spite of the fact that the risks are not physically examined when an ordinary group contract is written, such insurance can be written more cheaply than individual contracts because of the saving in selling expenses and in collections. If a company, therefore, chooses to quote rates for group insurance below its usual rates, it must accept individual contracts on the same basis.

Section 87 of the Insurance Act, 1917, says:—

"No such life insurance company shall make or permit any distinction or discrimination in favor of individuals between the insured of the same class and equal expectation of life in the amount of premiums charged or in the dividends payable on the policy, nor shall any agent of such company assume to make any contract of insurance, or agreement as to such contract, whether in respect of the premium to be paid or otherwise, other than as plainly expressed in the policy issued; nor shall any such company or any officer, agent, solicitor or representative thereof pay, allow or give, or offer to pay, allow or give, directly or indirectly, as inducement to insure any rebate of premium payable on the policy, or any special favor or advantage in the dividends or other benefits to accrue thereon, or any advantage by way of local or advisory directorship where actual service is not bona fide performed, or any paid employment or contract for services of any kind, or any inducement whatever intended to be in the nature of a rebate of premium; nor shall any person knowingly receive as such inducement any such rebate of premium or other such special

favor, advantage, benefit, consideration or inducement; nor shall any such company or any officer, agent, solicitor or representative thereof give, sell or purchase as such inducement, or in connection with such insurance, any stocks, bonds or other securities of any insurance company or other corporation, association or partnership.

"Each company shall deposit and keep deposited with the superintendent a copy of its established rates for all plans of insurance, such rates in the ordinary branch, as distinguished from the industrial branch, being based upon an insurance of one thousand dollars, and shall be applicable to insurance for that amount and pro rata for greater amounts.

"This section shall not apply to reinsurance contracts or to acts done in pursuance of agreements made relative to policies issued prior to the passing of this Act."

ADJUSTING INCOME TO LIVING COSTS

A DISPATCH from New South Wales states that the government there has introduced a system of relief for large families which are dependent upon a small income for support. Details of the scheme are lacking, but it is stated that the payments are in proportion to the number of children, and that they decrease in proportion as the income increases. This legislation is the most radical of the kind yet reported, but partial reforms in the same direction have already been put in force in many countries, states and provinces. One of these is a system of mothers' pensions, such as is operated in Manitoba, where a service to the state is recognized and rewarded, and a certain amount of responsibility delegated to the parent or guardian of the future citizen.

While at first sight this may seem to be a fair enough proposition, it is, on the other hand, not in accord with certain principles which have been followed in the settlement of industrial disputes on this continent. In such disputes the cost of living is continually referred to as a proper basis for determining the wages of unskilled workers, although there is always uncertainty as to what constitutes the cost of living, and no one has shown that it is not the worker's production rather than his cost of living which must finally determine his reward. If we fix the income of the unskilled worker at an amount sufficient to maintain him at a standard of living, which is, after all, quite arbitrary, there is no guarantee that he will produce this amount, and if he does not, he is certain to be unemployed, unless a beneficent government chooses to maintain him by appropriating the surplus of workers who do produce more than they consume.

The "family budget" of the Canadian Department of Labor is based on the cost of living of a family of five. It is obviously impossible to take the largest family as a basis, so a number which is average, or a little more than average, is taken. The fact that those who are single, or who have smaller families, do not require as much is recognized by adjusting income taxes, so that they will bear more heavily upon them. In this way those who have large obligations pay less, and those who have small obligations pay more, than their proportionate share of taxation, if income alone is taken as the basis for determining this share.

This accomplishes the same purpose as the bonus system adopted in New South Wales, and as it involves the handling of less funds on the part of the government, and as it is the method already adopted here, it is the more desirable of the two. Nevertheless, our Canadian taxation is in need of still further changes in order that the burden of the high cost of living may fall less heavily upon those with large obligations. Large increases in wages have barely enabled the large family to maintain its standard of living, if it has been able to do so at all, while they have enabled the single and the childless to indulge still further in those luxuries the display of which has been an important factor in stimulating discontent.