

State Insurance Founded on False Philosophy

Government Taking Over of Insurance Is Wrong in Principle, and Cannot Compete With Private Enterprise Except on Terms of Monopoly and Increased Taxation.

The "Insurance Advocate," an American publication, recently published an article on the false idea of state insurance, and gave some illustrations of the results of government control.

From the dawn of history, the progress of the world has been largely the resultant of two opposing forces, one having for its object the centralization of all power and authority, and the other depending entirely for its strength upon the rights of persons, which, of course, can only grow as the trained intelligence of the community increases.

Monarchical governments of varying degrees are examples of the centralization of power, while Magna Charta and the Constitution of the United States are two important milestones in the development of the rights of persons.

If some guiding hand could have ordered the result of all the great conflicts of the world from Marathon to the present time for the purpose of developing the intelligence and rights of persons, the history of the world would not have been greatly altered.

Teutonic philosophy puts the state above the individual in all things—that is out of harmony with the world's historical trend, and for that reason cannot prevail permanently. Engagement by the state in commercial enterprises, or payment out of general funds of living expenses of those who are not incapacitated (compulsory health insurance) are of Teutonic origin, and are opposed in principle to Anglo-Saxon traditions and the development of individual rights and liberty.

On this phase of the subject the "Economic World" says editorially:

"We fear that the fact has to be accepted that a large number of persons very much in the public eye in the United States are working away at the constitution and organization of our society in very much the same spirit and fashion as the traditional experimentally inclined American farmer proceeded with the herd of cattle on his farm. This farmer started perhaps with the Devon breed, pleased with their gracefulness and activity and the utility of the males as work cattle. Finding, however, that Devon cows are rather reluctant to give large quantities of milk, and that Devon steers are not quite heavy enough for the butcher, he decided that it would be a good thing to have an infusion of Durham blood. The cross served for a while and seemed satisfactory except for the lack of richness of the milk. Then the Jerseys and Alderneys, with their cream-laden milk came along and our farmer saw no reason why he should not add this advantage to his herd. So he introduced a third strain; but was disappointed to find that he could not have abundant milk and rich milk at the same time, and also that the size of his cattle had been so reduced that they brought almost nothing for beef. To correct these defects he looked about until he found the Holstein-Friesians, big of frame and natural producers of milk in large quantities. So he enthusiastically tried the new cross, at the expense of the quality of his milk, but pleased with some gain in the size of his animals. Perhaps our farmer did not stop even here, but further 'improved' his herd with a strain of the blood of the Swiss or of the Norman cattle, of whose high qualities he had read.

"Now every one of the characteristics which this farmer tried to add to his cattle was a thoroughly excellent one; yet the net result of his hopeful activities as a breeder was to produce a herd of utterly worthless 'scrubs.' He had neglected the most important of all biological prin-

ciples, i.e., that whatever is not consonant with a fixed and permanent type works harm and not good, however valuable it may be in its own proper conjunction and environment. Some day, it is to be hoped, the social reformers and self-styled 'progressives' in this country will discover that this principle holds for a human society just as much as for a herd of cattle. No human society can be kept effective and valuable, unless it is held true to type.

"This is what is clearly seen by those among us who believe with conviction that the 'type' of American society, as handed down by the fathers, is something to be preserved with infinite care."

The fundamental principle of most Teutonic Philosophies is the augmentation of the power of the State, while Anglo-Saxon development is based upon the constantly growing rights of men even at the expense of the state. The people of the United States should pause for much thoughtful consideration before permitting an alien principle to destroy the trend of centuries.

If it is good that the state should engage in commercial enterprises, then all business will be eventually turned over to the government, then we will have a species of commercial feudalism that will be quite as intolerable as was the feudalism of the middle ages.

Political officers know quite as well as anyone that the state cannot compete with private enterprise on even terms, consequently, whenever the government goes into business anywhere, you are sure to find a grant of preferential rights on a large scale.

The New Zealand Life Insurance Department pays no taxes, though the other companies in Australasia paid taxes in 1915 amounting to £76,329. The operating expenses of the State department exceeded the average expenses of all the companies operating in Australasia.

The expenses of the Wisconsin State Life Fund are paid out of public funds and even then has succeeded in writing only 400 policies since October, 1911.

This list could be lengthened indefinitely by including practically every State commercial enterprise in the world. They are all exempt from taxation and most of them have other rights not possessed by any private enterprise.

It should not require any extensive demonstration to prove that any increase in preferential rights granted by the State is bound to cause an increase in taxation and the cost of living—the necessary funds can come from no other source.

1. The New Zealand Government Life Insurance Department reports a gross income of £615,960 for 1915. The management expense amounted to 11.26 per cent of the total income. All of the local companies operating in Australasia, including the Government department, report a gross income for 1915 amounting to £8,847,419. The management expenses amounted to 9.41 per cent of the total income. The Australian Mutual Provident consumed 7.13 per cent of its total income in management expenses. If the management expense ratios of all of the Australasian companies were the same as that of the government department the annual cost to the policyholders would have been increased over £160,000.

2. In Germany, government owned railways, as compared with the roads of the United States, charge twice as much for carrying passengers, nearly four times as much for handling freight, pay no taxes and only show big profits by borrowing to pay for improvements that are paid for out of current earnings in this country.

3. Wisconsin has a State Life Insurance Fund nearly five years old. Its acquisition expense is fully equal to that of other companies. The fund issued 100 policies for