"A careful study of the evidence respecting Government owned and operated railways, and railways run as private enterprises, has convinced me that, in the long run State control ends in keeping the best lines to the level of the worst, and that taking all in all the private companies of England and the United States render better service to the public than the Government railways of the European continent, or the Australian colonies, and are likely to serve it better in the future."

Another authority, without giving a decided verdict, affirms that a State owned railway enjoys "a complete monopoly and unlimited borrowing powers, which involve increased danger of arbitrary action, unprogressiveness and waste of capital."

Another regards the result of private ownership and operation as superior to State ownership, as it brings "the benefits of competition; cheap rates, wide development, and better service," or, as another expresses it, "a maximum of service at a minimum of cost." An able writer regards Government control as, "deadening activity and developing abuses, and leading to hard bargains being driven with the public." It is a matter of history that the centralization of power, military, civil and financial underlay Bismarck's railway policy of causing the roads to be operated by the Imperial Government.

As Canada is entering upon a new era of railway development the views of the more eminent authorities on the best course to be pursued in the public interest call for the most thoughtful and unprejudiced consideration.

INVESTMENT POWERS OF LIFE INSURANCE COMPANIES.

The restrictions imposed by the Insurance Act upon the investment powers of life companies are being criticized as unduly severe. They are said, "to abridge unnecessarily the rights inherent in and absolutely necessary to a successful conduct of the business." The rights of any company operatng under either a special Act, or the general Act relating to such organizations, are only such as are defined by the laws. A company which is the creation of the law has no "*inherent* rights," other than legal ones. The foundation right of a life company is to transact the business of life assurance in strict accordance with the Insurance Act, under the supervision of the Superintendent of insurance.

On several occasions we have pointed out that as the funds of a life assurance company are really trust funds of an especially sacred character, they cannot be honourably dealt with as freely as are those which involve no obligations of a trust nature. As we stated some time ago:

"The first, the paramount duty of a life assurance company in regard to investments, is to "make assurance doubly sure" by placing the funds held in trust for its policyholders in such securities as are not merely unquestionable sound when acquired, but, as far as possible, are free from contingent risks which may involve losses discreditable to the judgment and dangerous to the stability of the investor."

Observance of such a safe principle may no doubt, be a disagreeable abridgment of the investment powers of some companies.

The investment of any form of trust funds should never be made in securities which have any contingent liability that might cause the sacrifice of some portion of the principal. Hence, it is regarded as injudicious to invest trust funds in the securities of manufacturing enterprises, because their value is so liable to be depreciated, and even wholly destroyed by adverse conditions of trade. When a trading company meets with misfortune, when its capital is more or less dissipated, it must call up more capital to replace what has been lost, which also has to run the risk of being wasted by bad debts and other contingencies. Obviously, no private trustee would risk the money entrusted to his honour in an enterprise exposed to such dangers. Indeed, in England cases have been known of a trustee having been punished for placing his ward's money in a trading venture where it was lost. The same law of honourable prudence which is observed by every upright trustee is obligatory upon, and should be observed by a corporate trust, a trust exercised by a company.

It is a disputed question as to how far the funds, say of a Canadian life company, may be invested in the securities of a foreign country. That there is some element of risk to a foreigner in such investments outside of those to which a citizen of the country is liable cannot be denied, though, under existing conditions, and those in prospect, this special risk may be inappreciable. It, however, exists, and, as a life company's own life is supposed to be interminable, certainly is regarded as certain to go far beyond any of its policyholders, the chances possible to arise in a life time might well be considered when buying securities to provide for obligations that will not mature for many years.

Another point worthy of consideration is, the desirability of using the funds of a native company, as far as prudently practicable for such investments as are calculated to be helpful to the institutions of the country which has called the company into existence and provided it with means and with business. When considering the granting of further powers of investment to life companies the above should be regarded as guiding principles. Far better to restrict life assurance business, which is certainly not being done to material degree under the present law, than to remove restrictions so as to encourage life companies funds being so invested as to introduce doubtful risks into their investments.