

THE MODERN BUSINESS CONSCIENCE.

In the newly-published issue of the *Rollins Magazine*, of New York, appears an article written by Judge Grant, of Boston, a brother-in-law of Mr. A. D. Durnford, chief inspector and superintendent of branches of the *Molsons Bank*, Montreal, on the subject of "The Modern Business Conscience." We append the conclusion of Judge Grant's interesting paper:—

What is the responsibility of the modern banker,—the spirit finely touched" by power—toward his customer? One knows well enough what it used to be. "Business is business" that iron phrase of the street has been for generations his license to exhibit his wares on the counter, compare them glibly with hot cakes, and, having unloaded them at a comfortable margin of profit, to wash his hands and his conscience of the transaction. Let us disassociate him at once from the scamps of his calling, those deliberate mongrel villains of finance who lure the ignorant and the gullible by glorification of mines without ore and wells without oil. He could as justly be compared with the criminals we read of in the newspapers. He has thought of himself an integral part of the backbone of society; and far from having ever been arrested in his life, piteously inquires, "What have I done that business should be given such a setback that my running expenses more than consume my profits?"

It is well for him and us in these days of reconstruction of ideals that humanitarianism in the form of competitive self-respect is working in his soul to the detriment of the adage that there can be no sentiment in business. We need not decide whether within the last quarter of a century one could trust more safely him who had a cart-load of fruit or an issue of bonds which he was eager to dispose of. But whatever be the new burden which modern society lays on the pedlar, there are multiplying signs that the banker has ceased to be reputable who, satisfied with the creed "*carcat emptor*," washes his hands of his customer after he has unloaded his wares. In other words, the man of large affairs, in order to succeed, can no longer afford to "let his patrons into" an enterprise which he has called to their attention for his own profit and leave them to shift for themselves in case it turns out disastrously.

The latest form of humanitarianism or efficiency—name it as you will—is the transformation of the dealer in financial securities from the mere maker of a market for something he wishes to part with into a trustee for the protection of the purchaser.

To be sure there is no written law as yet which will tarnish through fine or imprisonment the lustre of ambitious promoters who, when the undertakings which they have fathered fail,—undertakings which if successful would have given them huge profits—shrug their shoulders and neglect to stand in the breach for the relief or assistance of their customers. But the keen eye of the modern business world is beginning to look askance at those who feather their nests by such a policy, quick to perceive that society is already insisting that the banker owes to those who rely on him much the same kind of service which the surgeon owes to his patient and the guardian to his ward.

Here is one of those situations where the ancient right has become the modern wrong,—much to the perplexity of not a few financiers who, eager to provide all the luxuries of an expensive age for the wives and children they love, still vindicate the vested privilege of reaping a rich harvest when all goes well and of letting, without a qualm, the purchaser look after himself when things go wrong. For it is only on this new basis of enlarged responsibility that the new world power,—the glorified money changer—can hope to escape molestation. If he is to continue to prosper it must be on the strength of his recognition that he stands in a fiduciary capacity toward those who deal with him and that he has ceased to divest himself of every obligation of risk at the moment he hands his commodities over the counter.

It is increasingly evident that this is an interpretation of the golden rule which society intends to enforce, and that the banker or dealer in bonds and stocks who continues to rely on the maxim "*carcat emptor*" as the sound measure of financial honesty will find that it is no longer business policy. The day is nearly over when the public will permit him to absorb the major profits and wax rich, unless he minimize the risks of his clients by the intelligent foresight he exercises in advance and scrupulously guards their in-

terests even to the extent of sharing their losses when disaster befalls his ventures.

CANADIAN TRADE BY PROVINCES.

Regarding the article under the heading of "Canadian Trade by Provinces," which appeared on page 537 of our issue of April 12, a correspondent at Charlottetown, P.E.I., writes that *THE CHRONICLE* has done an injustice to that province by stating its exports at \$436,176, and its imports at \$656,678 during the fiscal year, 1911. "As a fact," he writes, "we exported in round figures in 1911, canned lobsters, \$820,000, cheese and butter, \$498,000, eggs \$450,000, or, of those three items alone about four times the amount given by your statement; to say nothing of the potatoes, sheep, lambs, cattle, horses, and other farm products and oysters, making, I am sure, another million dollars." With regard to exports," he writes "the goods imported and consumed in this Island are bought and duty paid in Halifax, Montreal, Toronto and other Canadian cities, and those places get the credit for imports which are really the imports of this Province, and our trade is depreciated to that extent, in the eyes of the outside world."

We are obliged to our correspondent for his statements of facts. Although not explicitly stated, it was evident that the figures given referred to the overseas trade only of Canada, and did not include the inter-provincial trade, and in regard to imports, it was particularly pointed out that, for instance, in the case of the province of Quebec, the influence of the trade of Montreal is paramount, and, of course, imports on which duty is paid at Montreal are destined for every part of the Dominion.

The figures in question appear in the newly published annual report of the Department of Trade and Commerce (Part I), and our correspondent might, we suggest, address his complaint to the Department at Ottawa. He will, we know, acquit *THE CHRONICLE* of any intention of doing an injustice to Prince Edward Island in this connection. We have no desire to "knock" any part of the Dominion, whether East or West, but, on the other hand, cordially welcome the renaissance of the provinces down by the sea.

THE STATE EXAMINATION OF THE NEW YORK LIFE.

Points from the Examiners' Report.

(Continued from page 437).

SURRENDER VALUES.

No Discrimination.—The surrender settlements of the New York Life appear to be actually equitable. No case of discrimination was noted.

Paid-Up Values.—On the old annual dividend, limited contingent and non-participating policies issued by the company, wherein no values are printed, the basis for surrender values is the American $4\frac{1}{2}$ p.c. table. The full reserve is used to purchase paid-up insurance at American $4\frac{1}{2}$ p.c. single premium rates, loaded 50 p.c.

Later, policies were issued containing values which approached American 3 p.c. values, as a limit, at the end of the accumulation period. The basis used on these policies is American 4 1-2 p.c. hybrid reserves, used as above.

On other classes of policies the American 3 p.c. reserve forms the basis of these calculations.

On all policies containing values it is the custom of the company to allow to the policyholder the values contained