

Some Canadian Reconstruction Problems

Address of Sir Henry Drayton, Minister of Finance, Before the Association of Life Insurance Presidents' Convention, New York, December 4th and 5th.

The reconstruction problems of every country are diverse and many. To attempt to deal with them generally within the compass of a brief paper would be entirely impossible unless the treatment given were indeed superficial. Viewed from many aspects, the problems of reconstruction are moral rather than material. In so far as material resources are concerned, Canada has no need for concern. Over and above all present agricultural, mining, lumbering, and fishing activities the untouched natural resources of the country remain in volume and indeed in greater volume than they have up to the present been utilized. While it is true that Canada's debt today stands approximately at a total of two billions of dollars with heavy resultant interest charges, while it is true that the claims of the returned soldier, costs of pensions and disability claims are heavy, and will all in the nature of things continue for many years to come, it is also true that the country and the people as a whole are infinitely better off than they ever were before.

It took the war to discover for us just what could be done and to realize to some extent, perhaps only to a small extent, the possibilities and greatness of the country.

To illustrate, in the year 1913 our export of foodstuffs and fodders amounted to \$194,930,254 and at the close of the last fiscal year to \$467,625,311. Our manufactured exports in 1913 amounted to \$43,692,708 and at the end of the last fiscal year to \$549,284,268.

The progress of Canada both agriculturally and industrially has been marvellous. But the great underlying principle of reconstruction as it appeals to us generally is rather that reconstruction which will make for a better and improved state of society as such, a reconstruction which, while preserving the right of initiative and proper incentive for effort, will at the same time to the fullest extent possible afford equality of opportunity for everybody.

There is, however, a material question which in the conduct of our public business of the future I venture to think you, firstly as presidents of life insurance companies and secondly as American citizens, are interested in. In the first instance, as life insurance presidents, I would confidently claim that you have a real interest in Canada and a constantly increasing interest. I note that in 1898 your insurance companies had in force in Canada \$105,708,154; in 1908 the amount of business in force was increased to \$193,087,126; but the extent of that business of later years has been much more rapidly increased, as your business in force in Canada in 1918 amounted to the large sum of \$619,261,713. Out of a total insurance in force at that time of \$1,785,061,273 your companies had over one-third of the total business.

But not only are you interested in the volume of business but you are also interested in your Canadian assets which have grown with the growth of the business and which I am pleased to understand have formed remunerative investments. These assets in 1898 were \$23,563,824; in 1908, \$46,762,534; and in 1918, \$98,607,188. As insurance presidents you have a very real interest in Canada. One of the greatest aids to sound national status is that each and every citizen to the fullest extent possible should have a personal direct property interest in his country. Outside of a Canadian 5½ per cent. Victory Bond, which of course I place higher than any other security—a security of greater value not only to the citizens but to the country, than any other—there is no way in which our average citizen can make his first investment easier than by invest-

ing twenty or thirty dollars in a thousand-dollar policy. Life insurance indeed tends to stabilize financial and industrial conditions. It tends to, where adopted in large measure, prevent distress and suffering and constitutes a real protection to the worker and his dependents.

I feel that today we require the fullest extension, the fullest production, the greatest amount of useful work and the practice of economy and thrift everywhere. Life insurance agents are particularly at home in preaching thrift. They can do much to instil into our people thrift—that essential prerequisite to national reconstruction. Personally I well recollect that the first money I ever saved was that rendered necessary by a twenty-pay life insurance policy. May your endeavors to make Canadian people money-savers be most successful.

Very intimately connected with the problem of reconstruction is the bettering of conditions of public health. This is a matter in which the insurance companies are particularly interested, and as I understand it many of you have already commenced an educational campaign amongst your policyholders. You are in a position, with your efficient organizations, to aid very largely in propaganda on better health conditions, of which both our countries are in need. Your efforts in this regard will be doubly pleasing to you, as while bettering and aiding the living conditions generally to the great national benefit you will also be securing a greater longevity in the lives insured, bettering your risks, and increasing the profits of the policyholders and of your shareholders.

There is much room for a great advance in insurance in Canada. Assuming a population of eight millions, the life insurance in force in Canada today is but approximately \$225 per capita. Canadians are under-insured and life insurance companies have a most useful public task ahead of them in bringing up the average protection for the families of the workers of Canada, but increased insurance like every other good thing depends upon ability to pay premiums, depends upon prosperity. While Canada is prosperous, the question of the matter of exchange between our respective countries is something that I am sure you do not view with complacency. Your insurance premiums are paid in Canadian dollars and as a result of the trade balance existing between the countries the Canadian dollar is at the moment at a discount, and a serious discount when the value of the Canadian dollar, the prosperity and assets of the country are considered. The depreciation while very real is merely the effect of present trade balances and does not reflect in the slightest upon the intrinsic value of Canada's obligations. The depreciation of the Canadian premium in New York funds is simply owing to the fact that we do too much business with you and you do too little business with us.

I wonder if the extent of Canada's purchases in the United States are realized. In South America you have a whole continent, you have been doing business with that continent for many years, you have trade commissions and trade representatives and, I think, have covered that field with characteristic American energy. Your statistics show that your total trade with all South American countries amounted for the year 1918 to the sum of \$881,977,051, with a trade balance against your country of \$252,859,463. In the same year your business with Canada amounted to \$1,216,744,389 and resulted in a favorable trade balance of \$344,235,455 to your country. In 1919 the United States business with all South American countries was \$969,276,505, the balance of trade against you being \$167,473,303. On the other hand, for the same year with Canada your total trade amounted to \$1,282,677,849 and the balance of