

and however possible in time, if properly worked out, involves more careful and far more extended investigation than it has received. In order to discuss this situation adequately, two methods might be followed: either the investigation of the various theories put forward for the reconstruction of economic society; or a direct analysis of what is involved in the existing economic structure, with a consideration of what improvements may be possible. The first method is inevitably tedious and not certain to be very profitable, since it involves an attempt to discuss a perfect babel of voices, from that of the Bolshevik, who cheerfully distributes blank forms undertaking to deliver the millennium according to the details to be filled in by each applicant who will sign up under his leadership, to that of the "good old time" pessimist who detects the seeds of ruin in every change, but hopes that he may not live to witness the inevitable crash. It is useless to attempt to demonstrate the defects and inadequacies of many of these theories, especially as few of the most inadequate and unreasonable of them will consent to die even when their brains are out. The method of an analysis of the essential features of actual economic conditions is likely to be much more effective and more within the bounds of time and space.

Human Progress Through Capital

"A survey of the origin and growth of capital, shows that, like ordinary wealth, it is a product of labor and nature. But physical labor itself is blind and therefore futile. To be efficient in producing needful supplies labor must be directed by intelligence. But the intelligence and the labor need not be entirely or always combined in one individual. Physical labor, however, requires the presence of the laborer at the place of industry, while the intelligence of direction and management does not require its constant presence at the place of industry. This important difference makes possible the direction of many laborers by the skill and knowledge of one person.

"The field of capital is also much wider than the field of goods for the supply of daily wants. The most highly organized steel plant in the world contains nothing which is suited to the direct supply of a single human want, except, perhaps, rudimentary shelter, such as a cave might furnish. Yet such a plant, under our present social organization, is indispensable as an indirect means to the satisfaction of practically all our civilized wants; whether the elementary animal needs of food, clothing and shelter, or the special human wants based on the higher senses and our intellectual and moral nature. Thus it follows that while labor and nature alone can provide a somewhat precarious daily supply of wants, it is capital which liberates man from a hand-to-mouth existence and permits of an indefinite expansion in both the quantity and quality of the means of life.

Exchange and Credit

"Again, capital is the product of saving, or deferred consumption, involving the diversion of wealth from immediate consumption on the part of the owner to a preparation for still greater production, rendering possible a more extensive supply of wants in future. In order to realize, however, the great possibilities of capital in increasing the efficiency of labor in production many secondary factors are introduced and come to be indispensable. Among these are transportation, exchange, industrial organization on a large scale, and the co-operation of many individuals of different capacities and qualities in the production of single articles or the rendering of frequent services. Some of these important factors, such as transportation and exchange, may serve many industries at the same time and thus come to be of themselves highly important combinations of capital, labor and specialized intelligence.

"Probably the most subtle of these factors, or at least that which appears most mysterious to the ordinary citizen and which, in consequence, he most mistrusts and attacks, is that of financial credit and exchange. This is 'the money interest' with which he has come to most specifically identify capitalism to the misfortune of the latter in its attempts to come to a good standing with labor. It was pointed out that the central or pivotal element in all this mechanism of ex-

change is simply a postponed or deferred right-to-receive goods or services in exchange for other goods or services. One individual sells goods or services to another, but instead of immediately taking other goods in exchange he accepts a statement that he is entitled to receive any goods or services which are on the market up to the exchange value of the goods with which he parts. Once the break is made the compliment of this process is also possible—namely, the paying for goods before they are received or even before they are produced. This becomes quite general in the advances of credit to aid production. Of course, it required a long time to work up this system from the earliest articles used as money to our present elaborate systems of banking and exchange with insurance, trust and loan companies, stock exchanges, etc., whose development has been made possible through this device. In that process of development many special usages have taken shape and many laws have been passed defining, limiting and safeguarding the powers and obligations involved. Yet the system in its practical operation depends chiefly on the high standards of business honor and integrity of various individuals and institutions.

"Once it is possible to break the connection in time between selling and buying, it is possible to introduce in that interval many intermediate links. It is possible to part with, or accumulate, or make combinations of these rights-to-receive. Therefore it is possible to make great combinations of them before they have been converted into goods and to utilize this combination for the construction of large and fully equipped factories, to purchase raw materials and to hire numerous laborers to operate these instruments and work up the raw material into finished goods. It is also possible to expand the business by borrowing additional rights-to-receive, either in the way of large permanent loans for a considerable period secured by the issue of mortgages, or bonds, or for short periods in the shape of bank advances to be repaid within thirty or ninety days on the sale of the goods. These transactions explain how it is that the capital factors in production have come to be so closely identified with the exchange and credit systems. At the same time there is no essential difference between these highly complex uses of wealth for capital purposes and the construction and use of the first bow and arrow, fishing net, or canoe. In all these cases, not the immediate satisfaction of wants was aimed at, but the production of something which, while incapable of supplying any want directly, would yet enable the owners and employers of it to greatly increase the supply of those goods which do directly supply wants."

CANADIAN LIFE INSURANCE LAWS INCLUDED

The 1918 volume of "Life Insurance Laws" has just been distributed to its members by the Association of Life Insurance Presidents. In the preface of the book, Manager George T. Wight says:—

"The number of laws printed in this volume is 59, of which 11 are Canadian statutes, included this year for the first time. This is the largest total printed in any even-numbered year. The number of statutes in the States is second only to 1912, when 49 laws were printed. Of the 59 printed this year, eight in the States and two in Canada relate to the civil rights of soldiers and sailors. A new code of laws was adopted in Virginia, of which the sections affecting life insurance are reproduced. A list of 'blue sky' laws has been added to the appendix this year.

"There were 30 regular and special sessions of state and provincial legislatures in 1918, in addition to sessions of Congress and the Dominion parliament. In Connecticut, Delaware, Mississippi, South Carolina, Texas, Wisconsin, New Brunswick, Newfoundland, Ontario, Quebec and Saskatchewan no laws affecting foreign life insurance companies were enacted. Of the others, Massachusetts led with 11 new laws, followed by Congress with 9, New York with 8, and Virginia with 5; three provinces enacted 3 laws each; 3 States enacted 2 each; and 9 States, 1 province and the Canadian parliament enacted 1 each."