

"We didn't treat it as such."

"This is your way of cheating the department and the policy-holders?"

"We did not treat it as such."

"We have had the same thing in other companies; the department and policy-holders didn't know of it?"

"Maybe not."

Mr. Milne does not seem to put himself in the place of an intending policy-holder?"

"There is no doubt your intentions were good, but you did not go about it the way the law says you shall," said Mr. Tilley.

"Have there been any other deceiving actions in your company, presuming that this is deceiving?" asked Mr. Tilley.

"There have not."

Mr. Kent says that while, no doubt the company's intentions were the best, the company had not revealed the real state of affairs either to the Government or the policy-holders.

The Northern gives bonuses to agents. Mr. Milne said rebating should be punished, and all parties should share in it. He said he knew of men who carried \$10,000 of insurance, changed their companies from year to year, and paid hardly anything.

Regarding expense rate, Mr. Tilley said: "I note that you have an economical management in several ways." The commission also noticed the complete and satisfactory returns and statements received from the Northern.

Policy-holders on the whole life plan have the automatic non-forfeiture plan. Mr. Milne did not approve of it, but had to meet competition.

Mr. Milne said the reserve in the first year was too high. Not until the eighth year was it necessary to hold the full reserve. This bore heavily on young companies, as old companies could take, and did take, what they needed from surplus profits belonging to old policy-holders.

The commission took up the Woodmen of the World. Mr. Fitzgerald told of the routine administration of the society. The books of the Woodmen really constitute a series of memorandum accounts, appearing in the cash book; that is, no general ledger is used. The accountant of the commission had criticised the books and Mr. Fitzgerald testified that a new set of books would be installed at once. It would hardly be possible to ascertain exactly the true state of affairs from the present books without tremendous labour. The witness said that the transfer to the new set of books could be made in ten days and the books brought to Toronto. The commission, on account of fairness, decided to postpone this examination and take it up later. The commission adjourned until July 9, in Toronto.

GOLD, SILVER, PAPER CURRENCY AND CHEQUES.

The varied functions of gold, bank notes and cheques are all presolvable into one in business life. They are forms of money used for the payment of debts. When gold is locked up as a reserve it is held for this indicated purpose, that is, it is on hand to meet obligations that require liquidation in gold.

The usages of different countries are quite different in respect to the forms of money used for paying debts.

The circulating medium in the United Kingdom consists of gold, silver, Bank of England notes, notes of other banks, and cheques. Large as are the liquidations made by coins and notes those for which cheques were exhibited are enormously in excess of the other forms of money combined. As Mr. Palgrave says in the January "Quarterly Review," "England was the first country to establish a circulating medium consisting of unsecured paper, cheques, which are really drafts on demand, signed by tens of thousands of persons, usually little known beyond their immediate surroundings, all the cheques being expressed in terms of gold and drawn upon a small number of banks whose standing and character support the circulation of these cheques, which are directions to pay so much money in gold.

Legally in the United Kingdom, cheques are Bills of Exchange and require a penny stamp to authenticate them. They are sometimes drawn for amounts less than a shilling and they run up to hundreds of thousands of pounds." We may, however, remind Mr. Palgrave that it is usual for British banks to place a minimum on the amount for which its customers may draw a cheque as it is a nuisance for a bank to have cheques pouring in for picayune amounts.

The movement of cheques in the United Kingdom, on their annual circulation, is estimated at \$75,000,000,000, seventy-five thousand millions of dollars.

No drawer or receiver of a cheque asks what stock of gold is kept by the bank on which it is drawn. The whole of this vast paper currency is based on trust and British bankers are exceedingly particular in restraining the drawing of cheques which are likely to be marked "no funds." Cheque currency is the most easily worked paper circulation and circulating medium in existence.

It is said to be "Like the marvellous tent of the fairy Paribanon, it expands itself to meet every want and contracts again the moment the strain is passed." This marvellous tent represents exactly the expansive and contractive qualities of the currency of Canada.

In France matters are somewhat different. The