

UNEMPLOYMENT INSURANCE

IN Canada we are now going through the initial stages of what is undoubtedly a period of depression and falling prices. This condition is already accompanied by an increasing amount of unemployment which will probably be accentuated by the high wage scales being put into force. The unemployment of such periods is not confined to the transient class, but includes a considerable proportion of worthy cases. Insurance for the maintenance of the unemployed is a subject already of much interest.

Such insurance is not entirely new, but has already been tried in Great Britain and Germany. Dependence on charity is certainly not suited to our modern complex economic system, in which wage earners are gathered in great industrial centres. There is, after all, little difference between a municipal bread line and a system of allowances during a period of unemployment, except that the latter is more adequate and carries with it less of the stigma of disgrace. Such payments should not by any means equal what is popularly referred to as a "living wage," but should be merely a minimum subsistence allowance to cover a temporary period. A maximum time would also have to be fixed during which such allowances should be available for any individual.

The advantages of such a uniform system for a province or for the whole Dominion would be that such uniformity would prevent what commonly happens when a municipality, in order to relieve the local situation, undertakes expensive public works and attracts to it the unemployed from other centres, thus relieving them of this burden. It would also offset the arguments frequently put forth that public works should be undertaken regardless of their economic value; in order to relieve this economic condition it might be cheaper to make such allowances in return for no services whatever than to pay wages amounting to several times the amount for works of little value.

On the other hand there are substantial objections to any such measure. The existence of such payments would in some degree remove the incentive to secure employment and remain employed. It is for this reason that any such payments would have to be a mere fraction of the ordinary earning power of the individual. On this phase, president Haley Fiske of the Metropolitan Life Insurance Company may be quoted as follows:—

"Any argument that such insurance puts a premium on wilful idleness can be met with restrictive provisions. It can be provided that a policyholder out of a job by his own volition, by having quit, cannot benefit. And payment may be deferred for a given time after a man does lose his job and restricted to a period within which he can reasonably find another. Of course, human nature being what it is, there is bound to be a certain amount of unfair advantage taken or attempted, just as we find some malingering in connection with health insurance. But that doesn't invalidate health insurance as a thoroughly good thing." Again the financial burden would be enormous, but in the end it might be more economical to meet such expenses out

of current revenue than to add them to our debt without compensating assets.

Another difficult phase is the method of putting such a scheme into force. Unemployment insurance is not written by insurance companies because the losses are not sufficiently calculable, the personal element is too great, and the moral hazard is enormous. It would not seem to be feasible that the existing insurance organizations could be utilized for this purpose. The only alternative, then, is the state. Whether the premiums should be assessed on each individual or raised out of general taxation would be a critical point as, if raised out of general taxation, it would be distinctly a socialistic measure designed to maintain the poor at the expense of the rich.

GOVERNMENT CREDITS NOT APPROVED

THE message of Mr. Lloyd Harris, chairman of the Canadian Trade Commission in London, who is now visiting Canada, is that the initiative for securing foreign trade must rest with the manufacturers and commercial men of Canada. In addressing the Toronto Board of Trade on June 3rd, he said that financing must be arranged through the Canadian banks in co-operation with the exporters. Although credits to the amount of \$125,000,000 have already been granted by the Dominion government, it is, according to a recent announcement of Sir Thomas White, not the intention to make any more advances of this kind. The function of the Canadian Trade Commission in London, said Mr. Harris, is not to secure orders but to advise manufacturers as to industrial conditions and possibilities in foreign countries. He urged that representatives be sent abroad who were not merely salesmen but should know also the technical details of the business. There are good opportunities for business in practically all lines in Great Britain and a considerable business could also be done with Greece, Roumania and Poland. The finances of France will not permit of substantial borrowings for the present, but Belgium may be in a position to do business within a year.

Municipal ownership of the local street railway system is being discussed in Montreal, but the supporters of the proposition are confronted with the figures showing the substantial deficits which have been occurring in connection with the operation of the civic car lines in Toronto. It should be remembered, however, that the civic lines in Toronto do not form a connected system but are mere stub lines serving certain suburban districts. The rates are, moreover, fixed below cost; the civic lines could be placed on a paying basis by an increase in rates which would not make the total cost of transportation from these suburbs greater than the cost of transportation over a single system in many cities on this continent. The argument against public ownership, to be derived from the experience of Toronto, is not that it can't pay, but that political influences will probably prevent it from paying.

CASUALTY ACTUARIAL AND STATISTICAL SOCIETY

The semi-annual meeting of the above society was held on May 23rd, in New York. Over fifty members were present. The address of the president, Mr. Joseph H. Woodward, was entitled "Insurance and Humane Behavior." He dealt with some of the psychological effects of insurance.

"Revision of Pennsylvania Compensation Rates," was discussed by two members from that state. G. F. Michelbacher, actuary of the National Workmen's Compensation Bureau, New York, read a paper on "Casualty Insurance for Automobile Owners." He predicted that automobile insurance will eventually overtake and exceed workmen's compensation insurance as a source of premium income. He

discussed at some length the basic principles upon which rates should be calculated and the points of coverage, namely, public liability, property damage and collision.

Other papers were entitled, "Mortality From External Causes Among Industrial Policyholders of the Metropolitan Life, 1911-1916;" "The Essentials of Family Statistics;" "Comparison of Actual and Expected Losses as a Means of Loss Analysis."

During the year ended February 28th, the Toronto Bureau of Municipal Research published seventeen bulletins and booklets dealing with matters of civic government and finance. The bureau's expenditure slightly exceeded its revenue during the year.