FRATERNAL GUARDIANS AND FRIENDLY FORESTERS.

A great many persons are living in the rosiest of clouds with respect to the possible results from fraternal assessment benefits and endowments. And a great many who are over credulous must some day be rudely undeceived. We learn that Major Joseph C. Smith, U.S.A., Supreme Guardian of the Order of Fraternal Guardians, has been lecturing in Montreal to a crowded house on the beauties and advantages of the co-operative system. He defends, as we understand him, the endowment feature of the assessment societies, and declares that "those who challenge the endowment principle fly in the face of the greatest and purest philanthropists and professors of social science of this age." He concluded, according to a report which we find in the Montreal *Gazette* of last Friday, by telling his audience about a society, similar, so he says, to the Fraternal Guardians, which has accumulated a surplus of \$23,000,000, and had paid large benefits and dividends, and declared that his particularly Fraternal Guardians would do even better than this society. If by this the Major meant the Foresters' Society of Great Britain, we venture to think he is talking too freely. Now, we have not the acquaintance of the gallant Major, and we have no wish to say anything unduly harsh, but it may be necessary to ruffle the minds of those persons who crowded the Victoria Armory to be soothed alternately by the strains of a vocal and instrumental concert alternating with the music of the Major's explanatory voice.

The Order of Foresters, one of the great friendly societies of the United Kingdom, has a total membership of 700,000. It boasts an accumulated fund of four and a half millions of pounds sterling, and we are told pays benefits to a weekly average of 25,000 persons. The aim of this society is an admirable and commendable one, and it has done a great deal of good. But it does not promise or perform any such feat as the payment of \$500 in three and a half years, in return for a small initiation fee and assessments of \$48 a year, which we understand the Major asserts his fraternity will do. Furthermore, since the Foresters has been cited, let us see how they stand. The Glasgow *Herald* of August 7th devotes a column editorial to that body. Citing its numbers, its accumulations, and its performances, that journal says it has, nevertheless, one serious defect. It is to the public advantage that this confession of weakness should have been made. "No sensible man is a pessimist in this matter, or has the smallest desire to minimise the immense advantages which the working classes have gained for themselves by their self-denying and enduring efforts. But it is impossible, as it would be most unwise, to ignore the fact that, by their own showing, there is one terrible blemish on the beauty of the whole system. The Executive Council of the Foresters have issued a statement to the effect that their assets are £15,396,550, including the £4,500,000 to which allusion has been made, whilst their liabilities are no less than £17,752,525. These figures show a deficiency of £2,355,-975; or, in other words, if the society were wound up immediately, the present value of the liabilities being set against the present value of the cash in hand and of the payments that each member is expected to make, the estate would pay no more than seventeen shillings in the pound."

The Foresters are not alone in this matter. The other great friendly society, the Manchester Unity of Oddfellows, continues the *Herald*, has a somewhat smaller membership and a considerably larger accumulated cash fund; but that society also has not yet absolutely attained the point at which assets and liabilities are exactly balanced. There are many other important societies which are in many respects equally flourishing, but are in the same position with regard to their balance-sheet when the quinquennial actuarial valuation takes place. "The result may be stated briefly. There are certainly a million and a half members of fairly sound friendly societies that, with their families, represent from six to eight millions of the working classes, all of whom are directly interested in the stability of these great associations. Yet there are very few of them whose clubs, courts or lodges are not, by actuarial valuation at least, a little behind-hand in the world."

But our contemporary does not allege as a consequence of this state of things that there is no solidity in British Friendly Societies, and that they ought to be removed expressly to make way for a State compulsory system of payments and benefits in sickness and at death. There is no question of winding up the friendly societies now, or, if they continue their present course, at any future time. They are "going" concerns, and have within themselves immense potentialities of future usefulness. A very slight reduction of the rate of mortality or sickness would at once increase the assets and diminish the liabilities to an extent, in the case of many societies, that would probably cause the deficiency on valuation to disappear. But on the other hand, a very slight increase in the rate of interest for the invested funds, which, however, is not likely, would have the same effect.

The *Herald* goes on: "If, then, the present method of valuation—which, however, is by no means uniform—must on the whole be regarded as reliable, it is certainly reasonable that the friendly societies should be permitted to claim the possibility of error on the part of their official critics. This may be admitted, as well as the immense recuperative power of all large friendly clubs. The societies have time on their side. They are carrying on a business that is on the whole thoroughly healthy. No one desires to wind them up. The example of more than one of them during the last few years shows that it is quite possible to improve their condition year by year. The true question is, *whether the tendency of any club is in the right direction* or not? If the Foresters, for example, are able to show at their next valuation that they can pay eighteen shillings in the pound, instead of the seventeen shillings and fourpence of to-day, there would be every reason for congratulation and every ground of hope for the future."

There is some reason to fear that the societies do not quite realize the importance of this matter. "They are so delighted to find themselves controlling vast sums of money, and in possession of business concerns that are in most ways admirably adapted to the ends for which they were created, that they are apt to forget that as long as the discrepancy between assets and liabilities continues to exist, their movement must be regarded as still on its trial. Friendly societies cannot be considered to be a thoroughly established institution of the country until they can, always and at any moment, discharge every liability that they have undertaken."

The admirers and justifiers of assessment insurance on this side the water have often berated THE MONETARY TIMES as having been "subsidised by the old-line companies," and as being "incapable of judging the co-operative system on its merits." What will they say, then, of this great newspaper, published in the commercial and industrial capital of Scotland? Will they pretend to say that it has been bought by the old-line companies? Let them read its conclusion:

"The working classes have gone through a long and painful period of education and training on this subject. The stories which are still told of the ruin and misery produced by the bankruptcy of friendly clubs have been and are a great check to the progress of the comparatively sound societies. Promoters of fads of all sorts and dimensions have based them upon the failure of the societies to do the work that they have undertaken. It is hardly probable that we shall hear any more of these gentry. In every direction the fierce light of criticism and publicity is beating on the societies. For their own sakes, and for that of the public at large, it is a matter of immense importance that they should take the most active steps to remove this one great blot from their system. It is by no means a hopeless or even a difficult task. There is only one way of doing it. Benefits must be diminished and payments must be increased. There is no need for hurry in the matter, but the thing has got to be done. The managers of a club would pass a very bad quarter of an hour if they had to meet their members in the club-room, and announce to them that a rise of a penny a week in the payments and a drop of a shilling a week in the benefits must be resolved on in order to place their association in a thoroughly healthy condition. Yet, in the present state of the labor market, there ought not to be—and we are bold to say there would not be—any real opposition to such a proposal. It will be a happy day for Great Britain when the rulers of the two great societies, the Manchester Unity of Oddfellows, and the Foresters, are able to announce that they have reached the point of absolute solvency."

THE NEW YORK LIFE INSURANCE COMPANY.

It now appears that the misappropriation of the company's funds by one of the district agents of the New York Life, to which we referred some months ago, was but one of a group of circumstances which reflect upon the discretion of the trustees of that company. These circumstances are set forth in letters of ex-Governor Chamber-