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Assurance

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THE PATRIOTISM
of LIFE INSURANCE



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By J. F. WESTON

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THE PATRIOTISM OF LIFE INSURANCE

BY

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Company of Canada



AN ADDRESS delivered before a distinguished gathering of Canadian and American life assurance men at the Banquet held in the Royal Connaught Hotel, Hamilton, Ontario, on the evening of Thursday, July 20th, 1916, in connection with the Tenth Annual Convention of The Life Underwriters' Association of Canada

The other speakers of the evening were

Hon. Arthur Meighen Ottawa, Ontario
Solicitor-General for the Dominion of Canada

Hon. James V. Barry New York City
Formerly Superintendent of Insurance for the
State of Michigan.

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THE PATRIOTISM OF LIFE INSURANCE

MR. CHAIRMAN AND GENTLEMEN,—

I shall endeavor in dealing with this subject to show the relation which exists between love of country and the business of insuring the economic values of the lives comprised in the citizenship of the country, and to determine how the first may be induced or intensified through the practice of the latter. If I could so completely establish the relationship which I know does exist as to compel a general recognition of the fact and influence the people to respond to the appeal of insurance as they have responded to all great recognized patriotic movements which we have known, I should make the fortune of every one of you. Most of your present difficulties would immediately vanish. Instead of writing single applications you would insure men by platoons, companies and battalions. I believe absolutely that this would make for the good of the State and for the greater security and happiness of the people. But I can discover very little evidence that the same view is being seriously entertained by our governments on this continent, or by our people through their governments.

Life Insurance Premiums Unfairly Taxed

Provincial and State Legislatures here and in the United States vie with each other in taxing insurance premiums. Our politicians, instead of regarding Life Insurance as an institution which discharges a function beneficial to the State, see in the premiums a fair and easy source from which to derive revenue to meet their present needs and the people who pay them are completely apathetic to the fact that in each premium they pay is included this tax or penalty for the thrift they are practicing.

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This condition shows few signs of improvement. A few weeks ago a member of the Legislature in one of the United States introduced a bill to tax the premium income of companies with head offices outside the State ten per cent., and that of home companies five per cent. This proposal, as well as the taxes levied by all other States and Provinces, is conclusive evidence that Life Insurance has not yet come to be regarded as a patriotic institution by our legislators, and that it has not taken hold of the imagination or esteem of the people to the point where they resent a tax upon it.

Patriotism a Potent Force in All Ages

Patriotism has manifested itself since humanity first felt the ties of race and banded together in tribes. It has been the potent force in the development of all national life. Patriotism is a passion inflamed by ideals held in common by the people of a nation, and is, therefore, hard to associate with economic systems. Yet behind almost any of its great historic manifestations, if you look close enough you will find an economic cause. The French Revolution will serve as well as any other as an example.

Whatever the contributing causes may have been, that which precipitated the darkest phase of the French Revolution was the need of bread, and whether you call them patriots or rebels, the inciting cause which inspired or killed patriotism in the French people in this case, was an economic one.

You will find it so in almost all the struggles which have taken place between nations. Our restless races must follow ideals if any real progress is to be made, but the ever pressing need is the necessity of being fed. The whole theory of history is a search for food, and if you will have patriotism, you must have systems in which the people have confidence and under which they can secure the greatest protection possible against want to themselves or their dependents.

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Insecurity the Curse of Industrialism

Instead of improving conditions in this respect, while we have advanced immeasurably in others, we are less secure and feel greater unrest in the present and uncertainty as to the future than was felt by the people of a century and a half ago. Up to that time, through all the struggle of the race to advance, labor was employed on the land. The mechanic and tradesman plied their trades within small communities; parishes and towns were largely self-contained and each generation fitted into the place left vacant by the one preceding it; but with the introduction and growth of industrialism all this has changed.

The people have left the land and villages to flock to industrial centres. The products of factories have flooded the country, destroying the occupation of the local mechanic and small tradesman. They have silenced the spinning-wheel and loom in the farm house and replaced by machinery the labor which formerly added that human element which made farm life more attractive than it is to-day. Industrialism during the last few generations has broken most of the links which, from the most primitive times, had bound people together in small communities where they had enjoyed the mutual support and security which rested on exchange of labor necessary to the existence and comfort of the community.

Instead of being mutually dependent upon each other and having the welfare of the community largely within their control, the people of an industrial centre to-day are subject to conditions which may prevail in any part of the world from which they draw their raw material or which may influence the market on which their finished product is sold. For example, the entire population in the English cotton centres are mainly dependent on the cotton crop of America or may be thrown out of employment by any cause which may lessen the demand for cotton cloth in the Orient.

At the time of the Civil War in the United States, when the South could not export its cotton, there was suffering and actual starvation amongst the thousands who had become dependent on the Lancashire cotton mills. What happened there in the cotton trade is typical of what has occurred to a greater or less degree in every other branch of industrial life. When depression is experienced the industries cease to support the people and the people have small, if any, reserves to carry them through periods of unemployment.

On first thought, it may be urged that here in Canada we are not vitally concerned in this question of industrialism—that in our great agricultural areas we possess a national asset which relieves our people from the uncertainties which underlie the prosperity of a country which depends mainly on industrialism. There can be no doubt of the vast richness of our agricultural resources. The great areas of equally rich land which remain to be peopled is the last great tract of cheap land on earth which is suitable for the habitation of the white race. In this we hold not a promise, but a certainty, of a wonderful future growth in the population and wealth of Canada.

Industrialism Permeates Our Whole National Life.

But while any material progress we have so far made and any hope we have of real prosperity in the future has been extracted from or rests mainly on the advantage we hold in this great basic source of all wealth, we have devoted much of our energy and given most of our artificial stimulus to develop our industrial enterprises, till they have outgrown the ability of the country to absorb their output and so have become dependent on foreign markets to be kept going and to furnish employment to the people whose living depends on them. Our industrial population has grown out of proportion to our agricultural, and both classes have become subject to conditions which prevail in the world market.

Even agriculture as at present conducted, particularly in our Western provinces, bears a closer resemblance to industrialism than it does to the old systems under which the farm directly furnished food and clothing to those engaged on it and to the towns and villages adjacent to it. It has become in many respects an adjunct to the implement and other factories. It is made to produce special, rather than general, crops, so that the farmer to-day in many cases buys even butter, eggs and vegetables at the nearest grocery.

Industrialism has come to permeate all our systems and influence every material and social phase of our existence. It has made accessible to the successful portion of mankind higher standards of comfort and well being. It has made common necessities of what only a short time ago were extravagances, and it has stimulated new wants beyond the ability of most to supply. In the process it has carried us away from the security which rested in closer relation to the land and has supplied no adequate means of replacing it.

The result is that with all our broader outlook and higher privilege we are conscious of the deep unrest which underlies all our modern economic systems. Anything which can tend to allay this by giving a sense of security and protection against want under our present-day conditions, must surely be regarded as supplying a great individual want and to be serving a great patriotic end.

Life Insurance the Basis of Security

Viscount Morley touches on this question in an address delivered by him as Chancellor of Manchester University. After speaking of conditions past and present, he says: "The curse of industrial life is insecurity. The principle of insurance applied to risks of every kind has extended and ramified in a truly extraordinary way during the last fifty years, until it is now one of the subtlest international agencies, uniting distant interests and creating perforce a

thousand mutual obligations." Then in his *Life of Gladstone*, in treating of the budget of 1853, he draws special attention to the wisdom shown in "reducing the tax on the beneficent practice of life insurance."

I have selected Lord Morley to quote from amongst the many men of world-wide reputation who have voiced similar views regarding the paramount importance of insurance under our present-day conditions, because his judgments and conclusions are entitled to peculiar respect, because of the great eminence he has attained in applying his knowledge during over half-a-century in public life, in a country where these problems had constantly to be faced. When he implies, as he so forcibly does, in what I have quoted, that "the principle of insurance applied to risks of every kind" is the only protection against the curse of insecurity in industrial life, he places it at the very basis of national and social security and makes it, therefore, an essential condition to patriotism under our present-day systems.

The Economic Application of Insurance

Aggregations of capital for the carrying on of modern industries and commerce have been rendered possible by the relative immunity from loss which the individual investor or concern may secure by pooling its risks with a great number of similar risks through the medium of insurance; fire insurance to protect against loss by fire; marine insurance to protect against damage or destruction of goods in transit; guarantee insurance to protect against breach of contract or dishonesty of employees. Capital guarantees itself against liability for injury to its workmen through employers' liability insurance and by any and every means made obligatory by law, or which hold the element of protection against any form of risk. More and more it is coming to recognize the inestimable value of good management by insuring the lives of the men who display such qualities in its service. It protects itself by as many varieties of in-

insurance as it has risks to run which can in any way be made subject to insurance. This is the great underlying principle of security employed by capital for its protection.

Is it less important to the body politic that the comfort and happiness of its individual members should be protected by the insuring of the lives upon which the means of such comfort and happiness depend? A nation's happiness and security is simply the aggregate of that of its individuals. The vast bulk of our people depend entirely upon what they can earn in the service of organizations, or under systems in which they have no vested interest and which lack the power to support them when their usefulness is gone.

The Majority of Families Dependent Upon the Earnings of a Single Life

It is appalling, if you pause to think of it, in what a preponderating number of cases the modern family depends solely upon the earnings of a single life. It recalls the ugly fact of child labor—suggests lack of opportunity for education which is so necessary to the winning of any position of importance under present conditions. It suggests disappointment and failure and raises pictures of slum life, which had no existence before we started the great machinery of modern industrialism which has carried us farther on the course of material advancement during the last century than the human race had travelled in any previous thousand years of its history. But as the machine has been speeded up, it has thrown off a constantly increasing number who could not or who would not keep up the pace.

Capital has shown a tendency to centralize in great fortunes in the hands of the few. When its administration seems unjust to the masses and labor organizes in an opposing camp, each demonstration it makes is a threat against modern economic systems and against the laws of the nation which supports

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them. These protests bear a striking resemblance to those which have preceded revolutions against other systems which at different times have precluded a reasonable distribution of the nation's wealth, so as to assure to the masses a livelihood according to the standards of the time. Whenever this has occurred in the history of nations, it has resulted in social unrest, revolution and anarchy.

Anything which serves to prevent a recurrence of these phases, or even a tendency towards them, under our present systems serves a highly patriotic end and such is the whole trend, purpose and effect of Life Insurance. I do not claim for it, or for any other system which tends towards the equalization of wealth, that it can settle all the troubles which accompany the evolution of our race and of its governments. But I do claim that if you can make it apply generally enough to cover a large percentage of the homes of the nation, giving that sense of security which it does give, you will have an independent, happy people, with a stake in the country which will make them contented with the laws and institutions under which they enjoy it and they will be ready and willing to make any sacrifice in its defence which patriotism may demand. Such a people under a democracy will solve their social problems by peaceful methods—instead of by savage means.

The function of, and need for, Life Insurance were recognized as soon as the risks associated with modern industrialism began to be felt. Its growth has been the most remarkable incident in the financial history of the last century. Within three-quarters of that time a number of companies on this continent have grown to be the largest single financial institutions in the world. The whole institution of Life Insurance, comprising all companies, has steadily developed in times of depression, as well as in times of prosperity, which demonstrates the increasing appreciation felt by the people for the protection which insurance gives.

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The number and amount of risks carried by the companies is stupendous, but it is still pitifully inadequate to cover the value of the lives upon which depend the maintenance of the homes of the country, the welfare of the next generation and the comfort of the worker of to-day when his period of usefulness is over. In a great majority of cases his insurance is all the average man has to show for his life's work, or to establish the claim of his family on the advantages of the community.

**Economic Value of Life Insurance Not Fully
Appreciated**

Here on this continent we have been too busy exploiting the riches of a new country to have our governments do much towards stimulating the business of covering the risks underlying the lives of the people. In fact, the tendency has been opposite by making insurance organizations tax collectors and thereby reducing the amount carried through making it more expensive. The employers of labor, however, are coming very rapidly to encourage it in a very practical way through group insurance and by other plans.

The modern workmen's cottages, supplied by so many industries, are good, but they do not remove the fact or the ever-present dread that when the life that is of value to the industry is removed, the family moves out—but where? The same question arises in the vast majority of homes to-day—and Life Insurance is the only practical solution of the problem.

Governments in older countries have recognized the benefit of insurance and have attempted to make it compulsory on the workman's part to allow a certain portion of his pay to apply to the purchase of life insurance, the Government contributing another portion in each case. Under our democracy, individualism is jealous of its rights and insists on acting for itself. It requires, therefore, to be educated as to the advantages of any system.

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Wide as the recognition of the value and need of Life Insurance has become, it still requires, and will always require, a great educational propaganda to be carried on. It requires all the initiative and combined force of the great organizations of all our companies to make its advantages apply to the great and growing need of the people. We have a field of limitless scope to develop, in which the possibilities are constantly increasing.

Our business will grow more rapidly in the future than it has done in the past, because of the wider recognition on the part of the public of its paramount importance under present-day conditions. We can accelerate or retard its growth according to the methods we employ. No slipshod, drifting policy of mere expediency from the past has any chance of success in the brighter, keener period of the present. We need to employ practices which apply to all classes of insurers with absolute fairness. Surely this should not be difficult in a business which rests on such a sound scientific basis.

Patriotic Service Rendered by Life Insurance

Look at it from any angle in its relation to the State and you will discover that Life Insurance is always rendering a patriotic service. As a concrete example of this, there is already invested over Four Hundred Million Dollars of life insurance funds in this country of eight millions population. The securities embrace government, municipal and high-class debentures of many varieties, mortgages on farm lands and other classes of property, all furnishing the means to develop and carry on the business of the country. And when an emergency arose, as it did on account of the war, and the Minister of Finance required to issue a Domestic Canadian Loan, the companies were able to subscribe a very substantial amount. I have reason to know that they are now preparing to make a larger subscription to the next Loan when it issues.

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This enormous amount of money is made up of the many small savings which the people have been educated to make by the persistent campaign of education which has been carried on by the life insurance agents everywhere. It is the result of thrift practiced by the people, and the effect of that practice is not only shown by the millions of dollars which are yearly being paid to the dependents of those who have carried Life Insurance, but is also shown in these vast investments which are contributing to the support of the community and State.

The man whose imagination and enthusiasm cannot be fired by the greatness of this business and the limitless opportunities which it holds for service to society and to the State, must surely lack imagination and must be too phlegmatic and too insentient to the pulsing power of enthusiasm to ever hope to enthuse others.

